

Issuer: Italgas S.p.A.

Website: <http://www.italgas.it/>

Financial year to which the Report refers: 2022

Report approval date: 9 March 2023



Report on Corporate Governance and Ownership Structure 2022

Pursuant to Article 123-*bis* of Legislative
Decree no. 58 of 24 February 1998
(traditional administration
and control model)

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Glossary

Shares:	the ordinary shares issued by Italgas.
Borsa Italiana:	Borsa Italiana S.p.A.
CDP:	Cassa Depositi e Prestiti S.p.A.
CDP Reti:	CDP Reti S.p.A., a company subject to direction and coordination by CDP.
CEO o Chief Executive Officer:	main person responsible for the management of the company, in charge of setting up and maintaining Italgas' Internal Control and Risk Management System.
Antitrust Code:	the Antitrust Code of Conduct adopted by the Board of Directors on 18 October 2016 and updated on 27 July 2020 (following such latest update renamed the "Antitrust and Consumer Protection Code of Conduct").
Italian Civil Code/ c.c.:	the Italian Civil Code, approved through Royal Decree no. 262 of 16 March 1942 (as later amended).
Corporate Governance Code:	the Corporate Governance Code approved in January 2020 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., the ABI, Ania, Assogestioni, Assonime and Confindustria.
Code of Ethics:	the Code of Ethics adopted by the Board of Directors on 18 October 2016 and updated on 24 January 2019, 16 December 2021 as well as on 14 December 2022.
Associates/Associate Companies:	<p>the following associate companies of Italgas pursuant to the applicable regulations:</p> <ul style="list-style-type: none"> – Metano Sant'Angelo Lodigiano S.p.A.; – Umbria Distribuzione Gas S.p.A.; – Enerpaper S.r.l.; – Gesam Reti S.p.A.; – Energie Rete Gas S.r.l.; – Gaxa S.p.A.

Committees:	the Committees set up within the Board of Directors pursuant to Article 13.8 of the By-Laws.
Board/Board of Directors:	the Board of Directors of Italgas.
Subsidiaries/Subsidiary Companies:	<p>the following subsidiaries of Italgas pursuant to the applicable regulations:</p> <ul style="list-style-type: none"> – Italgas Reti S.p.A.; – Italgas Acqua S.p.A.; – Italgas Newco S.p.A.; – Geoside S.p.A.; – Medea S.p.A.; – Toscana Energia S.p.A.; – Bludigit S.p.A.; – Janagas S.r.l.; – Immogas S.r.l.; – DEPA Infrastructure Single-Member S.A.; – Gas Distribution Company Of Thessaloniki - Thessaly Single-Member S.A.; – Attiki Natural Gas Distribution Company Single-Member S.A.; – Public Natural Gas Distribution Networks Single-Member S.A..
Officer responsible:	the Officer responsible for the preparation of financial reports pursuant to Article 154-bis of the CLF.
Issuer or the Company or Italgas:	Italgas S.p.A.
Financial year:	the Italgas financial year ended 31 December 2022 to which the Report refers.
Group/Italgas Group:	the corporate group headed by Italgas, which includes, in addition to Italgas, Italgas Reti S.p.A., Italgas Newco S.p.A., Italgas Acqua S.p.A., Geoside S.p.A., Medea S.p.A., Toscana Energia S.p.A., Bludigit S.p.A., Janagas S.r.l., Immogas S.r.l., DEPA Infrastructure Single-Member S.A., Gas Distribution Company of Thessaloniki - Thessaly Single-Member S.A., Attiki Natural Gas Distribution Company Single-Member S.A. and Public Natural Gas Distribution Networks Single-Member S.A.

Model 231:	the organisational and management model adopted by the Company pursuant to Legislative Decree no. 231 of 8 June 2001 (Rules governing administrative responsibility of legal entities, companies and associations, including those without legal personality).
Unbundling Regulation:	<p>the legal provisions on functional, ownership and accounting unbundling that apply to all Italian businesses in the electricity and gas sectors, including (merely by way of example):</p> <ul style="list-style-type: none"> – Directive 2009/73/EC; – Legislative Decree no. 93 of 1 June 2011; – Prime Ministerial Decree of 25 May 2012 concerning "Criteria, terms and conditions for the adoption by Snam S.p.A. of the ownership unbundling model pursuant to Article 15 of Law no. 27 of 24 March 2012"; – Resolution of 22 May 2014 (231/2014/R/com) of the Electricity, Gas and Water System Authority; – Consolidated Law on Functional Unbundling ("TIUF"), annexed to resolution 296/2015/R/com of the Regulatory Authority for Energy, Networks and the Environment.
Italgas Separation Transaction:	the entire transaction of the industrial and corporate reorganisation of Snam, executed on 7 November 2016, aimed at separating the gas distribution business in Italy, carried out by Italgas, from the LNG, transportation, dispatching and storage businesses in Italy and abroad.
Supervisory Body:	the body called upon to supervise the operation of and compliance with Model 231 and to deal with its updating.
Italgas Shareholders' Agreement:	the shareholders' agreement signed on 20 October 2016 by Snam, CDP Reti and CDP Gas, as later amended.
SGEL Shareholders' Agreement:	the shareholders' agreement signed on 27 November 2014 by CDP, on the one hand, and State Grid Europe Limited and State Grid International Development Limited, on the other, amended and supplemented on 7 November 2016, with effect from such date.
Diversity of Corporate Bodies Policy:	the policy describing, including pursuant to art. 123-bis, letter d-bis, CLF, company policies on diversity (as well as the relative objectives and methods of implementation), approved by the Board of Directors on 24 January 2019 after consulting the Appointments and Compensation Committee and subsequently updated on 25 January 2021.
Policy on dialogue with all shareholders:	the "Policy for managing dialogue with all shareholders" adopted on 18 December 2020 by the Board of Directors at the proposal of the Chairman in agreement with the Chief Executive Officer, so as to encourage a frank and constant dialogue with all the Company Shareholders and in compliance with the recommendations made by the New Corporate Governance Code (art. 1., Recommendation 3).
Market Abuse Procedures:	the inside Information, insider list and internal dealing procedures which from 13 December 2018 replaced the single procedure on the matter of market abuse originally approved by the Board of Directors on 5 September 2016, as subsequently amended.

Italgas Related-Party Transactions Procedure:	the procedure on transactions involving the interests of directors and statutory auditors and related-party transactions approved by the Board of Directors on 18 October 2016 and updated on 14 December 2017, and most recently on 14 June 2021.
Whistleblowing Procedure:	the procedure that establishes a codified system for the collection, analysis, verification and reporting of notifications, anonymous or otherwise, received by Italgas and its subsidiaries, respectively approved and updated by the Board of Directors on 18 October 2016 and 17 December 2019.
Shareholders' Meeting Regulation:	the Regulation of the Shareholders' Meetings adopted by the Ordinary Shareholders' Meeting on 4 August 2016.
Issuers' Regulations:	the Regulation issued by Consob through Resolution no. 11971 of 1999 (as later amended) on the subject of issuers.
Market Regulation:	the Regulation issued by Consob through Resolution no. 20249 of 2017 (as later amended) on the subject of markets.
Consob Related-Party Regulation:	the Regulation issued by Consob through Resolution no. 17221 of 12 March 2010 (as later amended) on related-party transactions, implementing Article 2391- <i>bis</i> of the Italian Civil Code.
Report:	the report on corporate governance and the ownership structure of Italgas pursuant to Article 123- <i>bis</i> of the TUF.
SGEL:	State Grid Europe Limited.
SGID:	State Grid International Development Limited.
Internal Control and Risk Management System:	the internal control and risk management system adopted by Italgas pursuant to Article 6 of the Corporate Governance Code.
Corporate Reporting Internal Control System/SCIS:	the internal control and risk management system in relation to the financial and non-financial reporting process of the Italgas Group.
Snam:	Snam S.p.A.
By-Laws:	the by-laws of Italgas S.p.A.
Consolidated Law on Finance/CLF:	Legislative Decree no. 58 of 24 February 1998 (as later amended).

This Report, approved by the Board of Directors of Italgas on 09 March 2023, sets out to provide a general overview of the corporate governance system adopted by the Company and, specifically:

- in **chapter 1** describes the profile of the Issuer (values and mission, history, sustainability, etc.);
- in **chapter 2** provides information on the ownership structure;
- in **chapter 3** provides information on compliance with the Corporate Governance Code;
- in **chapter 4** et seq. provides information on corporate governance, on the main characteristics of the Internal Control and Risk Management System, including in relation to the financial reporting process and, more generally, on the main governance practices applied.

The Report is preceded by an "Executive Summary" indicating the main elements of the corporate governance system.

The information contained in this Report refers to the financial year 2022 (i.e. the Financial Year) and, in relation to specific matters, has been updated as at 09 March 2023, which is the date of the Board meeting that approved it.

The Report has been prepared taking into account, *inter alia*:

- i. the applicable regulations (including art. 123-bis CLF "Corporate Governance and Ownership Structure Report");

- ii. the Corporate Governance Code (see Chapter 3);

- iii. Borsa Italiana's "Format of the Corporate Governance and Ownership Structure Report" (IX Edition of January 2022).

This Report is published and available for consultation on the Company's website: <https://www.italgas.it/governance/>.

Contacts

Italgas values feedback from its investors and constantly seeks to create a constructive dialogue to ensure the continuous improvement of Italgas in various aspects. We therefore invite the reader to use the contacts indicated to request clarification or make enquiries:

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Structure of the Share Capital

Ordinary
shares

810,245,718 (*)

Mercato Telematico
Azionario of Borsa
Italiana S.p.A.

Executive Summary

Significant shareholdings at 31/12/2022

Declarant	Direct shareholder	Proportion of ordinary share capital (%)	Proportion of voting share capital (%)
CDP	CDP Reti	26.01	26.01
	Snam	13.48	13.48
	Totale	39.49	39.49
Lazard Llc	Lazard Llc	10.4	10.4
Romano Minozzi	Granitifiandre S.p.A.	0.025	0.025
	Finanziaria Ceramica Castellarano S.p.A.	0.22	0.22
	Iris Ceramica Group S.p.A.	1.89	1.89
	Romano Minozzi	2.14	2.14
	Total	4.28	4.28
Credit Agricole S.A.	Credit Agricole S.A.	4.0	4.0
Blackrock Inc.	Blackrock Inc.	3.9	3.9

(*) Note that following the capital increase carried out by the Board of Directors of the Company on 09 March 2023 through the issue of 499,502 new shares intended for beneficiaries of the 2018-2020 Co-Investment Plan, the share capital amounts to 1,003,227,569.76 euros made up of 810,745,220 shares.

Significant Shareholders' agreement

Italgas Shareholders' Agreement

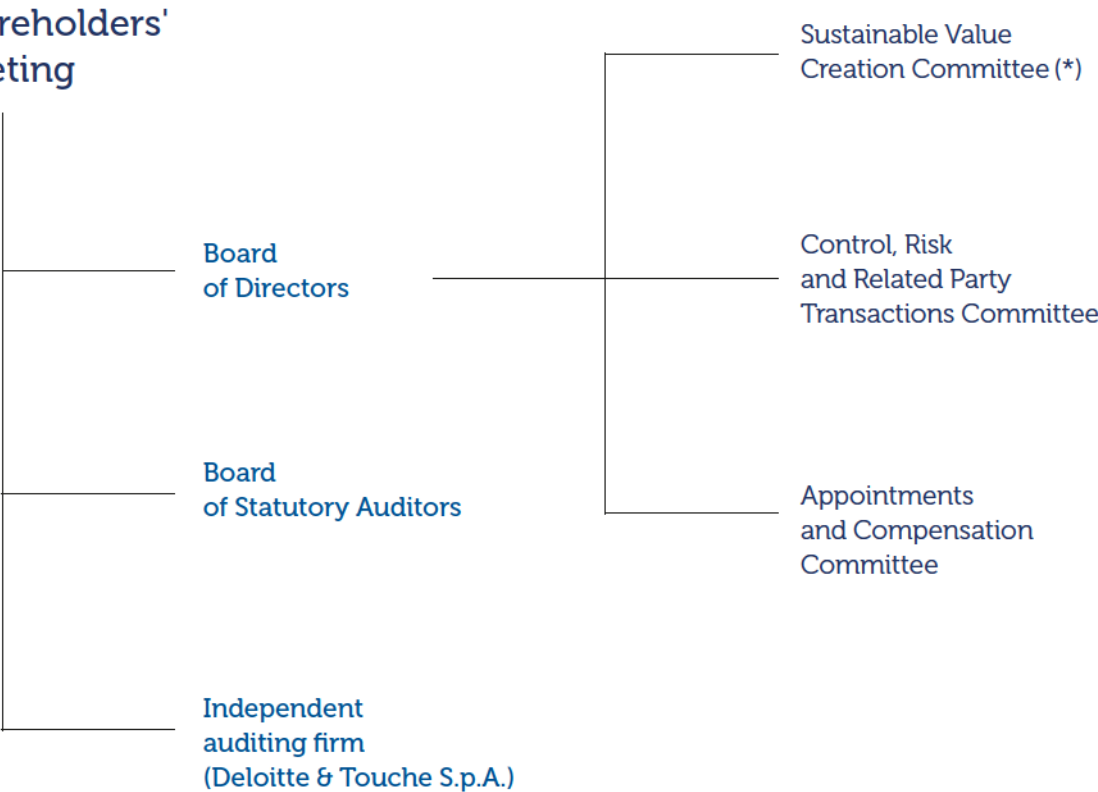
Snam
CDP Reti

SGEL

CDP
State Grid Europe Limited
("SGEL") e State Grid International
Development Limited ("SGID")

Corporate Governance

Shareholders' Meeting



(*) By resolution of the Company's Board of Directors adopted on 14 December 2022, the Sustainability Committee took on the new name of Sustainable Value Creation Committee.

Composition of the Board of Directors up to 26 April 2022

The Board of Directors of the Company in office until 26 April 2022 consisted of: (i) Alberto Dell'Acqua (Independent Non-Executive Chairman); (ii) Paolo Gallo (Chief Executive Officer); (iii) Maurizio Dainelli (Independent Non-Executive Director); (iv) Giandomenico Magliano (Independent Non-Executive Director); (v) Andrea Mascetti (Independent Non-Executive Director); (vi) Paola Annamaria Petrone (Independent Non-Executive Director); (vii) Qinjing Shen (Non-Executive Director)¹; (viii) Silvia Stefini (Independent Non-Executive Director); (ix) Veronica Vecchi (Independent Non-Executive Director).

The term of office of the members of the Board of Directors as above, expired with the Shareholders' Meeting for approval of the financial statements as at 31 December 2021, which took place on 26 April 2022. The aforementioned Shareholders' Meeting appointed the persons listed hereunder as members of the current Italgas Board of Directors which will remain in office for three years, up to the Shareholders' Meeting called to approve the financial statements as at 31 December 2024.

Composition of the Board of Directors on 26 April 2022

Benedetta Navarra (Non-executive Independent Chairwoman)	Paolo Gallo (Chief Executive Officer)	Qinjing Shen (Non executive Director)
Claudio De Marco (Non-Executive Independent Director)	Fabiola Mascardi (Non-Executive Independent Director)	Gianmarco Montanari (Non-Executive Independent Director)
Lorenzo Parola (Non-Executive Independent Director)	Manuela Sabbatini (Non-Executive Director)	Maria Sferruzza (Non-Executive Director)

¹ Following the resignation of Mr Yunpeng He on 11 January 2022, with effect from the appointment of his replacement, the Board of Directors on 27 January 2022 co-opted Mr Qinjing Shen as a non-executive and non-independent director of the Company.

Composition of the internal Committees of the Board of Directors until April 26, 2022

Until 26 April 2022, the Appointments and Compensation Committee was composed of Andrea Mascetti (Chairman), Maurizio Dainelli and Silvia Stefini; the Sustainability Committee (later renamed the Sustainable Value Creation Committee) was composed of Giandomenico Magliano (Chairman), Qinjing Shen² and Veronica Vecchi; the Control, Risk and Related Party Transactions Committee was composed of Paola Annamaria Petrone (Chairwoman), Giandomenico Magliano and Silvia Stefini.

Composition of the internal Committees of the Board of Directors on April 26, 2022

Following the renewal of the Company's Board of Directors resolved by the Shareholders' Meeting of 26 April 2022, the members of the Committees were appointed on 2 May 2022 as detailed *below*.

Appointments and Compensation	Creation of Sustainable Value	Control, Risk and Related Party Transactions
Lorenzo Parola (Chairman)	Fabiola Mascardi (Chairwoman)	Gianmarco Montanari (Chairman)
Claudio De Marco	Qinjing Shen	Claudio De Marco
Manuela Sabbatini	Maria Sferruzza	Manuela Sabbatini

On 22 February 2023, the Board of Directors resolved to appoint Ms Mascardi as a member and Chairwoman of the Appointment and Compensation Committee (a role previously held by Mr Lorenzo Parola) and Mr Lorenzo Parola as a member and Chairman of the Sustainable Value Creation Committee (a role previously held by Ms Fabiola Mascardi). The composition of the Control, Risk and Related Party Transactions Committee remained unchanged.

² Following the resignation of Yunpeng He on 27 January 2022, the Board of Directors appointed by co-optation Qinjing Shen as a non-executive and non-independent director of the Company and also as a member of the Sustainable Value Creation Committee.

Appointments and Compensation	Creation of Sustainable Value	Control, Risk and Related Party Transactions
Fabiola Mascardi (Chairwoman)	Lorenzo Parola (Chairman)	Gianmarco Montanari (Chairman)
Claudio De Marco	Qinjing Shen	Claudio De Marco
Manuela Sabbatini	Maria Sferruzza	Manuela Sabbatini

Composition of the Board of Statutory Auditors as at April 26, 2022

Until 26 April 2022, the Board of Statutory Auditors of the Company was composed of: (i) Pierluigi Pace (Chairman); (ii) Marilena Cederna (Standing Auditor); (iii) Maurizio Di Marcotullio (Standing Auditor); (iv) Stefano Fiorini (Alternate Auditor); (v) Giuseppina Manzo (Alternate auditor).

The term of office of the members of the Board of Statutory Auditors as above, expired with the Shareholders' Meeting for approval of the financial statements as at 31 December 2021, which took place on 26 April 2022. The aforementioned Shareholders' Meeting appointed the persons listed *below* as new members of the current Italgas Board of Statutory Auditors.

Composition of the Board of Statutory Auditors as at April 26, 2022

The Board of Statutory Auditor in office at the date of approval of this Report, and comprising the members listed below, was appointed at the Shareholders' Meeting of 26 April 2022 and will remain in office for three years until the Shareholders' Meeting called to approve the financial statements as at 31 December 2024.

Giulia Pusterla (Chairwoman)	Maurizio Di Marcotullio (Standing Auditor)	Paola Maria Maiorana (Standing Auditor)
Stefano Fiorini (Alternate Auditor)	Barbara Cavalieri (Alternate Auditor)	

Profile of the Issuer

1 Profile of the Issuer

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1.1 Introduction

On 7 November 2016 Italgas, after 13 years of absence, returned to the Italian share market through listing on the Borsa Italiana FTSE MIB index.

The new listing process went through a structured and complex procedure which led to the transfer of investments in the operating companies focused on the gas distribution business from the previous parent company Snam to a new independent party which became known as Italgas S.p.A. This new entity was established on 1 June 2016 with the name of ITG Holding S.p.A. and its registered office is currently in Milan, Via Carlo Bo, 11, VAT registration and Milan Business Register number 09540420966; it is part of the "Italgas VAT Group" under number 10538260968. Considering the specific na-

ture of the businesses and the various development opportunities in the respective market contexts, Snam and Italgas chose to separate in order to strengthen both companies and create further value for shareholders and stakeholders.

The Italgas Group thus formed now comprises, in addition to the parent company Italgas, (i) Italgas Reti S.p.A. (previously called Italgas) ("**Italgas Reti**"), Italgas Acqua S.p.A.³ ("**Italgas Acqua**"), Geoside S.p.A. ("**Geoside**")⁴ - which in turn holds 20.01% of the share capital of Enerpaper S.r.l.⁵ -, Toscana Energia S.p.A. ("**Toscana Energia**")⁶ - which in turn holds 100% of the share capital of Immogas S.r.l.⁷ - Bludigit S.p.A.⁸ ("**Bludigit**") and Italgas Newco S.p.A. ("**Italgas Newco**")⁹, a direct subsidiary of Italgas as

³ Incorporated on 1 January 2018 after the partial and proportional demerger of the water company branch of Italgas Reti S.p.A.

⁴ Geoside (previously Seaside S.r.l.) was acquired on 13 March 2018 together with its 100% subsidiary White 1 S.r.l., subsequently merged by incorporation into Geoside on 16 October 2018, with legal effect as of 18 October 2018.

The merger by incorporation of Toscana Energia Green S.p.A. into Geoside S.r.l. was completed on 26 April 2021, with effect for accounting and tax purposes as of 1 January 2021 and legal effect as of 1 May 2021. As a result of the merger, Geoside's share capital is currently divided between Italgas, which holds 67.22%, and Toscana Energia, which holds the remaining 32.78%. On 2 August 2021, Geoside's Extraordinary Shareholders' Meeting approved the transformation from a limited liability company (S.r.l.) to a joint stock company (S.p.A.).

On 1 December 2021, Geoside acquired 100% of Fratelli Ceresa S.p.A. and on 20 July 2022, the merger by incorporation of Fratelli Ceresa S.p.A. into Geoside was completed, with effect for accounting and tax purposes as of 1 January 2022.

Seaside S.p.A. changed its name to Geoside S.p.A. with effect from 21 September 2022.

On 20 December 2022, the Shareholders of Geoside S.p.A., Italgas and Toscana Energia S.p.A., subscribed, in proportion to their respective shares, a cash capital increase, without share premium and restricted to them, from 89,254.00 to 57,089,254.00 euros.

⁵ On 5 July 2022, Geoside, which already held 10% of Enerpaper S.r.l.'s share capital, subscribed to two capital increases against payment, restricted to them, of Enerpaper S.r.l.'s share capital, thus coming to hold 20.01% of Enerpaper S.r.l.'s share capital.

⁶ As a result of the purchase of 0.58% of the share capital of Toscana Energia S.p.A. from Banca Monte Paschi Siena S.p.A. and of 1.98% from five Tuscan municipalities, respectively completed on 20 May 2019 and 1 October 2019, Italgas S.p.A. came to hold a stake of 50.66% of the company's share capital.

⁷ On 7 April 2022, the non-proportional and asymmetrical demerger of Valdarno S.r.l. in favour of the newly incorporated company Immogas S.r.l. was implemented. As a result

of the demerger, Toscana Energia S.p.A. holds 100% of Immogas S.r.l., while the Municipality of Pisa holds 100% of Valdarno S.r.l.

⁸ On 16 June 2021, as a result of the partial and proportional demerger of Italgas Reti, the company Newco ICT S.p.A. was established in order to rationalise the activities and assets of the Italgas Group in the IT area, and to propose a commercial offer of IT services, opening up collaborations with third parties to the Italgas Group. On 29 June 2021, the transaction to rationalise Italgas Group's IT assets was completed with the capital increase of the company Newco ICT S.p.A., to service the contribution in kind of the IT business unit on the part of Italgas. On the same date, the company changed its name to Bludigit S.p.A.

⁹ Italgas Newco was incorporated on 26 June 2020 and transformed from a limited liability company into a joint-stock company by resolution of the Extraordinary Shareholders' Meeting of 19 September 2022. On 22 December 2022, Italgas sold to Phaethon Holdings Single-Member S.A., a holding company of the Greek industrial group Copelouzos, an equity investment of 10% of the share capital of Italgas Newco.

well as (ii) Medea S.p.A. ("**Medea**")¹⁰, controlled by Italgas through Italgas Reti, Janagas S.r.l.¹¹, controlled by Italgas through Medea, and the Greek company DEPA Infrastructure Single-Member S.A. ("**DEPA Infrastructure**")¹², controlled by Italgas through Italgas Newco. DEPA Infrastructure in turn holds the entire share capital of the Greek companies Gas Distribution Company of Thessaloniki - Thessaly Single Member S.A. ("**EDA Thess**"), Attiki Natural Gas Distribution Company Single Member S.A. ("**EDA Attikis**") and Public Natural Gas Distribution Networks Single Member S.A. ("**DEDA**").

Among the companies not included in the scope of consolidation, it should be noted that: (i) Italgas owns 50% of the share capital of Metano Sant'Angelo Lodigiano S.p.A., 45% of the share capital of Umbria Distribuzione Gas S.p.A., 15.56% of the share capital of Gaxa S.p.A.¹³ and 6% of Picarro Inc.¹⁴; (ii) Toscana Energia owns a 42.96% equity investment in Gesam Reti S.p.A.; (iii) Italgas Reti owns 15% of Reti Distribuzione S.r.l.¹⁵ Medea owns 49% of Energie Rete Gas S.r.l.

Italgas is Italy's and Greece's top gas distributor and the third in Europe: the Group and its affiliates manage 81,309 kilometres of gas distribution network, through which, in 2022, more than 8,500 million cubic metres of gas were distributed to 7,959 thousand users.

In Italy the Group holds 1,904 distribution concessions and a market share of over 35%.

In 2022, the completion of the DEPA Infrastructure transaction enabled Italgas to acquire the distribution licence in 140 municipalities in Greece, of which 105 are already in operation.

Acquisition of Depa Infrastructure

In compliance with the "Invitation for Expressions of Interest" published on 9 December 2019, as part of the privatisation process initiated by the Greek government, on 20 February 2020 Italgas expressed an interest in the acquisition of 100% of the capital of DEPA Infrastructure through the subsidiary company Italgas Newco. The assets transferred include around 600,000 re-delivery points in Greece and around 7,500 km of low-pressure networks. On 3 June 2020, Italgas was officially short-listed among those admitted to the next phase of the tender for the acquisition. On 15 July 2021, in compliance with the tender procedure, Italgas presented a binding offer for the acquisition of 100% of the capital of DEPA Infrastructure.

At the beginning of September 2021, Italgas was selected as "Preferred Bidder" in the above-mentioned international tender procedure and on 10 December 2021, it signed the share purchase agreement for the acquisition of 100% of the share capital of DEPA Infrastructure.

On 1 September 2022, upon fulfilment of the conditions precedent set forth in the preliminary purchase agreement, the subsidiary company Italgas Newco finalised the acquisition of 100% of the share capital of Depa Infrastructure, which, in turn, held 100% of EDA Attikis, 100% of DEDA and 51% of EDA Thess at the time of the closing. On 19 December 2022, Depa Infrastructure finalised the acquisition of the remaining 49% of the share capital of EDA Thess from ENI Plenitude S.p.A. Società Benefit. As a result, Depa Infrastructure currently also holds 100% of EDA Thess.

For further information see the Integrated Annual Report as at 31 December 2022 (the "**Integrated Annual Report**"), approved by the Board of Directors of Italgas on 09 March 2023.

10 Purchased on 6 April 2018, company participating in the partial demerger operation of the sales business unit to Gaxa S.p.A. (see below), in compliance with Unbundling Legislation. On 18 December 2019, Marguerite Gas III S.à r.l. purchased 48.15% of the share capital of Medea. Following the framework agreement signed between Italgas and CONSCOOP on 28 December 2020, on 13 July 2021 Italgas, through its subsidiary Medea, completed the acquisition of the entire share capital of Isgastrentatrè S.p.A., a company operating in the natural gas distribution sector in Sardinia. On 28 January 2021, as part of the same agreement, the acquisition of the concession for the distribution of natural gas in the municipality of Olevano sul Tusciano (SA) was concluded. Isgastrentatrè S.p.A. was merged by incorporation into Medea S.p.A. with legal effects from 9 November 2021 and tax and accounting effects from 14 July 2021.

On 21 December 2022, Medea became a shareholder of Energie Rete Gas S.r.l. with a 49% stake in the share capital as a result of

a mixed deed of transfer of a business unit. The remaining 51% is held by Energetica S.p.A.

11 On 13 December 2022, Medea S.p.A. acquired 100% of Janagas S.r.l. from Fiamma 2000 S.p.A.

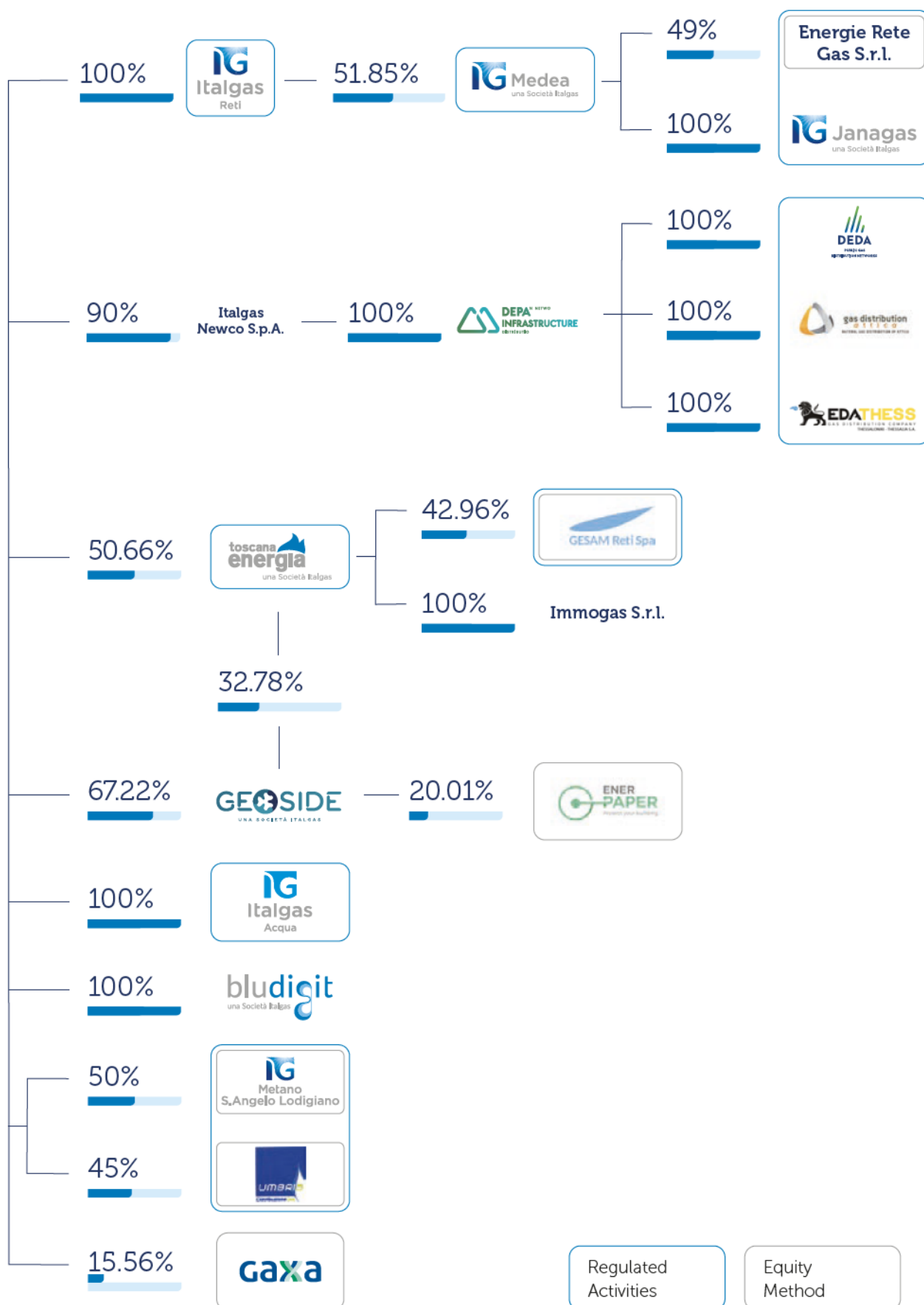
12 For more details see the section on Depa Infrastructure below.

13 Gaxa S.p.A. (formerly Gaxa S.r.l. and before that, Medea Newco S.r.l.) was set up on 7 May 2019 and was the beneficiary company in the partial demerger of the sales business unit by Medea S.p.A., with effect as of 1 December 2019. On 15 November 2019, the Shareholders' Meeting of Medea Newco S.r.l. resolved to change its name to Gaxa S.r.l. and on 18 December 2019, resolved to change the company to a joint-stock company with consequent change of company name and increase of the share capital. On the same date the Luxembourg fund Marguerite Gas IV S.à r.l. purchased 48.15% of the share capital. On 4 May 2022, Edison Energia S.p.A. acquired a majority stake in the share capital of Gaxa S.p.A. As a

result of the operation, Gaxa's share capital is held as follows: Edison Energia (70%), Italgas (15.56%) and Marguerite IV Gas S.r.l. (14.44%).

14 On 2 March 2022, Italgas strengthened its partnership with Picarro Inc through the acquisition of a minority share of approximately 6% in the capital of the US technological start-up company, world leader in sensors applied to gas distribution network monitoring as well as technologies for sectors characterised by the need to have extremely sensitive detection, such as environmental measurements of the concentration of dangerous atmospheric pollutants and the electronics industry to identify impurities in the environments dedicated to semiconductor production.

15 Italgas Reti, on 26 May 2020, completed the acquisition from AEG Soc. Coop. of 15% of the company Reti Distribuzione, which manages the natural gas distribution service in the territory of 49 municipalities located in Canavese, Valle Orco and Soana and in the Municipality of Saluggia.



1.2 Values and mission

The Italgas Group has defined a system of values based on know-how, innovation, reliability, approachability, efficiency, ensuring of service quality, defence of the environment and safety at work.

These values form the foundation of the ethical culture of all the Group companies and which guide the conduct of corporate activities according to principles of sustainability and corporate responsibility and which are considered an integral part of their business management model. Ethics is a guiding element in defining the Company's strategic and operational decisions as well as a form of leverage to guarantee a corporate social responsibility approach that combines business objectives with respect for environmental, social and proper governance issues and which recognizes the central importance of stakeholders and their needs in order to create social as well as economic value, even with a push towards innovation.

Italgas, the leading natural gas distributor in Italy and the third largest in Europe, has always supported the economic and social development of the country, promoting its sustainable growth.

On the strength of these foundations, the Italgas Group is currently tackling a significant phase and new chapter in its long history. In its 2022-2028 strategic plan, the Company has set out an important investment plan aimed at digital transformation and technological innovation, the repurposing and extension of the network, new growth opportunities, insourcing of core competencies, with specific focus also on financial solidity and efficiency and, last but not least, sustainability issues such as decarbonisation and reduction in the use of energy resources, diversity and inclusion, and training (with a focus on upskilling and reskilling linked to digitalisation processes). In particular, Italgas has for some time now been implementing a series of initiatives as part of an extensive technological innovation plan, in the belief that digital transformation, extended to all areas of gas distribution, is the enabling element for a service characterised by the highest standards of quality and safety.

To facilitate the digitisation of processes, in November 2018 the Digital Factory was created, a structure that now houses multifunctional teams who work using Agile methodology and design thinking. Its laboratories are working on 4.0 projects and technologies, crucial for further strengthening the leadership conquered over time, including in the context of the "fourth industrial revolution".

The significant digital transformation plan under way in Italgas has been made possible not only by the contribution of the Digital Factory, but also thanks to the evolution of the IT architecture to a cloud-based model, highlighting in particular the cultural change required and encouraged by the introduction of new technologies and new ways of working, as well as the addition of new personnel with specific digital skills and know-how.

The digital transformation commenced in Italgas is reflected by the many projects and the introduction of new technologies for digitisation of the network (new Smart Meters with Narrow Band technology - Internet of Things), for leak detection (Cavity Ring technology - Picarro Down Spectroscopy), for the improvement of scheduling, dispatching and customer engagement and for the Integrated Supervision Centre.

1.3 History

1837 - Founding:	<p>The history of Italgas relates to the history of the gas industry in Italy and began in Turin in 1837 with the establishment of the Società Anonima Compagnia di Illuminazione a Gaz della Città di Torino.</p> <p>In 1851, when the Turin stock exchange opened, the Company was among the 7 "Private Funds" admitted for listing.</p> <p>In 1863, straight after the Italian unification, the Company changed its company name and became known as Società Italiana per il Gaz.</p>
1900 - Expansion:	<p>In 1900 it joined the Milan stock exchange.</p> <p>The growth of electricity replacing gas for public lighting drove the Company to seek new commercial opportunities for domestic uses, starting with cooking food and then heating and then the production of hot water.</p> <p>In the Twenties an extensive buyout programme of gas companies operating in several Italian cities was launched, including Venice (1924), Rome (1929) and Florence (1929), with the goal of creating a large industrial group.</p>
1967 - Joining Eni:	<p>The block of shares that ensured control of Italgas was purchased by Eni, already at that time one of the major global energy groups.</p> <p>With the progressive affirmation of natural gas and the development of gas pipeline transportation networks from the 1970s, the Company focused on the construction of new networks for urban distribution and the modernisation of existing ones, taking on the leading role in Italy's growth of methanisation.</p> <p>In 2003, under the scope of a reorganisation process, Eni delisted Italgas shares from the stock exchange.</p>
2009 - Italgas acquired by Snam:	<p>Snam took over the entire Italgas block of shares from Eni under the scope of a transaction aimed at creating an integrated group overseeing all regulated natural gas transportation, distribution, storage and regasification activities.</p>
2016 - Separation from Snam and return to the stock exchange:	<p>On 7 November 2016, with the completion of the industrial reorganisation of the Snam Group, the Italgas stock went back to being listed on the Borsa Italiana FTSE MIB index.</p>
2022 - Italgas completed acquisition of the DEPA Group:	<p>On 1 September 2022 Italgas acquired from Hellenic Republic Asset Development Fund S.A. (HRADF) and Hellenic Petroleum S.A. (HELPE) 100% of DEPA Infrastructure S.A., which in turn holds 100% of the share capital of Attiki Natural Gas Distribution Company S.A., 100% of Public Natural Gas Distribution Networks S.A. and 51% of Gas Distribution Company of Thessaloniki - Thessaly S.A.</p> <p>On 19 December 2022, Depa Infrastructure finalised the acquisition of the remaining 49% of the share capital of Gas Distribution Company of Thessaloniki - Thessaly S.A. from ENI Plenitude S.p.A. Società Benefit, thus coming to hold 100% of its share capital.</p>

1.4 Separation of the gas distribution activity from Snam and Italgas' admission to Mercato Telematico Azionario (electronic share market) organised and managed by Borsa Italiana

On 7 November 2016, the separation of Italgas Reti from Snam took effect and, at the same time, the shares of Italgas (previously ITG Holding S.p.A.) were listed on the Mercato Telematico Azionario organised and managed by Borsa Italiana (the **"Italgas Separation Transaction"**).

As a result of the transaction, the entire equity investment held by Snam in Italgas Reti, equal to 100% of the share capital of Italgas Reti, was transferred to Italgas.

1.5 Italgas corporate governance system

Italgas' corporate governance system is a collection of rules and planning, management and control processes necessary for the operation of the Company and was initially outlined by the Board of Directors on 4 August 2016 in accordance with the provisions of the Italian Civil Code and the Consolidated Law on Finance and the Unbundling Regulation, in compliance with the application principles and criteria of the then applicable Corporate Governance Code and with reference to national and international best practices.

This system is based on certain key principles, such as proper, transparent business management implemented through the identification of information flows between corporate bodies and an efficient definition of the internal control and risk management system as well as the adoption of an Enterprise Risk Management system allowing the identification, measurement, management and monitoring of major risks starting from an analysis of company processes (for more information, see section 10 of this Report).

Italgas has adopted the so-called traditional administration and control system pursuant to the applicable regulatory provisions and the By-Laws, which involves:

- a Board of Directors, in charge of the routine and extraordinary management of the Company and with the right to carry out all acts it deems appropriate for the implementation and achievement of the corporate purpose, with the exception of acts which pursuant to applicable regulations and the By-Laws are reserved to the Shareholders' Meeting;
- the Board of Statutory Auditors, with supervisory tasks, specifically (i) compliance with the law and the By-Laws; (ii) respect for the principles of proper administration in carrying out corporate activities; (iii) the adequacy of the Company's organisational structure in relation to its remit, the internal control system and the administrative and accounting systems, as well as the reliability of the latter in properly representing operational events; (iv) the methods for specific implementation of the rules of corporate governance provided for by the Corporate Governance Code, that the Company adheres to. Additionally, pursuant to Legislative Decree no. 39 of 27 January 2010, the Board of Statutory Auditors also performs

supervisory functions in its capacity as "Committee for internal control and account auditing".

- the Shareholders' Meeting, the competent body for discussion tasked with, among other things, in both ordinary and extraordinary sessions: (i) the appointment and removal of members of the Board of Directors and the Board of Statutory Auditors and the establishment of their compensation, as well as resolving on any responsibilities; (ii) the approval of the financial statements, including the allocation of the profits for the period; (iii) resolving with regard to the purchase of treasury shares, amendments to the By-Laws and the issuing of convertible bonds.

The Board of Directors appoints the Chairman, if the Shareholders' Meeting has not already done so, delegates its duties to one or more of its members and may set up Committees for providing advice and recommendations on specific issues. Specifically, on 2 May 2022, the Board of Directors appointed by the Shareholders' Meeting of 26 April 2022 set up the following Board Committees, in compliance with the provisions of the Corporate Governance Code and the Company By-Laws (in such regard see section 6 et seq. of this Report):

- Appointments and Compensation Committee;
- Control, Risk and Related Party Transactions Committee;
- Sustainable Value Creation Committee¹⁶.

The Company keeps its corporate governance system constantly updated with the legislation and corporate governance currently in force. In such regard, the initiatives taken to implement the recommendations of the Corporate Governance Code include in particular:

- updating of the regulations governing the operation and organisation of the Board of Directors and the regulations of the Committees;
- the appointment of the Secretary to the Board of Directors (the "**Board Secretary**"), as well as the definition of the related professional requirements and duties;
- updating of the Corporate Bodies Diversity Policy (see subsection 4.3 and chapter 13);
- adoption of the Policy for Managing Dialogue with all Shareholders (see section 14);

¹⁶ On 14 December 2022, the Board of Directors, at the proposal of the Sustainability Committee, resolved to change the name of the Sustainability Committee to the Sustainable Value Creation Committee.

- the "Guidelines on the internal control and risk management system" and the "Guidelines on internal audit activities" (see section 10);
- the updating of the Italgas RPT Procedure (see Chapter 8.2, letter d);
- the updating of the quantitative and qualitative criteria for the definition of significance for the purposes of assessing the independence of directors and statutory auditors pursuant to the Corporate Governance Code (see section 4.7);
- the updating of Market Abuse Procedures (see Chapter 5.1).

The Issuer does not fall within the definition of an SME pursuant to Article 1, subsection 1, letter *w-quater.1)* of the CLF and Article 2-ter of the Consob Regulation on Issuers.

According to the Corporate Governance Code, the Company qualifies as a "large company"¹⁷, but does not qualify as a "concentrated ownership company"¹⁸. Reference should be made to this Report (see in particular paragraphs 4.2 and 4.3, as well as chapter 7 of this Report) for the specific recommendations of the Corporate Governance Code applicable to Italgas by virtue of this classification.

1.6 Sustainability at Italgas

Sustainability is a principle through which Italgas values its business strategies.

The purpose of Italgas - *Pionieri per passione e costruttori per vocazione, offriamo tutta la nostra energia per accelerare la transizione ecologica* [Pioneers by passion and builders by vocation, we offer all our energy to accelerate the ecological transition] clearly renders the centrality of the task assumed by the Group in the fundamental role of gas in the energy transition process towards a decarbonized and circular economy, contributing, through its digitised networks, to the development of renewable gases such as biomethane and hydrogen. Italgas aims to guarantee and improve service quality, help create sustainable, smart cities, and generate long-term value for customers, the market, the local area and all its stakeholders, while respecting the environment. This is how Italgas intends to contribute to the achievement of the sustainable development goals of the United Nations 2030 Agenda. Italgas's vision - *Essere protagonista nel mondo delle energie, guidandone l'evoluzione sostenibile e innovando ogni giorno per migliorare la qualità della vita delle persone* [To be a leading player in the energy world, driving its sustainable evolution and innovating every day to improve people's quality of life] - is to be-

come an example of a sustainable approach to business in the energy sector.

Italgas' corporate governance system assigns a key role to corporate bodies in matters of sustainability.

In particular, the Board of Directors is responsible for the ordinary and extraordinary management of the Group and has the power to perform all acts deemed appropriate to achieve the corporate purpose, including sustainability and climate change objectives.

The Board of Directors, at the instructions of the Chief Executive Officer, is responsible for defining the strategic guidelines and objectives for the Italgas Group, also with regard to sustainability impact and strategy. The Board is called on annually to approve Italgas' seven-year Strategic Plan and updates to the Sustainable Value Creation Plan, ensuring the creation of value in the short and medium-long term for shareholders and stakeholders. The approval process for the aforementioned plans includes meetings for the presentation and approval of expected scenarios, including climate scenarios, ESG objectives, comprising environmental and climate change objectives, as well as approval of the financial data of the plan, including investments. Within Board meetings, the specific sec-

17 That is, according to the Corporate Governance Code, "the company whose capitalisation was greater than EUR 1 billion on the last trading day of each of the three preceding calendar years (...)".

18 That is, according to the Corporate Governance Code, the "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 exercised at an ordinary shareholders meeting (...)".

tion of the Strategic Plan dedicated to climate change impacts, risks and opportunities and the Sustainable Value Creation Plan are also analysed, discussed and approved. Starting from the identification of the capital that the Group uses to create value, this plan also identifies the impacts generated for the stakeholders and the territories in which the Group operates. With regard to the sustainability reporting process, the Board of Directors is responsible for reviewing and approving the disclosure of non-financial information.

The Board of Directors' Operating and Organisational Rules provide that the Board shall lead the Company by pursuing the objective of long-term value creation for the benefit of shareholders, taking into account the interests of other stakeholders relevant to the Company (hereinafter, the "Sustainable Success"). With this in mind, the Board defines the strategies of the Company and the Group consistent with the pursuit of Sustainable Success and monitors their implementation.

Pursuant to the duties reserved by Article 2381 of the Italian Civil Code to the Board of Directors, the latter defines the nature and level of risk compatible with the strategic objectives of the Company and the Group, with a view to the pursuit of Sustainable Success, and assesses the adequacy of the internal control and risk system in relation to the characteristics of the business and the risk profile assumed, as well as its effectiveness in relation to the strategic objectives of the Company and the Group, with a view to the pursuit of Sustainable Success.

The Chief Executive Officer is responsible for the Group's administration and internal approval of key strategic objectives and sustainability initiatives, and annually proposes the Strategic Plan and the Sustainable Value Creation Plan for review by the Sustainable Value Creation Committee and subsequent approval by the Board of Directors. These plans include the definition of strategies, actions and related sustainability objectives, including climate-related goals, and define Italgas' vision for the energy transition, with a specific focus on the digitisation of infrastructures, the development of biomethane and new renewable gases in distribution networks, such as hydrogen.

The Chief Executive Officer chairs the Sustainability Business Review, established in 2021, in which a detailed assessment of the most important environmental KPIs is carried out and the progress of related initiatives is discussed. This monthly meeting is attended by the top management of each Group company and the process owners and managers of the activities with the main sustainability impacts.

The Chief Executive Officer also chairs the Innovation Committee to evaluate efficiency initiatives in Group operations, including those with a focus on reducing emissions and/or increasing energy efficiency.

The Chief Executive Officer is assisted in his/her tasks mainly by the executive team which, in Italgas, includes the Chief Financial Officer, the General Counsel, the Heads of Human Resources & Organization, Procurement and Material Management, Institutional and Regulatory Affairs, External Relations and Sustainability, the Head of Bludigit, the Heads of Group Security and Corporate Strategy. These directors, as members of the Executive Committee (an internal management Committee consisting of the Chief Executive Officer and Top Management), are also responsible for sustainability initiatives that fall within their remit.

Since its inception, Italgas has had a Sustainability Committee, renamed Sustainable Value Creation Committee 2022, and a Sustainability department dedicated to ensuring the definition of operational plans and tools aimed at guaranteeing the implementation and development of the sustainability model, involving stakeholders in on-the-ground initiatives; preparing non-financial information and drawing up internal reports to monitor the progress of the Group's initiatives.

To implement a real economic, financial, environmental and social sustainability and be able to create sustainable shared value in response to the expectations of all stakeholders - from investors and shareholders to the territorial context and employees - the Group has adopted an integrated business model that can use all its input capital to achieve strategic objectives and create value in the short, medium and long-term.

In line with this model, Italgas also adopted the 2022-2028 Sustainable Value Creation Plan, 'Builders of the Future', which is based on three pillars:

- Italgas for the future of the Planet;
- Italgas for the future of People;
- Italgas for a sustainable future together.

Each of these pillars corresponds to precise lines of action with clear commitments and measurable targets for the creation of sustainable value for the Group's stakeholders and for the territories where it is present and operates. These lines of action will have a short-term and, mainly, a medium- to long-term impact.

In the representation of the model underlying the 2022-2028 Sustainable Value Creation Plan, the capital that the Group uses to create value has been identified, corresponding to the Group's distinctive resources and factors such as the distribution network, know-how, people, and stakeholders relations, which are used, transformed or increased in the various processes, generating impact for the stakeholders and the territories where the Group operates.

The document, which was approved by the Board of Directors on 14 December 2022, is part of the trajectory already outlined in the Strategic Plan 2022-2028.

With its 2023 Remuneration Policy, Italgas has maintained a consistent approach and definition of the incentive systems, with the aim of ensuring an even better reflection of the short- and long-term corporate objectives set out in the Strategic Plan 2022-2028 and in the Sustainable Value Creation Plan 2022-2028¹⁹. The continued link between remuneration and sustainability targets, through the confirmation of a significant weighting of the same with regard to both short-term variable remuneration and the long-term variable component (see the Remuneration Policy 2023 and on remuneration paid 2022, available on the Company's website²⁰).

Italgas has also for some time adopted the challenges of the Sustainable Development Goals (SDGs) promoted by the United Nations in the 2030 Global Agenda and the objectives agreed at European Union level, also with reference to combating climate change and, through the Sustainable Value Creation Plan 2022-2028, is committed to promoting ethics and sustainability in doing business, preserving resources and the natural environment, supporting the empowerment of people, and continuing to create value for the community in which it operates.

At the basis of this commitment the responsible behaviour of people - behaviour that is defined and regulated by the Code of Ethics of Group companies and by the internal regulatory system - and relations with stakeholders, as expressed in the Sustainability and Stakeholders Engagement and Sustainability Policy and the Policy for Managing Dialogue with all Shareholders, are key factors. More specifically, Italgas' operations are planned and conducted in compliance with the rules that safeguard competition, according to the principles of transparency, honesty, correctness and good faith. The processes and business activities are overseen by specific, certified management systems, which guarantee the health and safety of workers, environmental protection and the quality of services provided.

Sustainability is therefore the main cornerstone of the company's business: it is on that basis that the Group's operational and strategic choices are defined. In this sense, it will be seen how in defining the strategic drivers to 2028 Italgas has already used as its guide the three pillars of the Sustainable Value Creation Plan, which take practical form in objectives and actions in the short term and, above all, in the medium-long term and to which specific policies formalising the company's commitment also refer, including:

- **Sustainability policy and stakeholders engagement**, which defines its vision on environmental, social and governance issues relevant to its corporate identity, and the desire to create lasting value for all its stakeholders, through continuous dialogue, the sharing of objectives and the strengthening of collaborative, transparent and professional relationships;
- **Corporate citizenship policy**, to further consolidate its support for local communities in line with its strategic growth and sustainable development plans;
- **The policy on diversity and inclusion**, to promote matters of diversity and encourage progress and innovation;
- **Human rights policy**, which outlines the reference principles and actions taken to protect human rights in the performance of its activities and, in general, in every context in which Italgas' people and business partners operate;
- **Policy for the prevention of discrimination and protection of dignity**, by which Italgas undertakes to prevent discrimination, protect the dignity of its personnel and maintain the best conditions of well-being at work;
- **The HSEQE Policy**, to promote full compliance with the standards protecting health, safety, the environment and energy performance;
- **Policy for managing dialogue with all shareholders**;
- The **Code of Ethics** is a collection of the values that the Italgas Group recognises, accepts and shares and the responsibilities it assumes within and outside of its organisation;
- **Policy on Integrated Security, Resilience and Crisis Management**, which establishes the Group's objectives in terms of proactive protection of the assets comprising employees, physical and digital infrastructures and the distinctive know-how of the Italgas Group.

These policies are periodically updated and supplemented, with a view to constantly adhering to the evolution of the Group's positioning and strategies, as well as on the basis of guidelines emerging from sustainability indices and ratings, and international ESG trends.

In fact, Italgas pursues and considers the following aspects strategic: promoting a culture of quality; safeguarding the environment and public safety; valorising people and defending occupational health and safety; sustainable energy management, assessing risks and opportunities and ongoing, profitable dialogue with all its stakeholders.

19 <https://www.italgas.it/wp-content/uploads/sites/2/2022/10/Piano-di-Creazione-di-Valore-Sostenibile.pdf>

20 <https://www.italgas.it/wp-content/uploads/sites/2/2023/03/Politica-sulla-Remunerazione-2023-e-Compensi-corrisposti-2022.pdf>

Continuing from the previous Plan, the entire 2022-2028 Strategic Plan, incorporates ESG criteria and responds to the main sustainability challenges, setting new target for the Company in terms of reducing emissions, energy efficiency and the development and enhancement of resources. In addition, for the preparation of the next Strategic Plan, the Group will continue to ensure the integration between the strategic pillars and those of sustainable value creation, according to the consolidated framework that guides the entire process, from the elaboration of strategies, to the definition of objectives and their achievement.

Pursuant to legislative decree no. 254 of 30 December 2016, which introduced the obligation to publish extra-financial information relevant to the company, Italgas reports on the environment, social issues, personnel, respect for human rights, the fight against active and passive corruption, within the Integrated Annual Report, drawn up according to the guidelines of the International Integrated Reporting <IR> Framework, which is available on the Group's website (<https://www.italgas.it/sostenibilita/reporting-hub/>). The GRI Standards 2021 of the Global Reporting Initiative and other specific metrics deemed relevant for the purpose were used to measure the results in the document, such as, for example, those of the disclosure requirements related to the European Taxonomy "Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework to encourage sustainable investment and amending Regulation (EU) 2019/2088" and the Delegated Acts applicable thereto.

In 2022, Italgas reconfirmed and even improved its sustainability ratings and the stock was included in the main international SRI stock indices, in recognition of the sustainable approach of the company's strategies and activities as well as the information it provides to its stakeholders. More precisely:

- included for the second time in 2022 among the companies selected by S&P Global for the Dow Jones Sustainability Index (DJSI) Europe, and was confirmed for the fourth year in a row in the Dow Jones Sustainability Index (DJSI) World, based on of the score achieved in the Corporate Sustainability Assessment (CSA, score date 18 November 2022);

- since 2017, Italgas has been identified by CDP (Carbon Disclosure Project) among the companies that stand out internationally for the strategies and actions implemented to combat climate change. In 2022 the Italgas Group was included in the "A-list" for the first time, thanks to the improvement of its score to 'A' from 'A-' last year in the "Climate change 2022" questionnaire. This score positions Italgas above the European average and the average of the Energy Utilities Networks sector, both of which have a score of 'B';
- since 2017 it has been included in the series of FTSE-4Good indexes;
- in 2022, has been reconfirmed in the MIB ESG Index, the first blue-chip index for Italy dedicated to Environmental, Social and Governance (ESG) best practices of Borsa Italiana, part of the Euronext group. The MIB ESG Index was made operational in 2021 by Euronext in collaboration with Vigeo Eris;
- it was confirmed in the ECPI Euro ESG Equity and ECPI World ESG Equity indices in 2022;
- it confirmed the A- rating received from the rating agency ISS - Institutional Shareholder Services, as part of the ISS ESG Corporate Rating in 2020, confirming the "Prime" rating;
- improved its MSCI ESG rating to AA from A in the previous year;
- lastly, Moody's ESG Solutions (formerly known as Vigeo Eris rating), recognised Italgas' commitment to sustainability with an 'Advanced' rating.

Finally, in view of the importance of ESG performance and in order to ensure an increasingly robust reporting process, in 2022 the Corporate Reporting Internal Control System was broadened further, also in relation to the non-financial area, through the preparation of specific risk matrices and related controls, and the consequent updating of procedures relating to the main material issues indicated in the sustainability matrix.

As indicated above, for further information regarding the issues dealt with, please refer to the Integrated Annual Report available on the Italgas' website <https://www.italgas.it/sostenibilita/reporting-hub/>.

Information on the ownership structure

2 Information on the ownership structure

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2.1 Structure of the share capital

At the date of the approval of this Report, the share capital of Italgas stood at 1,002,608,186.28 euros and is divided into 810,245,718 registered ordinary shares (ISIN: IT0005211237), with no par value, as also indicated in the table below. The Italgas stock is listed on the FTSE MIB index of the Italian Stock Exchange.

Free-float shares amount to 60.5%²¹.

Structure of the share capital				
	No. of shares	% compared with share capital	Listing market	Rights and obligations
Ordinary shares	810,245,718	100	Mercato Telematico Azionario of Borsa Italiana S.p.A.	Owners of shares can exercise their ownership and dividend rights pursuant to the By-Laws and applicable regulations. Each share is indivisible and gives the right to one vote.

It should be recalled that on 19 April 2018 the Extraordinary Shareholders' Meeting resolved to increase the share capital in one or more tranches, by a nominal maximum amount of 4,960,000 euros, through allocation - pursuant to art. 2349 of the Italian Civil Code - of a corresponding amount withdrawn from retained profits, with the issuance of a maximum of 4,000,000 ordinary shares, to be assigned free of charge to the beneficiaries of the incentive plan approved by the same Ordinary Shareholders' Meeting of 19 April 2018 and to be carried out by the final deadline of 30 June 2023.

On 10 March 2021, the Board of Directors resolved on: (i) the free allocation of no. 632,852 ordinary Company shares to the beneficiaries of the plan given the rights assigned (so-called first cycle of the plan) to such beneficiaries and accrued in accordance with the provisions of said plan at the end of the relative performance period (2018-2020) and (ii) the first tranche of the capital increase serving the plan was implemented, for a nominal amount of 784,736.48 euros taken from the retained profits with the issue of no. 632,852 new ordinary shares. Following the capital increase carried out by the Board of Directors on 10 March 2021, the share capital amounts to 1,002,016,254.92 euros made up of 809,768,354 shares.

On 09 March 2022, the Board of Directors resolved on: (i) the free allocation of no. 477,364 ordinary Company shares to the beneficiaries of the plan given the rights assigned (so-called second cycle of the plan) to such beneficiaries and accrued in accordance with the provisions of said plan at the end of the relative performance period (2018-2020) and (ii) the second tranche of the capital increase serving the plan was implemented, for a nominal amount of 591,931.36 euros taken from the retained profits with the issue of no. 477,364 new ordinary shares. Following the capital increase carried out by the Board of Directors on 09 March 2022, the share capital amounts to 1,002,608,186.28 euros made up of 810,245,718 shares.

²¹ It should be noted that the percentage does not take into account the share capital increase carried out on 9 March 2023 mentioned below.

On 09 March 2023, the Board of Directors resolved on: (i) the free allocation of no. 499,504 ordinary Company shares to the beneficiaries of the plan given the rights assigned (so-called third cycle of the plan) to such beneficiaries and accrued in accordance with the provisions of said plan at the end of the relative performance period (2018-2020) and (ii) the third and last tranche of the capital increase serving the plan was implemented, for a nominal amount of 619,382.48 euros taken from the retained profits with the issue of no. 499,502 new ordinary shares. The above data relating to the share capital and Company shares do not take into account the execution of this capital increase²².

In this regard, reference should be made to the information notice relating to the "2018 - 2020 co-investment plan" prepared pursuant to Article 84-bis of the Issuers' Regulations and available on the Company's website: https://www.italgas.it/export/sites/italgas/italgas-gallery/Documenti_it/07-governance/01-sistema-di-corporate-governance/01-assemblea-degli-azionisti/9-bis-Italgas-Documento-Informativo-Piano-di-coinvestimento.pdf

Finally, on 20 April 2021 the Extraordinary Shareholders' Meeting resolved to increase the share capital in one or more tranches, by a nominal maximum amount of 5,580,000 euros, through allocation - pursuant to art. 2349 of the Italian Civil Code - of a corresponding amount withdrawn from retained profits, with the issuance of a maximum of 4,500,000 ordinary shares, to be assigned free of charge to the beneficiaries of the incentive plan approved by the same Ordinary Shareholders' Meeting of 20 April 2021 and to be carried out by the final deadline of 30 June 2026.

In this regard, reference should be made to the information notice relating to the "2021 - 2023 co-investment plan" prepared pursuant to Article 84-bis of the Issuers' Regulations and available on the Company's website: https://www.italgas.it/wp-content/uploads/sites/2/2021/06/Documento-Informativo-Piano-di-co-investimento-2021-2023_ITA_final.pdf

The Company has not issued special categories of shares, shares with multiple votes, shares with the right to a limited vote or without voting rights, financial instruments which give the right to subscribe new issue shares (such as convertible bonds and warrants).

2.2 Restrictions on the transfer of shares and voting rights

The By-Laws do not include any restrictions on the transfer of Company shares and/or limits on the ownership of shares or any restrictions on exercising voting rights.

²² As a result of the free share capital increase carried out on 09 March 2023, the share capital stood at 1,003,227,569.76 euros and is divided into 810,745,220 ordinary shares.

2.3 Significant shareholdings

The table below lists the owners of significant shareholdings in the share capital of Italgas higher than the level laid down by art. 120 of the CLF (i.e., 3%) at 31 December 2022 and the date of the approval of this Report, in accordance with the information disclosed to the Company pursuant to said Article 120 of the CLF or in any event available to the Company ²³.

Significant shareholdings			
Declarant	Direct shareholder	Proportion of ordinary share capital (%)	Proportion of voting share capital (%)
CDP	CDP Reti ^(*) ^(**)	26.01	26.01
	Snam	13.48	13.48
	Totale	39.49	39.49
Lazard LLC	Lazard LLC	10.4	10.4
Romano Minozzi	Granitifiandre S.p.A.	0.025	0.025
	Finanziaria Ceramica Castellana S.p.A.	0.22	0.22
	Iris Ceramica Group S.p.A.	1.89	1.89
	Romano Minozzi	2.14	2.14
	Total	4.28	4.28
Credit Agricole S.A.	Credit Agricole S.A.	4.0	4.0
Blackrock Inc.	Blackrock Inc.	3.9	3.9

(*) On 20 October 2016 a shareholders' agreement was entered into by Snam, CDP Reti and CDP Gas, effective as of the demerger date, in relation to Italgas S.p.A. With effect as of 1 May 2017, CDP Gas was merged by incorporation into CDP. Subsequently, on 19 May 2017, CDP sold the equity investment held in Italgas, amounting to 0.969 % of the share capital of the same, to CDP Reti, among others. The Shareholders' agreement was last updated on 1 August 2019. The shareholders' agreement is for three years and is automatically renewed for further three-year periods, unless one of the parties gives 12 months' notice. Given such forecast, in November 2019 and November 2022 the shareholders' agreement was renewed.

(**) CDP Reti is owned 59.1% by CDP, 35% by State Grid Europe Limited - SGEL, company belonging to the State Grid Corporation of China, and 5.9% by Italian institutional investors.

²³ For information on shareholdings disclosed on the basis of Consob resolution no. 21304 of 17 March 2020 on the "Reduction of the initial percentage threshold pursuant to art. 120, subsection 2-bis, of Legislative Decree 58/1998 for shareholdings in the capital of listed companies - having Italy as the home Member State - with a high current market value and a particularly disseminated ownership structure" and subsequent Consob resolutions of similar content, see the website www.consob.it, "Significant shareholdings".

2.4 Shares which confer special rights

The Company has not issued shares which confer special controlling rights.

The Issuer's articles of association do not contain any provisions relating to multiple or increased voting.

The Presidency of the Council of Ministers Decrees no. 179 and 180 of 18 and 23 December respectively, issued the Government's transposition regulations on the matter of golden power as provided for by the body of relevant legislation, namely decree law no. 21 of 15 March 2012 (converted with amendments by Law no. 56 of 11 May 2012), by EU regulation 2019/452, by decree law no. 105 of 21 September 2019 (converted by law no. 133 of 18 November 2019) and by decree law no. 23 of 8 April 2020 (so-called Liquidity Decree, converted by law no. 40 of 5 June 2020), concerning the regulation of so-called special powers, reformulating the conditions and methods of exercising special powers by the State relating to strategic activities in the energy, transport and communications industries, so as to bring national legislation into line with the provisions of the Treaty on the functioning of the European Union.

Such legislation grants powers of intervention to the Government to protect legitimate, strategic and essential interests of the Country.

Decree-Law No. 228 of 30 December 2021, the so-called 'Milleproroghe', among other things extended the 'Enhanced Golden Power' instrument for the Covid emergency to 31 December 2022, by virtue of which the Government was granted: (i) a power of veto in relation to resolutions, acts or operations adopted by companies holding strategic assets in the energy sectors, provided that such resolutions, acts or operations result in the loss of control or availability of such assets or a change in their destination; (ii) a power to impose commitments or raise objections in the case of the acquisition of controlling interests or shareholdings above certain thresholds in the aforementioned companies.

Decree-Law No. 21 of 21 March 2022, the so-called 'Energy Decree', converted with amendments by Law No. 51 of 20 May 2022, strengthened the regulation of the

golden power aimed at controlling foreign investments in Italy, considering the increased strategic nature of certain sectors, including the energy sector.

Lastly, on 24 September 2022, a simplification regulation of the golden power regulation, adopted by Prime Ministerial Decree no. 133 of 1 August 2022, came into force, aimed at streamlining the authorisation procedure, and the most significant innovation of which concerned the regulation of the so-called 'pre-notification' procedure.

In connection with the energy and water industry, changes in equity investments, relevant in accordance with said legislation, and deeds, resolutions and/or operations that effectively alter the ownership, control, availability or intended purpose of strategic assets, must be disclosed to the government, unless the operation is in the course of or has been assessed pursuant to the procedure as per article 5 of decree law no. 21 of 15 March 2012. The notification to the Prime Minister must also be made in the case of acquisitions of equity investments by persons belonging to the European Union of such importance as to determine the permanent establishment of the purchaser by reason of the assumption of control, as well as in the case where a person not belonging to the European Union acquires a share of the voting rights or of the capital of at least 10% and the total value of the investment is equal to or greater than one million euros, or makes acquisitions that exceed the thresholds of 15%, 20%, 25% and 50%.

If the acquisition entails a threat of serious prejudice to the essential interests of the State or a danger to security or public order, the Prime Minister may: (i) make the effectiveness of the purchase conditional to the purchaser undertaking commitments aimed at ensuring the protection of such interests; (ii) oppose the purchase, in exceptional cases of risk for the protection of such interests which cannot be eliminated by undertaking specific commitments.

The law also states that such powers may be exercised 'exclusively on the basis of objective and non-discriminatory criteria'.

2.5 Employee share ownership system: mechanism for exercising voting rights

There are no plans for an employee share ownership system in which voting rights are not directly exercised by the employees.

2.6 Shareholder agreements

As far as agreements between shareholders are concerned, pursuant to Article 122 of the CLF, as far as Italgas is aware, the following is noted.

a) Italgas Shareholders' Agreement

On 20 October 2016, Snam, CDP Reti and CDP Gas signed a shareholders' agreement (the **'Italgas Shareholders' Agreement'**) in order to ensure a stable and transparent ownership structure of Italgas. The Italgas Shareholders' Agreement took effect on the completion date of the Italgas Separation Transaction and the simultaneous admission to listing of Italgas shares on 7 November 2016 and involves all the shares owned by parties in the Company.

On 1 May 2017, the merger by incorporation of CDP Gas into CDP took effect and, therefore, from said date CDP replaced CDP Gas in the Italgas Shareholders' Agreement. On 19 May 2017, CDP transferred the entire investment held by the same in Italgas to CDP Reti and, by virtue of said transfer, CDP ceased to be a party to the Agreement, which continues to be in place and is fully effective between just CDP Reti and SNAM.

The Shareholders' Agreement is for three years and is automatically renewed for further three-year periods, unless one of the parties gives 12 months' notice. Given such forecast, in November 2019 and November 2022 the Italgas Shareholders' Agreement was renewed.

It governs, *inter alia*:

- the exercising of voting rights associated with shares covered by the shareholders' agreement, with the establishment of an advisory Committee;
- the obligations and methods for submitting a joint slate for the appointment of members of the Company's Board of Directors, with the rights of each party with regard to the designation of candidates;
- restrictions on the transfer of shares covered by the shareholders' agreement and the purchase of further shares.

On 1 August 2019 the Italgas Shareholders' Agreement was further updated to take account of the re-qualification of CDP's shareholding in Italgas as de facto control pursuant to Article 2359, subsection 1, no.2) of the Italian Civil Code and Article 93 of the Consolidated Law on Finance (see chapter 2.9 below of this Report).

A copy of the Italgas Shareholders' Agreement was filed at the Milan Business Register on 11 November 2016 and the relative basic information, as last updated on 1 August 2019 pursuant to Article 131, subsection one, of the Issuer's Regulations, may be consulted on the Company's website: <https://www.italgas.it/en/investors/shares-and-ownership-structure/shareholders-agreements>

b) SGEL Shareholders' Agreement

On 27 November 2014, CDP, on the one side, and State Grid Europe Limited ("SGEL") and State Grid International Development Limited ("SGID"), on the other side, signed a shareholders' agreement (the "SGEL Shareholders' Agreement") under the scope of the sales agreement concluded between these parties on 31 July 2014, pursuant to which on 27 November 2014 SGEL bought a stake of 35% of the share capital of CDP Reti from CDP.

On 23 December 2014 the parties amended the SGEL Shareholders' Agreement to reflect the changes that had taken place in the meantime to CDP's equity investment in Snam.

Consistent with the effectiveness of the Italgas Separation Transaction and at the same time as the listing of Italgas shares on 7 November 2016, SGEL, SGID and CDP changed and supplemented the SGEL Shareholders' Agreement further, also extending the application with regard to the stake held by CDP Reti in Italgas, making provision, among other things, for SGEL rights with regard to the designation of one of the members of the advisory Committee set out by the Italgas Shareholders' Agreement to be expressed by CDP Reti and the designation of a candidate to be included in the slate of candidates for the office of Italgas director to be submitted by CDP Reti at the time of the appointment of the Board pursuant to the Italgas Shareholders' Agreement.

Pursuant to the SGEL Shareholders' Agreement, SGEL has undertaken to ensure that the director appointed by it to the Company's Board of Directors if and to the extent that said director is not independent pursuant to Article 148 of the CLF shall abstain, to the maximum extent permitted by law, from receiving information and/or documentation from Italgas in relation to matters on which there is a conflict of interest for SGEL and/or any affiliated party, in relation to business opportunities in which Italgas, on the one hand, and SGEL and/or an affiliated party, on the other, have an interest and may be in competition. Furthermore, said director may not take part in the discussions of Italgas' Board of Directors concerning these issues.

The SGEL Shareholders' Agreement is for three years from the initial signing (i.e., from 27 November 2014) and is automatically renewed for further three-year periods, unless one of the parties gives 6 months' notice.

A copy of the SGEL Shareholders' Agreement was filed at the Milan Business Register on 11 November 2016 and the relative basic information may be consulted on the Company's website: <https://www.italgas.it/en/investors/shares-and-ownership-structure/shareholders-agreements>

2.7 Change of control clauses and statutory provisions on takeover bids

a) Change of control clauses

Italgas executed significant financing agreements which include the right of the counterparty to cancel the agreement early following either the acquisition of control over Italgas by an entity or entities acting jointly, other than the Italian Republic or CDP, or if the Italian Republic ceases, directly or indirectly (also via CDP) to own a portion of the share capital of Italgas equal to a certain level, and also if Italgas ceases to be the majority shareholder of the share capital of Italgas Reti. In some of these agreements, the above-mentioned early extinguishment can be requested if the change of control of Italgas follows a downgrading of its credit rating.

b) Statutory provisions on takeover bids

With regard to takeover bids, the Italgas By-Laws do not make any provision for exceptions to the passivity rule provisions of Article 104, subsections 1 and 1-*bis* of the CLF nor do they involve the adoption of the so-called neutralisation rule pursuant to Article 104-*bis*, subsections 2 and 3 of the CLF.

2.8 Power to increase the share capital and authorisation to buy treasury shares

The Board of Directors was not given the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code. The Shareholders' Meeting did not

authorise the purchase of treasury shares pursuant to Article 2357 et seq. of the Italian Civil Code.

2.9 Direction and coordination activities

On 1 August 2019 CDP, given the stake indirectly held by the same in Italgas, through CDP Reti and Snam, and also in light of the provisions of the Italgas Shareholders' Agreement, also to implement the control guidance contained in Consob Decision no. 0106341 of 13 September 2017, re-qualified its shareholding relationship in Italgas as de facto control pursuant to Article 2359, subsection 1, no. 2 of the Italian Civil Code and Article 93 of the Consolidated Law on Finance.

In this regard, it should be noted that Italgas is not subject to management and coordination activities, pursuant to Articles 2497 et seq. of the Italian Civil Code, as it operates under conditions of full management and organisational autonomy. Italgas, in fact, has an independent strategic and financial planning process and its own articulated and complex corporate organisation for independent business development. The Board of Directors of the Company, among other things, has full autonomy to approve the budget and the strategic plan and has broad decision-making authority regarding the management of the Company.

Italgas, as parent company of the Italgas Group, on the other hand, exercises direction and coordination activities over Subsidiaries pursuant to Article 2497 et seq. of the Italian Civil Code.

2.10 Additional information

The information relating to the agreements between the Company and directors that provide for indemnification (in the event of dismissal or termination of employment without just cause or if their employment is terminated following a takeover bid) can be found in the Remuneration Report that will be submitted by the Board of Directors to the Shareholders' Meeting pursuant to Article 123-ter of the CLF under the terms established by the applicable regulations.

The information required pursuant to Article 123-bis, subsection 1, letter l) of the CLF (the rules applicable to the appointment and replacement of directors and to the amendment of the By-Laws, if different from the legislative and regulatory provisions that are additionally applicable) can be found in the section of this Report dedicated to the Board of Directors (see Chapter 4 of this Report).

Adhesion with the Corporate Governance code

3 Adhesion with the Corporate Governance code



On 4 August 2016 the Board of Directors of Italgas resolved for the first time to comply with the Corporate Governance Code in the version in force at the time.

During the Financial Year, the Issuer applied the Corporate Governance Code (in the version approved in January 2020 by the Corporate Governance Committee, available on the Issuer's website <https://www.borsaitaliana.it/comitato-corporate-governance/homepage/homepage.htm>) to which it adhered on 18 December 2020, and which became applicable as of 1 January 2021.

The Issuer and the Subsidiaries are not subject to non-Italian legislative provisions that influence the corporate governance structure of said Issuer.

Please refer to Annex 2 for a summary of the level of application of the Code as at the date of this Report.

Board of Directors

4 Board of Directors

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4.1 Role of the Board of Directors

Pursuant to the By-Laws, the Board of Directors is vested with the widest-ranging powers for the routine and extraordinary management of the Company and has the right to carry out all acts it deems appropriate for the implementation and achievement of the corporate purpose, with the sole exception of acts reserved by law or the By-Laws to the Shareholders' Meeting.

Additionally, pursuant to the By-Laws, the Board of Directors is responsible for deliberating on the following matters:

- merger by incorporation of wholly-owned companies or at least 90%-owned and demerger in the same scenarios;
- institution, modification and elimination of secondary offices;
- the decrease of the corporate share capital when a shareholder withdraws;
- compliance of the By-Laws with regulatory provisions;
- the transfer of the registered office within Italy.

The Board of Directors can delegate its duties to one or more of its members while determining the limits of the delegation pursuant to Art. 2381 of the Italian Civil Code, and can appoint the CEO. At the proposal of the Chairman, the Board of Directors, in agreement with the CEO, can confer powers for individual acts or categories of acts on other members of the Board of Directors.

The Board of Directors can always give directives to the CEO and recall transactions coming under its jurisdiction, in the same way as it can, at any time, revoke the proxies conferred, proceeding, in the case of the revocation of proxies conferred on the CEO, at the same time to appoint another CEO.

At the meeting on 26 April 2022, subsequent to appointment of the members of the new Board of Directors resolved by the Shareholders' Meeting on the same date, the Board of Directors reserved specific duties pursuant to art. 2381 of the Italian Civil Code for its exclusive area of responsibility, as well as those which cannot legally be delegated and those envisaged by the Corporate Governance Code. The list of these assignments reserved exclusively to the Board of Directors can be consulted on the Company's website: <https://www.italgas.it/governance/consiglio-amministrazione>.

Under the scope of these exclusive duties, the Board of Directors, among other things, is expected:

- to define strategic guidelines and objectives for the Company and the Italgas Group, including sustainability policies, at the recommendation of the CEO. In compliance with the Unbundling Regulation, the Board examines and approves the strategic, business and financial plans of the Company and the Italgas Group, monitoring their implementation on an annual basis, as well as the Company's strategic agreements;
- to examine and approve the budget of the Company and of the Group;
- 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;
- to examine and approve the disclosure of non-financial information pursuant to Legislative Decree no. 254/2016²⁴ and the Corporate Governance and Ownership Structure Report, to be brought to the attention of the Shareholders' Meeting;
- to define the system and rules of corporate governance of the Company and the structure of the Italgas Group. In particular, following consultation with the Control, Risk and Related Party Transactions Committee, it adopts rules which ensure transparency and the 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, upon the recommendation of the Chairman in agreement with the CEO, a procedure for the management and communication of corporate information, with particular reference to inside information;
- set up the Internal Committees of the Board, with investigative, proposal and consultative functions, appointing their members, establishing their duties and approving their regulations;
- receive half-yearly reports from the Internal Committees of the Board;
- assesses the general performance of operations, tak-

²⁴ Please note that the Sustainable Value Creation Committee examines and assesses the disclosure of non-financial information pursuant to legislative decree no. 254/2016, to be submitted to the Board of Directors, in coordination with the Control, Risk and Related Party Transactions Committee in relation to the assessment by the latter of the suitability of the periodical financial and non-financial information for the purpose of correctly representing the business model, the Company's strategies, the impact of its activities and the performance achieved.

ing 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;

- 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 strategic relevance, with particular reference to the internal control and risk management system;
- on the recommendation of the CEO, to resolve on the transactions of the Company and its Subsidiaries, in terms of the exercise of direction and coordination activities, that have a significant strategic, economic, capital and financial importance for the Company and the Italgas 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 are considered transactions of strategic, economic, capital and financial importance:
 - acquisitions, disposals, sales, transfers of companies or business units (including rent and usufruct), real estate and/or equity investments worth more than 100 million euros;
 - contracts for the sale of goods and/or services used for commercial and administration purposes by the Company and its Subsidiaries for amounts greater than 1 billion euros and/or for a term of more than 15 years;
 - contracts relating directly to the activities indicated in the corporate objective and/or relating to the day-to-day management of corporate activities 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 Italgas and their Subsidiaries;
 - sureties and other forms of personal guarantee, as well as letters of patronage, in relation to commitments assumed or to be assumed by companies in which the Company, directly or indirectly, holds an equity investment, for amounts greater than 100 million euros and in any event 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.

Additionally, the activities and processes carried out by the Subsidiary Italgas Reti in relation to identifying natural gas distribution tenders in which to participate, and in relation to preparing the technical and financial bids for these tenders, are not discussed or subject to prior approval by Italgas' Board of Directors.

During the Financial Year, the Board assessed (i) the general performance of operations, on the basis of the regular information from the CEO (see Chapter 4.4e) of this Report); (ii) the adequacy of the organisational, administrative and general accounting structure of the Issuer and of the strategically important Subsidiaries, drawn up by the Chief Executive Officer, taking into account the nature and size of the company, including in relation to the prompt detection of the business crisis and lack of corporate continuity.

To this end, on 24 February 2021 the Board of Directors of Italgas resolved to identify "subsidiaries of strategic importance" using the same criterion used for identifying companies defined as "quantitatively relevant" for the purposes of the Corporate Reporting Internal Control System (SCIS), namely fully consolidated companies contributing over 2% to at least two of the following items in the consolidated financial statements for two financial years in a row: Total assets; Revenues; EBITDA; Total financial indebtedness. The Board of Directors applied the same criterion for the identification of "strategically important subsidiaries" at its meetings on 27 January 2022 and 22 February 2023. In application of the above criterion, Italgas Reti S.p.A. and Toscana Energia S.p.A have been confirmed as "subsidiaries with strategic relevance".

Please refer to chapter 14 below for information on the "Policy for managing dialogue with shareholders" adopted by the Board on the proposal of the Chairman formulated in agreement with the Chief Executive Officer.

The Company's Board of Directors, in view of the Shareholders' Meeting for the renewal of the corporate bodies that was held on 26 April 2022, expressed its view on the future size and composition of the Board of Directors and made proposals to the Shareholders regarding the duration of the office, the appointment of the Chairman of the Board and the remuneration of the Directors.

During the financial year, taking into account the business requirements, the Board did not deem it necessary or opportune to develop a different corporate governance system to submit to the Shareholders' Meeting for the purposes of applying Recommendation 2 of the Code.

The Shareholders' Meeting has not authorised, in general or as a preventive measure, any exemptions from the prohibition on competition pursuant to Article 2390 of the Italian Civil Code.

4.2 Appointment and replacement

Pursuant to the By-Laws, the Company is run by a Board of Directors composed of 9 members appointed by the Shareholders' Meeting in compliance with the pro tempore regulations in force governing gender equality, which establishes the term of office for no more than three financial years. Each office ends on the date of the Shareholders' Meeting called for the approval of the financial statements for the last year of the office. Directors can be re-elected.

As laid down in the By-Laws:

- at least three directors must meet the independence requirements laid down in the CLF (i.e., pursuant to Article 147-ter, paragraph 4, of the CLF, the independence requirements established for statutory auditors of listed companies pursuant to Article 148, paragraph 3, of the TUF). It should also be noted that, pursuant to Recommendation 5 of the Corporate Governance Code, in large companies other than those with concentrated ownership, such as Italgas, independent directors (within the meaning of both the CLF and the Corporate Governance Code) make up at least half of the board of directors;
- all directors must meet the integrity requirements prescribed by applicable law (i.e., pursuant to Article 147-ter, paragraph 1, of the CLF, the integrity requirements prescribed for statutory auditors of listed companies);
- the directors of Italgas cannot hold any office in the management or control body, nor can they hold any management functions at Eni S.p.A. or its subsidiaries, nor have any relations, direct or indirect, of a professional or financial nature with these 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".

If, during the financial year, the office of one or more directors should be vacated, the provisions of Article 2386 of the Italian Civil Code will apply. During the renewal of the entire Board of Directors, directors are appointed on the basis of the slate voting mechanism.

The statutory provisions governing slate voting for the appointment of the Board of Directors were modified

during the Extraordinary Shareholders' Meeting of 19 April 2018. These amendments have retained the existing system under the By-Laws and the slate voting system provided for therein, but have supplemented it with further provisions; specifically, Article 13.5 has been supplemented with letter b-bis).

This chapter later describes the mechanism for appointing the members of the administrative body as provided for in the current provisions of the By-Laws. It should be noted that these provisions do not provide for the possibility of the outgoing Board of Directors to submit a slate.

With specific reference to gender balance regulations, it should be noted that the regulatory framework referred to has been amended as a result of two legislative acts:

- a. conversion law no. 157/2019 of Italian decree law 124/2019 (article 58-sexies) amended - with effect as of 25 December 2019 - article 147-ter, subsection 1-ter and article 148 of the CLF, extending from three to six consecutive terms of office, the period of application of the gender balance regulation;
- b. budget law no. 160/2019, in force since 1 January 2020, confirmed the validity of the legislation in question for six consecutive terms and established that the least represented gender must constitute at least two-fifths of the elected members, instead of the previous quota of one-third.

In such regard, art. 144 -undecies.1, subsection 3, of the Issuers' Regulations provides that wherever the application of the gender division criteria does not result in an integer number of members of the administrative and control bodies belonging to the less represented gender, such number is rounded up, except for corporate bodies formed of three members, where the number will be rounded down.

The new distribution criterion of at least two-fifths applies from the first renewal of the administrative body following the date of entry into force of the law and was therefore applied during the financial year, on the occasion of the renewal of the Board of Directors (and the Board of Statutory Auditors) resolved by the Shareholders' Meeting on 26 April 2022 to approve the financial statements as at 31 December 2021.

Slate voting for the appointment of the Board of Directors (Article 13 of the By-Laws)

Slates are filed at the registered office by the twenty-fifth day prior to the date of the Shareholders' Meeting called to decide on the appointment of the members of the Board of Directors and made available to the public by the methods provided for by law and by Consob regulations, at least twenty-one days prior to the date of the Shareholders' Meeting.

Each shareholder may submit or be involved in submitting only one slate and may vote on only one slate, according to the terms provided for by the above-mentioned legal and regulatory provisions.

Each candidate may feature on only one slate; otherwise their candidacy is declared void.

Only shareholders who alone or together with other shareholders represent 2% or are the owners overall of another percentage of shares stipulated by Consob regulations shall be entitled to submit slates²⁵. The ownership of the minimum percentage necessary for the submission of slates is determined considering the shares registered in the shareholder's favour on the date on which the slates are filed at the Company.

For purposes of corroborating ownership of the number of shares necessary for the submission of slates, shareholders must produce the respective certification issued in accordance with the law by authorised intermediaries by the deadline provided for publication of the slates by the Company.

At least three directors must possess the requirements of independence established for statutory auditors of listed companies.

Candidates meeting the aforesaid independence requirements must be specifically identified on the slates.

Pursuant to the Decree of the President of the Council of Ministers of 25 May 2012, on "Criteria, terms and conditions for the adoption by Snam S.p.A. of the ownership unbundling model pursuant to Article 15 of Law no. 27 of 24 March 2012", Italgas directors cannot hold any office in the management or control body, nor can they hold any management functions, at Eni S.p.A. or its subsidiaries, nor have any relations, direct or indirect, of a professional or financial nature with these companies.

All candidates must also meet the integrity requirements provided for by applicable legislation.

Slates with three or more candidates must contain

candidates of each gender, in accordance with the call notice for the Shareholders' Meeting, in order to comply with applicable laws on gender equality. When the number of representatives of the less represented gender must, by law, be at least three, slates for the appointment of the majority of members of the Board should include at least two candidates of the less represented gender on the slate.

Together with each slate, subject to its inadmissibility, a curriculum vitae must be filed for each candidate and the candidates' statements accepting their candidacy and certifying, under their own cognisance, the lack of grounds for ineligibility or conflict of interest, as well as the fact that they satisfy the integrity and possible independence requirements.

The appointed directors must inform the Company of any loss of the independence and integrity requirements, as well as the occurrence of causes of ineligibility or conflict of interest.

The Board shall periodically evaluate the independence and integrity of the Directors, as well as the lack of grounds for ineligibility or incompatibility. If one of the directors does not fulfil or no longer fulfils the established independence or integrity requirements imposed by law, or if there are grounds for ineligibility or incompatibility, the Board will dismiss the director and arrange for him or her to be replaced or will ask that the grounds of incompatibility be removed within an established period of time, otherwise he or she must forfeit the post.

Directors are elected as follows:

- a. seven directors will be taken from the slate that obtains a majority vote of the shareholders (the "Majority Slate"), in the consecutive order that they appear on said slate;
- b. the remaining two directors shall be taken from other slates that are not linked in any way, even indirectly, to the shareholders that presented or voted for the slate coming first by number of votes (the "Minority Slates"). To this end, the votes received by the slates will be successively divided by one and two. The quotients thus obtained will be assigned progressively to candidates from each of these slates, according to the order shown therein. The quotients thus assigned to candidates from the different slates will be arranged in a single decreasing gradation. Those obtaining the highest quotients will be elected. If several candidates obtain the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors will be

²⁵ Consob - through its Managerial Resolution of the Head of the Corporate Governance Division no. 76 of 30 January 2023 - decided, pursuant to Article 147-ter, paragraph 1 and Article 148, paragraph 2 of the CLF and Article 144-septies, paragraph 1, of the Issuers' Regulation, that the minimum level of investment required for the presentation of lists of candidates for the election of Italgas management and control bodies was 1%.

elected. If none of these slates has yet elected a director or if all have elected the same number of directors, the candidate from the slate obtaining the greatest number of votes will be elected. If the voting on slates is a tie and the quotient is also a tie, the entire Shareholders' Meeting will be asked to vote again, and the candidate winning a simple majority of votes will be elected;

- b-bis.** in the case that the Majority Slate does not present a sufficient number of candidates to ensure the number of directors to be elected pursuant to the previous letter a), all the candidates listed therein are drawn from the slate, according to the progressive order indicated in that slate; after having then proceeded to draw the other two directors from the Minority Slates, pursuant to the preceding letter b), the remaining directors are drawn - for positions not covered by the Majority Slate - from the Minority Slate that has obtained the greatest number of votes amongst the Minority Slates (the "First Minority Slate") and in relation to the capacity of this slate. In case of insufficient capacity, it will draw the remaining directors - with the same modalities - 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. Finally, if the total number of candidates included in the slates that are presented - both in the Majority Slate and in the Minority Slates - is lower than that of the directors to be elected, the remaining directors are elected by the Shareholders' Meeting with a resolution adopted pursuant to the subsequent letter d);
- c.** if, after applying the procedure described above, the minimum number of independent directors required by the By-laws is not appointed, the quotient of votes to be attributed to each candidate taken from the slates is calculated by dividing the number of votes for each slate by the consecutive number of each of these candidates; non-independent candidates with the lowest quotients among the candidates taken from all the slates shall be replaced, starting from the lowest, by the independent candidates taken from the same slate as the candidate being replaced (following the order in which they are listed); otherwise, they shall be replaced by persons who meet the independence criteria and appointed in accordance with the procedure men-

tioned under d). If candidates taken from different slates have obtained the same quotient, the candidate from the slate from which the highest number of directors has been taken shall be replaced, or, alternatively, the candidate taken from the slate with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;

- c-bis.** if the application of the procedure described under letters a) and 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). If candidates from different slates have obtained the same lowest quotient, the candidate from the slate from which the greater number of directors has been taken shall be replaced, or, alternatively, the candidate taken from the slate with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced;
- d.** for the appointment of directors not appointed for any reason by the above procedures, the Shareholders' Meeting shall resolve by statutory majority to ensure that the composition of the Board of Directors is consistent both with the law and with the By-Laws.

Additional binding legal provisions, including regulatory rules, remain unchanged in any case.

If the majority of the directors should vacate their offices, the entire Board shall be understood to have resigned, and a Shareholders' Meeting must be called without delay by the Board of Directors in order to replace it.

The appointed directors must inform the Company of any loss of the independence and integrity requirements, as well as the occurrence of causes of ineligibility or conflict of interest. The Board shall periodically evaluate the independ-

ence and integrity of the Directors, as well as the lack of grounds for ineligibility or incompatibility. If one of the directors does not fulfil or no longer fulfils the established independence or integrity requirements imposed by law, or if there are grounds for ineligibility or incompatibility, the Board will dismiss the director and arrange for him or her to be replaced or will ask that the grounds of incompatibility be removed within an established period of time, otherwise he or she must forfeit the post.

4.3 Composition, curriculum vitae, guidelines on the maximum number of offices and induction programme

a) Composition

The Italgas Board of Directors, in office until 26 April 2022, comprised of nine Directors, appointed by the Shareholders' Meeting of 4 April 2019. Seven of the nine directors appointed were taken from the slate jointly presented by CDP Reti and Snam (expression of 39.545% of the share capital)²⁶, while the remaining two were taken from the slate presented by institutional investors (all together holding 1.366% of the share capital)²⁷. In particular, the Board of Directors was composed of: (i) Alberto Dell'Acqua (Independent Non-Executive Chairman pursuant to the CLF and the Corporate Governance Code); (ii) Paolo Gallo (Chief Executive Officer); (iii) Maurizio Dainelli (Non-Executive Director); (iv) Giandomenico Magliano (Independent Non-Executive Director pursuant to the CLF and the Corporate Governance Code); (v) Andrea Mascetti (Independent Non-Executive Director pursuant to the CLF and the

Corporate Governance Code) (vi) Paola Annamaria Petrone (Independent Non-executive Director pursuant to the CLF and the Corporate Governance Code); (vii) Qinqing Shen (Non-executive Director)²⁸; (viii) Silvia Stefini (Independent Non-executive Director pursuant to the CLF and the Corporate Governance Code); (ix) Veronica Vecchi (Independent Non-executive Director pursuant to the CLF and the Corporate Governance Code).

The ordinary Shareholders' Meeting of 26 April 2022 appointed the Board of Directors in office at the end of the financial year and at the date of this Report. Seven of the nine directors appointed were taken from the slate submitted jointly by the shareholders CDP Reti and Snam (representing 39.491% of the share capital)²⁹, voted by the majority of shareholders attending the meeting with about 59.07% of the capital represented, while the remaining two were taken from the slate submitted by the shareholder Inarcassa (Cassa Nazionale di

26 Alberto dell'Acqua, Paolo Gallo, Yunpeng He, Paola Annamaria Petrone, Maurizio Dainelli, Giandomenico Magliano and Veronica Vecchi.

27 Andrea Mascetti and Silvia Stefini.

28 Following the resignation of Mr Yunpeng He on 11 January 2022, with effect from the appointment of his replacement, the Board of Directors on 27 January 2022 co-opted Mr Qinqing Shen as a non-executive and

non-independent director of the Company.

29 Benedetta Navarra, Paolo Gallo, Qinqing Shen, Maria Sferruzza, Manuela Sabbatini, Claudio De Marco, Lorenzo Parola.

Previdenza ed Assistenza per gli Ingegneri ed Architetti Liberi Professionisti) (representing 1.3745% of the share capital)³⁰, voted by the minority of shareholders attending the meeting, with approximately 40.41% of the capital represented. The Shareholders' Meeting has then elected Ms Benedetta Navarra as the Chairwoman of the Board of Directors.

At the Shareholders' Meeting of 26 April 2022, the term of office for the Board of Directors was set at three financial years, expiring on the date of the Shareholders' Meeting called for the approval of the financial statements for the year ending 31 December 2024.

As at the end of the financial year and as of the drawing of this report, the Board of Directors was composed of nine directors, of whom:

- one sole executive director, seven non-executive directors and a chairman without managerial powers;
- four directors qualified as independent on the basis of both the independence requirements of the CLF (Articles 147-ter, subsection 4, and 148, subsection 3, of the CLF) and the Corporate Governance Code (Article 2), including the Chairwoman;
- one director qualified as independent on the basis of the independence requirements of the CLF (Article 147-ter, subsection 4 and 148, subsection 3 of the CLF);

- four female members, in compliance with the regulations in force on gender equality³¹;

- seven directors at their first appointment.

In the light of the above, and also taking into account what is stated in paragraph (b) of this chapter:

- the Issuer's Board at the end of the financial year and at the date of approval of this Report was composed of executive and non-executive directors, all of whom have the professionalism and skills appropriate to the tasks entrusted to them;
- the number and expertise of the non-executive directors shall be such as to ensure they carry significant weight in the passing of board resolutions and to ensure the effective monitoring of operations;
- a significant proportion of the non-executive directors are independent.

The table below lists the directors in office at the end of the financial year and at the date of this Report, the positions held on the Board of Directors and directors qualified as independent at the end of the financial year pursuant to the provisions of the CLF and the Corporate Governance Code.

Name	Office	Independent in accordance with the CLF and/or the Corporate Governance Code
Benedetta Navarra	Non-executive chairman	Yes (*)
Paolo Gallo	Chief Executive Officer	No
Claudio De Marco	Non-executive director	Yes (*)
Fabiola Mascardi	Non-executive director	Yes (*)
Gianmarco Montanari	Non-executive director	Yes (*)
Lorenzo Parola	Non-executive director	Yes (**)
Manuela Sabbatini	Non-executive director	No
Maria Sferruzza	Non-executive director	No
Qinjing Shen	Non-executive director	No

(*) Independent pursuant to articles 147-ter, subsection 4 and 148, subsection 3, of CLF and article 2 of the Corporate Governance Code.

(**) Independent pursuant to article 147-ter, subsection 4, and 148, subsection 3, of the CLF.

30 Fabiola Mascardi and Gianmarco Montanari.

31 As said, the Company applied the new distribution criterion of at least two-

fifths since it was the first renewal of the administrative body following the date of entry into force of the law and, therefore, on the occasion of the renewal of the Board

of Directors (and the Board of Statutory Auditors) resolved by the Shareholders' Meeting on 26 April 2022 approving the financial statements as at 31 December 2021

Following the resolutions passed by the Shareholders' Meeting on 26 April 2022, based on the slates submitted by the Shareholders for the election of the Board of Directors, the Board of Directors is composed of nine directors, of whom four are independent pursuant to the CLF and the Corporate Governance Code and one is independent pursuant to the CLF.

Although the Recommendation 5 of the Corporate Governance Code states that, in large companies other than those with concentrated ownership, such as Italgas, independent directors (pursuant to both the CLF and the Corporate Governance Code) shall make up at least half of the board - it is believed that the current composition of Italgas' Board of Directors is in any case suitable to ensure effective monitoring of management, as well as being adequate to the needs of the company, the functioning of the board of directors, and the establishment of Committees.

From the end of the Financial Year until the date of the approval of this Report there were no changes to the composition of the Board of Directors.

With regard to the description of the company's diversity policies (art. 123-bis, lett d-bis, CLF), it should be noted that, starting 24 January 2019, the Diversity of Company Bodies Policy is in force, i.e. a specific document summarising such policies (as well as the related objectives and implementation methods) and which also included some indications for shareholders in relation to the renewal of corporate bodies. This policy was subsequently updated on 25 January 2021 by the Issuer's Board of Directors, following approval from the Appointments and Compensation Committee, so as to adapt the provisions to the New Corporate Governance Code and, with reference to the Board of Directors, the policy provides that an optimal composition of the board of directors of the Issuer can be guaranteed by applying the following criteria:

- i. Board of Directors composed by a majority of non-executive Directors, so that they can contribute to monitoring the delegated bodies, especially with reference to potential conflicts of interest, as well as to encourage board discussions;
- ii. at least half of the Directors having the independence requirements of the applicable pro-tempore legislation and the Corporate Governance Code, in order, among other things, to allow an adequate and heterogeneous composition of the Committees;
- iii. at least one-third of the directors consisting of the least represented gender, without prejudice to any legislative provisions in force over time regarding gender balance and envisaging a higher proportion;

iv. balanced combination of managerial, professional, academic and/or institutional profiles within the administrative body, so that complementary skills are represented such as to ensure the correct and diligent performance of the functions assigned to it. In particular, the following profiles should be present:

- managerial profiles that have gained experience in positions of responsibility within companies and/or groups of significant size or complexity and/or possibly operating in sectors related to the Company's business;
- professional profiles who have worked in professional firms, consulting companies and, in any case, in legal, economic, accounting, financial or technical-scientific or IT matters also pertaining to the Company's business;
- academic and/or institutional profiles that have gained experience in the field of legal, economic, accounting, financial or technical-scientific subjects also relevant to the Company's business;

v. where possible, taking into account the skills needed for the proper and diligent performance of their functions, members of the Board of Directors of different age groups and/or different levels of seniority, so that different perspectives are represented and there is an adequate balance between continuity and change;

vi. where possible, taking into account the skills needed for the proper and diligent performance of their functions, the presence in the Board of Directors of members with international experience and preferably a good knowledge of English;

vii. choice of the Chair from among those with authority and experience, so that the same may promote internal discussion and act as an interlocutor of the body with control function and internal Committees consistently with the tasks regarding the organisation of the Board's work and the circulation of information;

viii. choice of the Chief Executive Officer from among those with specific experience of managing companies comparable in size and complexity to the Company and the Group under its control, as well as having adequate skills in the economic and financial field.

In addition, the policy provides that all members of the Board of Directors should devote adequate time to the performance of the position held in the Company. As regards this aspect they pointed out a) the latest guidelines on limits to the number of positions simultaneously occupied drawn up by the Board of Directors, as well

as b) the actual commitment required by the positions held, as well as the further work and professional activities carried out.

The Diversity of Company Bodies Policy can be consulted on the Company's website <https://www.italgas.it/governance/consiglio-amministrazione/>.

As regards the composition of the Board of Directors in office up to 26 April 2022 in relation to age, gender composition, and educational and professional background, including for the purposes of disclosure of the results of the "Diversity of Company Bodies policy", the following is specified:

- the Board included three Directors of the less represented gender, equal to one third of the total composition. The composition of the Board of Directors (as well as of the Board of Statutory Auditors, see chapter 14) complied therefore with the legislation on gender balance;
- the Board was characterised by the age structure diversity of its members, considering that the Board directors are aged between 42 and 67;
- the educational and professional profiles of the Board directors (lawyers, engineers, economists and professors) guaranteed a balanced distribution of experience and expertise within the corporate body, suitable to ensure that the functions the same is tasked with were performed correctly;
- the Board of Directors also had members from different geographic origins, as well as some with international experience.

As regards the composition of the Board of Directors currently in office, for the purposes of disclosure of compliance with the Diversity of Corporate Bodies Policy, the following should be noted:

- the Board includes four Directors of the less represented gender, equal to two fifth of the total composition. The composition of the Board of Directors (as well as of the Board of Statutory Auditors, see chap-

ter 14) complied therefore with the legislation on gender balance;

- the Board is characterised by the age structure diversity of its members, considering that the Board directors are aged between 44 and 65;
- the different educational and professional backgrounds of the Board directors (lawyers, engineers, economists) guarantee a balanced distribution of experience and expertise within the corporate body suitable to ensure that the functions the same is tasked with are performed correctly;
- the Board of Directors also includes members from of different nationality, as well as some with international experience.

Please note that upon completion of the board evaluation carried out from January to February 2023, the Board decided that the size and structure of the Board is entirely adequate in terms of the tasks and challenges to be addressed, and that it allows for the correct composition, in terms of the existing skills and those acquired during the term of office, of the Board Committees (see chapter 7 for the results of the board evaluation).

It should also be noted that with a view to the renewal of the corporate bodies by the Shareholders' Meeting held on 26 April 2022, the Board of Directors previously in office had drafted, with the assistance of the Appointments and Compensation Committee a guideline on the future size and composition of the Board of Directors pursuant to Recommendation 23 of the Corporate Governance Code and taking into account the results of the board evaluation; this guideline was published on 21 February 2022 -and therefore well in advance of the publication of the call notice of the Shareholders' Meeting called to renew the Board - on the Company website in the following sections: <https://www.italgas.it/governance/assemblea-azionisti/#Assemblea2022> e <https://www.italgas.it/governance/consiglio-amministrazione/>.

b) Curricula vitae

Below is a summary of the *curriculum vitae* of each member of the Board of Directors in office³².

Benedetta Navarra (Chairman)

She graduated cum laude in Economics and Commerce from the LUISS - Guido Carli University in Rome and in Law from the "La Sapienza" University in Rome. She then attained the titles of Lawyer, Chartered Accountant and Auditor. She has acquired considerable experience mainly in the areas of corporate, banking and financial market law. She has accrued significant experience in managing, also out-of-court, company crises, in project financing, securitisation of bank credits and the responsibility of intermediaries when providing investment services, also during penalty procedures initiated by the Supervisory Authority. She assisted the Ministry of Economy and Finance with the privatisation of Banca Nazionale del Lavoro, Mediocredito Centrale - Banco di Sicilia, Credito Industriale Sardo, Cassa Depositi e Prestiti. She has held various important positions, both nationally and internationally, as a member of the Board of Directors, including of listed companies (Yapi Kredi Bankasi; Koc Financial Service; Yapi Kredi Sigorta), as a member of the Supervisory Board (UniCredit Bank Czech Republic and Slovakia, a.s., ukrsotsbank PJSC), as chairwoman or standing member of Boards of Statutory Auditors (Poste Italiane S.p.A.; Equitalia S.p.A.; CDP Reti S.p.A.; Buddy Bank S.p.A.; Guala Closures S.p.A.; Isola dei Tesori S.r.l.; DMO Pet Care S.r.l.; LVenture Group S.p.A.; Sviluppo HQ Tiburtina S.r.l.) as well as member of the Supervisory Board (CDP Reti S.p.A., LVenture Group S.p.A., Promoter Roma). She is currently a member of the Board of Directors of A.S. Roma S.p.A., standing member of the Boards of Statutory Auditors of Unicredit S.p.A., Atlantia S.p.A. and Aeroporti di Roma S.p.A., member of the Board of External Auditors of the Telethon Foundation, as well as Chairman of the Audit Committee of Unicredit BulBank, Chairman of the Supervisory Board of Equitalia Giustizia S.p.A., Supervisory Board of ConfCommercio Imprese per l'Italia provincia di Roma Capitale.

Paolo Gallo (CEO and General Manager)

Born in Turin in 1961.

Paolo Gallo graduated in Aeronautical Engineering from the Polytechnic University of Turin. He later gained an MBA from the Scuola di Amministrazione Aziendale (SAA -Università degli Studi di Torino).

From 2014 to 2016 he was Chief Executive Officer of Grandi Stazioni, and finalised its privatisation. Previously

(2011 - 2014) he was firstly General Manager and then CEO of Acea S.p.A. one of the leading Italian multi-utility companies, listed on the Milan stock exchange. From 2002 to 2011 he was part of the Edison Group, first as Director of Strategy and Innovation and later (2003 - 2011) as General Manager and then CEO of Edipower.

He began his career at Fiat Avio S.p.A. in 1988 where he held various positions of responsibility for 13 years. In 1997 he began to get involved in the energy sector developing new initiatives in Italy, India and Brazil and later combined all the electricity generation activities for the Fiat Group at Fiat Energia (where he was CEO until 2002), the vehicle through which the Fiat Group acquired control of Montedison in July 2001.

Between 1992 and 1993 he was Director of the MBA course at the School of Business Management of the University of Turin, teaching "The economic-financial evaluation of industrial investments" until 2002, and he was the co-author of important publications in the industry. From 2018 to 2020 he was Professor of the Re-engineering Operational Processes (Master in Digital Ecosystem) and Energy Management (Master in Energy Industry) courses at the Luiss Business School.

In August 2016 Paolo Gallo was appointed General Manager and Chief Executive Officer of Italgas.

Claudio De Marco (Director)

He graduated in Economics and Banking Sciences cum laude from the University of Siena, and later obtained a master's degree in 'Management Control' from SDA BOCCONI in Milan. He is a chartered accountant and auditor. In the early part of his career he held top management positions in the finance area of the ENI Group, with responsibility for Management Control, Administration, Taxation, yearly and consolidated Financial Statements, and Treasury. In the same period, he was a member of the Board of Directors of several Italian companies active in the Exploration & Production, Gas & Power and renewables sectors. In 2000, he became CFO at SNAM, with specific tasks of managing the impact of the liberalisation process of the gas market in Italy. In particular, following the 'unbundling' of the gas transmission network, he participated as team leader in the listing process of the company Snam Rete Gas on the Milan Stock Exchange, where he became CFO (2001- 2007). He was subsequently appointed CFO of Italgas S.p.A. During those years, he was also a member of the Board of Directors of GNL Italia (regasification), Napoletana Gas and other minor companies. From 2008 onwards, he has gained international experience: until 2012, he was CFO and Executive Director of GALP, a company listed on the Portuguese stock market, with

³² For a summary of the curriculum vitae of the members of the Board of Directors in office up to 26 April 2022, please refer to the Corporate Governance Report for the year 2021 available at the following link: https://www.italgas.it/wp-content/uploads/sites/2/2022/04/Italgas_Gov_IT_2022_web.pdf

registered office in Lisbon, and operating in more than 20 countries in the hydrocarbon sector. At the beginning of the second half of 2012, he became CFO of South Stream (2012-2014) based in Amsterdam; subsequently, he was Chief Executive Officer of ENI INTERNATIONAL BV (2015-2016) also based in Amsterdam and at the end of 2016 he was appointed Chief Executive Officer of ENI UK LTD (2016-2017) based in London.

Fabiola Mascardi (Director)

She graduated in Law from Genoa University, with a Master's in International Law, Common Law and German competition law; she also obtained a PhD in International Law; fluent in English, French, German and Spanish.

After adding to her experience internationally by taking part in research in several important European universities, between 1993 and 2003, she was a Director with the European Community Court of Justice and European Community Commission, specifically as a member of the Directorate-General for Competition, of the Legal Service, of the Cabinet of Commissioner Monti, member of the Cabinet of the Deputy Chairman and head of EU Transport and Energy Policy Loyola de Palacio, and member of the Commission Delegation in Italy.

After a long experience as Director of EU Relations at Finmeccanica/Leonardo and Director of External Relations for Ansaldo Energia (2007-2012), she was a member of the Board of Directors of the multi-utility IREN S.p.A., as well as Chairwoman of the Appointments and Compensation Committee and member of the Related Parties Committee (2013 - 2019). Within the IREN Group, she first became Chairwoman of SAP, Società Acque Potabili (2014-2015) and then Chairwoman of Mediterranea Acque (2015-2017), both companies managing the integrated water cycle in Italy, and finally Chairwoman of IREN Ambiente (2018-2019), a company managing the integrated waste cycle in north-western Italy. Between 2013 and 2017, she was also a Director on the Board of IREN Energia (electricity generation and district heating), and a member of the steering council of the Fondazione Teatro dell'Opera Carlo Felice, of the Association Genova Smart City and of the Istituto di Studi Superiori dell'Università di Genova, ISSUGE.

From 2018 to 2022, she was a member of the Board of Directors of Ansaldo Energia, where she was also a member of its Appointments and Compensation Committee and its Sustainability Committee.

From 2019 to 2021, she was a member of the Board of Directors of ASTM S.p.A., a company operational in the management of motorway networks, implementation of infrastructural building, planning and telecommunications works, also as a member of the Compensation and Appointments Committee and Chair of the Sustainability Committee.

Currently, she has been a member of the Board of Directors of Enav S.p.A. since 2017; since May 2021, she has been a member of the Board and Lead Independent Director, a member of the Risks, Sustainability and Related Parties Committee, Member of the Compensation and Appointments Committee of Antares Visione.

Since 2022 she has been a member of the Board of Directors of the Grendi Group, a company active in the transport and integrated logistics sector.

Gianmarco Montanari (Director)

He holds a degree in Management Engineering from the Polytechnic of Turin, followed by four further degrees in Management, Economics, Political Science and Law from the University of Turin and the Board Director Diploma, awarded with Distinction (top 3), from the IMD in Lausanne.

He has, over the years, obtained numerous specialisations at leading International Business Schools (i.e. Harvard Business School, IMD, INSEAD, Columbia University, Bocconi) on topics of management, innovation, digitalisation and governance including the International Directors Programme at INSEAD.

He is qualified to practice as an engineer, journalist, publicist, financial advisor, F.I.G.C. Sport Management Collaborator, ACOI Coach and OIV Band 3 by the Ministry of Education.

Gianmarco Montanari is currently General Manager of the Italian Institute of Technology in Genoa, where he is responsible in particular for the research areas related to Energy, Lifetech, Sustainability, Robotics, Artificial Intelligence and Computational Science.

Previously, he was City Manager (General Manager) of the city of Turin after having worked for twenty years in top positions in the Automotive, Financial Services, Management Consulting and Central Public Administration sectors, always managing reorganisation processes and the digital transformation of complex enterprises with modern organisations.

He is and has been advisor to numerous investment funds, multinational companies and ministries.

He is and has been a member of numerous boards of private and public companies, including Gruppo Torinese Trasporti, Agenzia delle Entrate, AGID (Agency for Digital Italy), the University of Turin and the Reale Group.

He is and has been a member of OIVs, Independent Evaluation Bodies.

He was first awarded the honour of Cavaliere della Repubblica Italiana and then Ufficiale al Merito della Repubblica Italiana.

He is author of the book 'Tech Impact. Luci ed ombre dello sviluppo tecnologico' [Tech Impact. The lights and shadows of technological development] and numerous other publications, as well as an authoritative speaker on topics of innovation, technology and change management. He is the inventor of the IED® Intergenerational Environmental Debt.

He is currently a member of the Board of Directors and of the Appointments Committee as well as Chairman of the Compensation Committee of FinecoBank (Italy's third-largest listed bank), as well as Independent Director and Member of the Remuneration Committee of

the Tinexta Group, a company listed on the Star segment and a leading European operator in four business areas: Digital Trust, Cyber security, Credit Information & Management and Innovation & Marketing Services.

Lorenzo Parola (Director)

He graduated in Law from the Cattolica del Sacro Cuore University of Milan and then obtained a Master's in Company Law from the SSA School of Management. From 1988 to 2009, his career began as a partner and member of the global Board of Allen & Overy. After that, between 2009 and 2012, he held the position of partner and joint manager of the Global Department of Renewable Energies, in Dewey & LeBoeuf LPP. Between 2013 and 2019, he was Partner and Head of the European Department for Energy and Utilities, in Paul Hastings. He was also partner and head of the Italian department for energy and infrastructures in Herbert Smith Freehills. In 2022 he founded Studio Parola Angelini Law Firm of which he is Founding and Managing Partner. He is considered one of the main experts on energy law in Italy, as he assisted the most innovative and complex operations in the sector such as infrastructural funds, utilities and oil majors in national and cross-border M&A transactions, with special interest for sectors of generation from renewable and conventional sources, oil & gas, energy transition and digitisation and circular economy. He has acquired considerable, consolidated experience of contractual, authorisation and regulatory aspects related to the development of infrastructural projects, and for sector contracts such as, merely as an example, PPA, tolling, gas and LNG sales contracts, financial and physical trading of energy. He is currently a lecturer on higher education university and master's courses. He founded the Italian PPAs Committee and the E-Innovation Committee, dedicated respectively to market parity and energy transition, grouping together producers, traders, end customers and banks.

Manuela Sabbatini (Director)

She graduated in Economics from "La Sapienza" University in Rome and is enrolled in the Register of External Auditors.

In 1999 and up to 2016, she started her career in KPMG S.p.A. where she held the position of Senior Manager as head of auditing for corporate and banking and financial

groups' financial statements, auditing in the financial areas of industrial groups or companies, and assistance in listing procedures. She was also a member of the internal department assigned to provide technical-professional guidelines for professional personnel.

In 2016, she moved to CDP, where she held various positions and had diverse responsibilities, including Head of the Group's Accounting and Budget Regulations Organisational Unit mainly concerned with the preparation of consolidated financial statements and related reports, managing relations with other departments and companies in the Group; analysing and interpreting accounting and financial statement regulations, defining the accounting approaches of Group subsidiaries subject to management and coordination.

In 2020, she became Director of Internal Audit, with responsibility for CDP's Internal Audit department, for coordinating Internal Audit departments within the Group's perimeter and for supporting the company's SB.

She has also been a member of the Consulting Committee of several CDP Group Funds (2017-2019), Director of CDP Investimenti SGR S.p.A., now CDP Real Asset SGR S.p.A. (2019-2020), Director of FSIA Investimenti S.r.l. (2017-2021); and is member of the Supervisory Body of Simest S.p.A. (since 2022), member of the Board of Directors of the CDP Foundation (since 2020) and member of the Election Committee of the Italian Association of Internal Auditors.

Maria Sferruzza (Director)

She graduated cum laude in Industrial Engineering from Palermo University. In her first career years, her first position was Application Engineer with responsibility for development and commercial negotiations (1995-1997); she then acquired growing operational, commercial and strategic experience in General Electric S.p.A., as Application Engineer, Project Engineer, US Sales. She was then appointed CEO Analyst, coordinating Program Office activities and reporting directly to the CEO, in the Oil & Gas Division. In the following years, she held considerably important positions such Marketing & Strategic Alliances Leader (2001-2003) and Sales Executive for the Southern Europe area (2003-2005). Between 2005 and 2011, she held the position of Operation Executive and was assigned full economic

responsibility for the entire process services line and management of a team with varied skills. In the following years, she became General Manager for the Global Sales Service (2011-2013) and then Vice Chairperson of the Turbomachinery Service Operations (2014-2016). Her career in Baker Hughes began in 2017 as Turbomachinery and Process Solution LNG and Global Service President. In the following year she was appointed Senior Vice President for the Pacific Area, reporting directly to the EVP Global Operations. Since 2021, she has been Executive Vice President International Engineering, Construction & Solutions of Snam S.p.A (gas transmission), and is a member of important international and institutional bodies in the energy sector.

Qinjing Shen (Director)

Graduated with a Master's Degree in Electrical Power System Engineering from Zhejiang University, China. She is currently a member of the Board of Directors of CDP RETI S.p.A., Terna S.p.A., SNAM S.p.A. and Chief Representative for State Grid in Italy. He served as Head of the Department of Business Development & Strategy, State Grid International Development Co., LTD (2016-2021). Among his main roles, he was Key Contact and coordinator of extraordinary operations for CPFL Energia in Brazil (Scope of the operation: 9 billion dollars, including the Controlling Block transaction, the mandatory public takeover bids for the minority shareholders of CPFL Energia, the mandatory public takeover bids for CPFL Renewable, the REIPO of CPFL). Key player in State Grid's other M&A transactions (Chilquinta, Chile (2.5 billion dollars, 2020) CGE, Chile (3 billion dollars, 2021). He served as Deputy Director of Business Development & Strategy, State Grid International Development Co., LTD (2013-2016). Among his main roles, he was Project Manager and Key Contact of the CDP Reti transaction (2.2 billion dollars) in 2014. High-level participation in several M&A transactions in Australia during the same period for State Grid. He was previously Project Manager of the Department of Business Development&Strategy, State Grid International Development Co., LTD (2008-2013). Among his main roles, he was Project Manager for the purchase of 7 transmission concessions in Brazil from Spanish investors (1 billion dollars) in 2010. Participation in transactions concerning NGCP, Philippines (2009), REN, Portugal

(2011). Most recently, he was a Dispatching Engineer at the Dispatching Communication Center, Zhejiang Electric Power Company (a subsidiary of State Grid Corporation of China) (2003-2008).

c) Maximum number of offices held at other companies

On 14 December 2022, the Board of Directors of Italgas confirmed, on the proposal of the Appointments and Compensation Committee, its guidelines, already adopted on 29 January 2019, 17 December 2019, 18 December 2020 and 21 February 2022, regarding the maximum number of offices as director or statutory auditor in other "relevant companies" not belonging to the Italgas Group, in compliance with the provisions of the Corporate Governance Code. Specifically, the Board of Directors has set the following limits and prohibitions.

For the CEO (and any other executive directors) of the Company:

- no other office as executive director;
- a maximum of one other appointment as a non-executive director and/or statutory auditor (and/or member of another control body), with the possibility of an exception being made, for up to three appointments overall, with the favourable opinion of the Board of Directors;
- in relation to the Chief Executive Officer alone, no office as Director of another issuing company not belonging to the Italgas Group of which another Italgas Director is Chief Executive Officer (prohibition of the so-called interlocking directorate).

For non-executive directors of the company the limit of an additional four offices (weighting executive appointments or appointments as non-executive chairman as double).

On 14 December 2022, the Board of Directors also confirmed, at the proposal of the Appointments and Compensation Committee, the guidelines, already adopted on 29 January 2019, 17 December 2019, 18 December 2020 and 21 February 2022, concerning the identification of "relevant companies" to be taken into account for the purposes of the aforementioned limits on the accumulation of offices. Specifically, a "significant company"

is any company, Italian or foreign, satisfying at least one of the following conditions:

- issuer company (in Italian or foreign regulated markets);
- company operating in the insurance, banking or financial sectors (e.g., asset management company, brokerage company);
- company with shareholders' equity of more than €1 billion.

If the above limits indicated are exceeded, the director involved should promptly inform the Board of Directors, which shall evaluate the situation in light of the Company's interest and ask the director to take the resulting decisions.

The Chief Executive Officer of Italgas shall not hold the office of director of another issuing company not be-

longing to the Italgas Group, of which another director of Italgas is Chief Executive Officer.

Said criteria were expressly approved by the Board of Directors at the aforementioned meetings. The directors in office up to the 26 April 2022³³, as well as those in office at the end of the financial year and at the date of approval of this Report comply with the guidelines approved by the Board of Directors regarding the maximum number of offices held.

The table below shows - on the basis of the declarations made by the directors - the other significant offices pursuant to the Corporate Governance Code and the prevailing view adopted by the Board of Directors in relation to the maximum number of offices held by Directors of the Company appointed by the Shareholders' Meeting of 26 April 2022 and in office at the date of this Report.

Director	Other important positions held
Benedetta Navarra	Standing Auditor of the Board of Auditors of Unicredit S.p.A., Atlantia S.p.A. (*) and Aeroporti di Roma S.p.A. (**)
Qinjing Shen	Director of CDP Reti S.p.A., Terna S.p.A., Snam S.p.A. (***)
Fabiola Mascardi	Director of Antares Vision S.p.A. and ENAV S.p.A.
Gianmarco Montanari	Director and Chairman of the Compensation Committee of FinecoBank S.p.A. and Director of Tinexta S.p.A.

(*) Office taken up on 16 January 2023.

(**) Ms. Benedetta Navarra also holds the office of Director of AS Roma S.p.A. However, by order No. 8880 of 7 September 2022, adopted pursuant to Article 2.5.1, subsection 6, of the Borsa Italiana Regulations, Borsa Italiana ordered the delisting of the A.S. Roma S.p.A. shares from the Electronic Stock Market. Consequently, as from such date A.S. Roma S.p.A. no longer qualifies as a 'Significant Company'. In addition, until 16 January 2023 Ms. Benedetta Navarra held the position of Standing Auditor of Italo S.p.A.

(***) Offices taken up as of 18 November 2021, 26 January 2022 and 17 February 2022 respectively, following the resignation tendered by Mr He.

33 Based on the declarations made by the directors, below is a list of the other positions relevant to the Corporate Governance Code and the orientation taken by the Board of Directors on the maximum number of positions held by the directors of the Company as of 9 March 2022 and in office until 26 April 2022: a) Yunpeng He: Director of Terna S.p.A. (office ceased on 26 January 2022), Snam S.p.A.

(office ceased on 17 February 2022) and IPTO S.A.; b) Qinjing Shen: Director of CDP Reti S.p.A. (office taken on 18 November 2021 following the resignation tendered by Yunpeng He), Terna S.p.A. (office taken on 26 January 2022 following the resignation tendered by Mr He) and Snam S.p.A. (Office taken on 17 February 2022 following the resignation tendered by Mr He); c) Andrea Mascetti: Director of Banca

Intesa Russia - Moscow; d) Giandomenico Magliano: Director of Banca Nazionale del Lavoro S.p.A.; e) Silvia Stefini: Director of Falck Renewables S.p.A. and Equor Capital Partners SGR S.p.A.; f) Veronica Vecchi: Director of Engie Noha S.A. (formerly EPS S.A.); g) Paola Annamaria: Petrone, Director of Bialelli Industrie S.p.A.

d) Induction Programme

Following its renewal on 26 April 2022, during the financial year, the Directors obtained an adequate understanding of the business sphere in which the Issuer operates, the Company dynamics and related changes, as well as the legislative and self-regulatory framework in place.

The directors and statutory auditors took part in: (i) a site visit to the Heritage Lab, the Integrated Supervision Centre and Group Security Operation in Turin on 26 April 2022 with focus also on Cyber security issues(ii) a first *induction* session on the business, structure and strategic objectives of the Italgas Group on 18 May 2022; (iii) a second *induction* session on the business, structure and strategic objectives of the Italgas Group on 30 May 2022, with a focus, *inter alia*, on sustainability issues, including Italgas' strategy to create sustainable value in the future, digitisation to enable the energy transition and decarbonisation, the fight against *climate change*, the protection of ecosystems and support for the circular economy (iv) an *offsite* session in Venice, with a visit to Italgas headquarters in Santa Marta and the Isola delle Tresse plants on 13-14 June 2022. Moreover, on 22 February 2023, the Directors and Statutory Auditors participated in the "Italgas Innovation Trip" session dedicated to the innovation initiatives promoted and implemented by the Italgas Group in the fields of, *inter alia*, engineering and operations, digitisation and cybersecurity, safety and sustainability, including a visit to the Digital Factory.

e) Measures to promote equal treatment and opportunities between genders

With regard to the "measures aimed at promoting equal treatment and opportunities between genders within the entire corporate organisation," recommended by the Corporate Governance Code (art. 2, Recommendation 8), reference is made first of all to the Policy for Diversity of Cor-

porate Bodies, for which reference is made to the detailed description contained in this paragraph, letter a).

It should also be noted that on 17 December 2019, the Issuer's Board of Directors, after hearing the opinion of the Appointments and Compensation Committee of 29 October 2019, approved the "Diversity and Inclusion Policy", which outlines a more detailed programme on these aspects, including those relating to processes within the organisation, starting with recruitment processes, which applies to all Italgas employees.

The aim of the Policy is to ensure that all employees behave with dignity, respect and fairness at all times, demonstrating conduct that reflects inclusion and supports the values of the Group. Italgas is therefore committed to avoiding any form of discrimination as regards employment, accommodating differences in age, gender, marital status, ethnicity, nationality, religion or other beliefs, sexual orientation, social and educational background, familial and care responsibilities.

In its recruitment, Italgas is committed to training and promoting the best people for the job, encouraging their professional growth.

Specifically, Italgas recognises and supports the importance of promoting equal opportunities, recognising the value of diversity and valorising the unique nature of its people, attributing to the same a strategic value. Italgas is committed to developing a culture of D&I, focusing on awareness-raising of the entire corporate workforce and on giving value to differences in gender, age and background in its selection, training and opportunities for growth, as well as in all the company processes, encouraging a culture where the wealth of diversity is acknowledged.

In order to ensure the constant evolution and application of the "Diversity & Inclusion Policy", in 2021 Italgas introduced in its organisational structure the D&I (Diversity & Inclusion) unit within the HRO department in the Talent & Change Management area to oversee D&I issues within the Group. With the creation of the position of Diversity & Inclusion Manager, Italgas' approach to Diversity & Inclusion has received a new impetus and method, with the launch of a structured process to raise awareness and en-

gage the entire corporate population, and the creation of an action plan that will be developed over the next three years.

Some of the main Diversity & Inclusion initiatives carried out in 2022 in Italgas include: (i) the inclusion in the corporate objectives of KPIs in the field of Diversity and Inclusion³⁴; (ii) the renewal of the collaboration as supporting member with Valore D³⁵; (iii) the adhesion to STEM By Women³⁶; (iv) the participation in a new edition of the Grow Data Girls challenge in collaboration with LUISS Business School³⁷; (v) qualitative listening projects through focus groups relating to generational and background diversity; (vi) the launch of the first edition of Welnspire, the Italgas

Group's Mentoring and Reverse Mentoring programme³⁸ (vii) training activities for all Italgas personnel, including the e-learning course "Unconscious Bias"; (viii) widespread awareness-raising and engagement actions in all territories and business areas, which resulted in the identification of more than 42 Diversity & Inclusion Ambassadors³⁹, who are key players in organisational change, with the aim of promoting the benefits of a corporate culture based on principles of diversity and inclusion, thanks to the proposals developed around three working streams: Age & Culture (territorial, background and generational differences) Gender and Disability.

4.4 Operation of the Board of Directors

During the Financial Year, the Board of Directors met 14 times; the average length of the meetings was 3 hours and 30 minutes.

The table in Annex 1 lists the attendance of each member at the Board of Directors' meetings during the Financial Year.

During the meeting of the Board of Directors of 9 March 2023, the Chairman stressed the essential nature of the contribution of each Board member, taking into account, *inter alia*, the specific skills and professionalism of each, highlighting that the Italgas Board members have already demonstrated that they consider discus-

34 In particular, during the financial year, the target percentage (23%) of women in 'head of operating unit' positions within the Group was fully achieved: at the end of the financial year, this percentage was actually 24.7%.

35 An organisation founded to support the enhancement of the role of women in the workplace and equal treatment between genders as a means of promoting the growth of companies and the Country system.

36 Association of companies, organisations and individuals promoting women's studies

and careers in STEM fields. During the financial year, Italgas also chose to sponsor a new Master's degree developed by the association, in collaboration with the Turin Polytechnic, to create a new professional figure with a humanities university education and specialisation in artificial intelligence;

37 In 2022, the team dedicated to the Italgas case was proclaimed the winner with the presentation of the solution identified in the WoW - Way of Working challenge.

38 The project stems from the debate with the D&I Ambassadors of the Age&Culture

stream, aimed at fostering the development and growth of people, in a logic of exchange between different experiences.

39 A training course was also defined to accompany the Ambassadors in their new role in a manner more consistent with the needs and values of the corporate culture, through focus groups, individual tests, coaching sessions, in-person training sessions and specific webinars. Central themes were the insights into 'Unconscious bias' and 'Inclusive language'.

sion a central element in 2022 - by guaranteeing, on average, 99% participation in the Board proceedings.

On that occasion, the Chairwoman, after recalling that - again pursuant to the Corporate Governance Code - each director shall ensure adequate time availability for the diligent performance of the duties assigned to him, asked all directors to ensure that in 2023 they will attend at least 80% of the meetings of the Italgas Board of Directors.

For the current business year 11 meetings of the Board of Directors are scheduled, including two which have already been held at the date of the approval of this Report.

The Financial Calendar which can be consulted on the Company's website (<https://www.italgas.it/en/media>) indicates the corporate events and dates of disclosure to the public of the economic-financial results which will be examined by the Board of Directors in 2023.

Board of Directors meetings are called by the Chairman or, if they are absent or unable to do so, by the Chief Executive Officer or, if they are absent or unable to do so, by the most senior director in age, when they deem it necessary or when requested in writing by at least two directors. The Board can meet through tele- or video conferencing, under the conditions set out in the By-Laws.

The meetings of the Board of Directors are presided over by the Chairman or, if they are absent or unable to do so, by the CEO, or, finally, if they are absent or unable to do so, by the eldest Board member.

The Chairman of the Board of Directors also ensures that directors have all the necessary information on the individual items on the agenda.

On 25 January 2021, the Board of Directors approved a new version of the regulations for the operation and organisation of the Board of Directors (the "**Board Regulations**") and for the incorporation of the provisions of the Corporate Governance Code. In particular, this new version, *inter alia* (i) attributes to the Board of Directors and the Chairman the duties and powers set forth in the Corporate Governance Code; (ii) defines the professionalism requirements and powers of the Secretary of the Board of Directors (see paragraph 4.5 of this Report); (iii) identifies the terms for the prior submission of information and the procedures for protecting the con-

fidentiality of the data and information provided so as not to prejudice the timeliness and completeness of the information flows; (iv) regulates the rules of operation, including the procedures for taking minutes of meetings, in a precise manner (v) provides that the Chairman, with the assistance of the Secretary, shall ensure that, in agreement with the chief executive officer, the executives of the Company and those of the companies of the group it heads, responsible for the corporate departments competent according to the subject matter, attend Board meetings, also at the request of individual directors, to provide the appropriate in-depth analyses of the items on the agenda.

In particular, under point (iii), the Board Regulations provides that:

- the notice of the meeting is sent by the Secretary of the Board to the Directors and Statutory Auditors - by uploading it to the "Secure Area" of the digital system used by the Company or, if such digital system cannot be used, exceptionally by e-mail or other means of telecommunication to the address indicated by each addressee - normally at least 5 (five) days before the date of the meeting and, in case of necessity and urgency, at least 12 (twelve) hours before the meeting;
- the documentation relating to the items on the agenda is made available to the Directors and Statutory Auditors by the Secretary of the Board, by uploading it into the aforementioned "Secure Area", as well as in other agreed forms that guarantee the confidentiality of the information contained therein. As a rule the documentation shall be made available at least 5 (five) days before the date of the board meeting, except in exceptional cases.

"Corporate documentation containing price sensitive information is not normally communicated in advance, without prejudice to the need to ensure that the Board receives adequate information on the topics indicated on the agenda on the day of the meeting. In the case in which such documentation is sent previously, the safeguards concerning the processing of inside information as well as the provisions of the "Procedure for the in-house management of Relevant Information and Inside Information and the public disclosure of Inside Information" implemented by the Company, are applied.

During the Year, the minimum notice for calling meetings and sending important documentation was generally complied with.

The meetings of the Board of Directors held during the financial year were all attended by the members of the Board of Statutory Auditors and the Chief Financial Officer and General Counsel were also invited to attend all the meetings. In addition, at the invitation of the Chairman and in agreement with the CEO, during the Financial year the following persons attended and provided appropriate insights into the topics within their remit: (i) Mr Gianfranco Maria Amoroso⁴⁰, Chief Financial Officer; (ii) Ms. Germana Mentil⁴¹, General Counsel of the Group; (iii) Mr Pietro Durante⁴², Director of Human Resources and Organization; (iv) Mr Pier Lorenzo Dell'Orco⁴³, Chief Executive Officer of the subsidiary Italgas Reti; (v) Mr Giovanni Mercante⁴⁴, Officer responsible for the preparation of financial reports; (vi) Mr Paolo Bosato⁴⁵, Head of Internal Audit, (vii) Mr Nunziangelo Ferrulli⁴⁶, Chairman of the subsidiary Italgas Reti and Director of Institutional and Regulatory Affairs; (viii) Mr Lorenzo Romeo⁴⁷, Director of Corporate Strategy; (ix) Ms. Chiara Ganz⁴⁸, Director of External Relations and Sustainability; (x) Mr Alessandro Menna⁴⁹, Group Security Manager; (xi) Mr Marco Barra Caracciolo di Basciano⁵⁰, Chairman and Chief Executive Officer of Bludigit; (xii) Ms. Patrizia Malferrari⁵¹, Chief Executive Officer of Geoside; (xiii) Mr Agostino Limonta⁵², Head of HSE.

Pursuant to the provisions of the SGEL Shareholders' Agreement, the Board Regulation requires that the director appointed by SGEL, if and to the extent that said director is not independent pursuant to Article 148 of the CLF, shall ab-

stain, to the maximum extent permitted by law, from receiving information and/or documentation from Italgas in relation to matters on which there is a conflict of interest for SGEL and/or any affiliated party, in relation to business opportunities in which Italgas, on the one hand, and SGEL and/or an affiliated party, on the other, have an interest and may be in competition. In such an event, this director should promptly give written notice to the Secretary to the Board and they cannot take part in the discussions of the Italgas Board of Directors concerning these matters. The Board in office, at the end of the Financial Year, and at the date of the approval of this Report, includes one director appointed by SGEL who is not independent pursuant to Article 148 of the CLF. During the financial year there were no situations or occasions in which he/she had to abstain from attending pursuant to the above provision.

As regards meetings minutes, the Board Regulation provides that, except in those cases in which, by law, the minutes must be drafted by a notary, the Secretary of the Board shall be responsible for minuting the meetings, and may be assisted for this purpose by personnel from the legal and corporate department. The minutes are drawn up analytically, reporting the speeches made during the board discussions, summarised by the Secretary, and include, in the text, in annexes or in the register of company documents, the documentation made available to the Board. The draft minutes prepared by the Secretary of the Board are submitted to the Chairman and Chief Executive Officer and, prior to approval, to the members of the Board and the Board of Statutory Auditors, who may submit comments by addressing them to the Secretary of the Board. The Board approves the final text of the minutes, normally at the next meeting.

40 Mr Amoroso spoke at the board meetings of 27 January 2022, 21 February 2022, 9 March 2022, 2, 18, 30 May 2022, 14 June 2022, 15 September 2022, 26 October 2022, 14 December 2022, 22 December 2022.

41 Ms. Mentil spoke at the board meetings of 26 October 2022, 14 and 22 December 2022.

42 Mr Durante spoke at the board meetings of 26 April 2022, 2, 30 May 2022, 29 August 2022, 15 September 2022, 26 October 2022.

43 Mr Dell'Orco spoke at the board meetings of 27 January 2022, 2, 30 May

2022, 15 September 2022, 26 October 2022, and 14 December 2022.

44 Mr Mercante spoke at the board meetings of 21 February 2022 and 9 March 2022.

45 Mr Bosato spoke at the board meetings of 21 February 2022, 15 September 2022 and 14 December 2022.

46 Mr Ferrulli spoke at the board meetings of 18 May 2022 and 26 October 2022.

47 Mr Romeo spoke at the board meetings of 27 January 2022, 21 February 2022, 9 March 2022, 18, 30 May 2022, 15 September

2022, 26 October 2022, 14 December 2022, 22 December 2022.

48 Ms. Ganz spoke at the board meetings of 30 May 2022 and 14 December 2022.

49 Mr Menna spoke at the board meeting of 15 September 2022.

50 Mr Barra Caracciolo di Basciano spoke at the board meeting on 18 May 2022.

51 Ms. Malferrari spoke at the board meetings of 18 and 30 May 2022.

52 Mr Limonta spoke at the board meeting on 21 February 2022.

4.5 Role of the Chairman of the Board of Directors

a) Role of the Chairman

Without prejudice to that indicated in section 4.6 below, the Chairman/Chairwoman, in compliance with the Board Regulation (as amended on 25 January 2021, also in order to integrate the functions, duties and role of the Chairman/Chairwoman in line with the provisions of the Corporate Governance Code), plays a liaison role between the executive directors and the non-executive directors and ensures the effective operation of the Board proceedings.

Moreover, during the financial year the Chairman/Chairwoman ensured, with the assistance of the Secretary of the Board of Directors:

- that pre-board meeting information and the supplementary information provided during meetings is suitable to allow the directors to act in an informed manner in the performance of their role (see paragraphs 4.4 and 4.6(f) of this Report);
- that the activities of board Committees with investigation, proposal and consultation functions are coordinated with the activities of the Board of Directors; (see chapters 6 et seq. of this Report);
- in agreement with the Chief Executive Officer, that the Company's senior executives and those of the companies belonging to the group, in charge of the relevant management areas, attend the board meetings in order to provide appropriate supplemental information on the issues on the Board's agenda, also at the request of individual directors (see paragraph 4.4 of this Report);
- that all the directors and statutory auditors are allowed to participate in initiatives aimed at providing them with adequate knowledge of the business sectors

where the Company operates, of the corporate dynamics and the relevant evolutions, also from the point of view of the sustainable success of the company as well as in accordance with the principles of proper risk-management and of the relevant regulatory and self-regulatory framework (see paragraph 4.3(d) of this Report);

- the adequacy and transparency of the Board of Directors self-evaluation process, with the support of the Appointments and Compensation Committee (see chapter 7 of this Report).

The Board Rules also provide that the Chairman makes the following proposals to the Board, in compliance with the principles and recommendations of the New Corporate Governance Code:

- a. the appointment and dismissal of the Secretary of the Board of Directors;
- b. the adoption, in agreement with the CEO, of:
 - a policy for managing dialogue with all shareholders, also taking into account the engagement policies adopted by institutional investors and asset managers;
 - a procedure for the internal management and external communication of documents and information concerning the Company, with particular reference to inside information.

At the Board meeting of 22 February 2023 the Chairman invited the Head of the Investor Relations department to report to the administrative body on the developments and significant content of the dialogue with shareholders.

The Chairman also has the additional duties assigned to him by the Italgas Group "Guidelines of the internal control and risk management system".

b) The Secretary of the Board

The Rules of Procedure of the Board provide that the Secretary is appointed by the Board, on the recommendation of the Chairman, as a rule at the start of each term of office of the board and for its full duration. In addition, the Rules of the Board of Directors provide that the Secretary shall be chosen from among those possessing adequate requirements of professionalism, experience, independence of judgement and who are not in situations of conflict of interest. The Secretary of the Board must: (i) have a degree, preferably in law; (ii) have knowledge of the regulations of listed companies in a regulated market, acquired through many years of specific experience working at listed companies or the exercise of professional activities; (iii) have proven corporate expertise (legal, corporate, audit, etc.) acquired through many years of experience working at listed companies or the exercise of professional activities; (iv) have acted as secretary of the board of directors of a joint stock company for at least three years.

Taking into account these requirements, the Board of Directors on 26 April 2022, at the proposal of the Chairwoman,

appointed Valentina Piacentini, Head of Corporate Affairs of the Company, as Secretary of the Board for the entire duration of the Board's term of office⁵³.

The Board Secretary supports the activities of the Chairman/Chairwoman and assists the latter: (i) in performing the functions indicated in the Board Regulations; (ii) with the preparation of board meetings and shareholders' meetings and with the preparation of the relative resolutions, also overseeing the minuting of the board meetings; (iii) in communication with the Directors. The Board Secretary also assists the Chief Executive Officer of the Company in relations with the Board and provides impartial assistance and consultation to the Board of Directors on every relevant aspect for the correct operation of the corporate governance system. The Board Secretary may perform other functions within the Company as long as they do not compromise his/her independence of judgement regarding the Board or the regular performance of his/her duties. In cases of necessity or urgency, the Secretary may be replaced for single meetings by the person identified by the board on the recommendation of the Chairman. The Board, in agreement with the Chairman, may dismiss the Board Secretary.

⁵³ With reference to the previous Board's term of office, please note that on 25 January 2021, the Board of Directors had already appointed a Board Secretary (Alessio Minutoli, at the time Director of Legal, Corporate and Compliance Affairs), in accordance with the Board Regulation.

4.6 Executive directors

c) Chief Executive Officer

On 26 April 2022, the Italgas Board of Directors appointed once again Paolo Gallo as CEO, conferring on him all duties and powers, with the exclusion of those provided for otherwise by law and in the By-Laws and not reserved to the Board of Directors or the Chairman (see paragraph 4.1 of this Report), as most recently amended on the same date.

Since the completion of the Italgas demerger, Paolo Gallo has assumed the position of General Manager of Italgas.

The situation of interlocking directorate does not apply to the Chief Executive Officer.

The Director in Charge is also assigned the role of Chief Executive Officer pursuant to the Corporate Governance Code (see paragraph 10.2 of this Report).

Pursuant to the By-Laws, the CEO, as well as the Chairman, represents the Company to any judicial or administrative authority and with regard to third parties, as well as having signing authority.

- calls and presides over the Board of Directors' meetings and sets their agendas and coordinates the proceedings;
- ensures the directors are provided with adequate information on the items on the agenda.

The Chairwoman does not have executive powers and does not have a specific role in the development of corporate strategies.

The Chairwoman, acting as CEO as well, represents the Company to any judicial or administrative authority and with regard to third parties, as well as having signing authority.

e) Other executive directors

With the exception of the CEO and General Manager, Paolo Gallo, there are no other members of the Board of Directors who qualify as executive directors pursuant to the Code of Corporate Governance.

d) Chairman of the Board of Directors

The Italgas Ordinary Shareholders' Meeting of 26 April 2022 appointed Benedetta Navarra as Chairman of the Company's Board of Directors.

The Chairwoman is entrusted with the duties provided for by the Italian Civil Code, the Articles of Association and the Corporate Governance Code (the latter as also incorporated in the Board Regulations, see paragraph 4.5 above). Specifically, pursuant to Article 14.2 of the By-Laws, the Chairman/Chairwoman:

- chairs Shareholders' Meetings, performing the duties provided for by law and by the Shareholders' Meeting Regulation;

f) Reporting to the Board

In compliance with the By-Laws, during the Financial Year, the CEO informed the Board of Directors and the Board of Statutory Auditors at Board meetings on the general performance, outlook, transactions of economic, financial and capital significance to the Company and its Subsidiaries.

The By-Laws also require that, at the meetings and at least on a quarterly basis, the Board of Directors and the Board of Statutory Auditors are informed, by the Chairman or any directors who are delegated the necessary duties, also with regard to transactions in which directors have an interest on their own account or that of third parties or are affected by a party that exercises direction and coordination activities (where applicable).

4.7 Independent directors and lead independent director

a) Independent directors

The Board of Directors in office until 26 April 2022 was composed of nine members, six of whom were independent pursuant to both the CLF (Articles 147-ter, subsections 4 and 148, subsection 3, of the CLF)⁵⁴ and the Corporate Governance Code (Article 2), and in particular⁵⁵:

- Alberto Dell’Acqua, who held the office of Chairman of the Board of Directors;
- Paola Annamaria Petrone, who held the office of Chairman of the Control, Risk and Related Party Transactions Committee.
- Giandomenico Magliano, who held the offices of Chairman of the Sustainable Value Creation Committee and member of the Control, Risk and Related Party Transactions Committee.

- Veronica Vecchi, who was a member of the Sustainable Value Creation Committee.
- Andrea Mascetti, who held the office of Chairman of the Appointments and Compensation Committee.
- Silvia Stefini, who was a member of the Appointments and Compensation Committee and a member of the Control, Risk and Related Party Transactions Committee.

The Board of Directors at the end of the financial year and at the date of this Report was composed of nine members, of whom

- four qualified as independent pursuant to the CLF (Articles 147-ter, subsection 4, and 148, subsection 3, of the CLF)⁵⁶ and the Corporate Governance Code (Article 2):

54 Pursuant to the combined effects of articles 147-ter and 148, subsection 3, of CLF, the following persons may not be considered independent:

a) those who are in the conditions set out in article 2382 of the Italian Civil Code (i.e. interdicted and banned persons, disqualified persons, bankrupt persons or those persons who have been sentenced to a penalty entailing a ban, even temporary, from public office or the inability to exercise managerial functions);

(b) the spouse, parents and relatives to the fourth degree of the directors of Italgas S.p.A., the directors, spouse, parents and relatives to the fourth degree of the directors of the companies controlled by Italgas S.p.A., of parent companies and of jointly controlled companies;

(c) those persons who are linked with Italgas S.p.A. or with the companies controlled by the company, or with the companies that control it or which are subject to

joint control namely the directors of the companies and the subjects referred to at b) above by independent employment or consultancy relationships, or other relationships of a financial nature that compromise independence.

55 Considering that the Company had already adapted to the New Corporate Governance Code recommendations on the matter, based on the statements issued by those concerned, on 10 March 2021 it was ascertained that: (i) the existence of the independence requirements pursuant to the Consolidated Law on Finance and the Corporate Governance Code as at 31 December 2020 and (ii) the existence of the independence requirements pursuant to the Consolidated Law on Finance and the Corporate Governance Code as at 10 March 2021, also taking into account the quantitative and qualitative criteria applied to assess independence, as approved by the Board of Directors on 24 February 2021 (see below). In this regard, it should be noted

that as of 10 March 2021, the Chairman was also independent pursuant to both the CLF and the Corporate Governance Code, as none of the circumstances set forth in Recommendation 7 of the Corporate Governance Code apply. Lastly, the verification on the existence of independence requirements pursuant to the CLF and Corporate Governance Code was carried out on 09 March 2022, after which the six non-executive directors specified above were found to be independent. In relation to Director Qinjing Shen, co-opted to replace the resigning Director Yunpeng He, the existence of the independence requirements pursuant to the CLF and the Corporate Governance Code has been ascertained on the basis of statements issued by the person concerned, following his appointment on 27 January 2022 (as per the press release issued to the market on the same date) and on 9 March 2022. As a result, Director Qinjing Shen was found to be a non-independent member of the Board.

- Benedetta Navarra, Chairman of the Board of Directors;
 - Gianmarco Montanari, who held the office of Chairman of the Control, Risk and Related Party Transactions Committee;
 - Fabiola Mascardi, who held the position of Chairwoman of the Sustainable Value Creation Committee from 2 May 2022 to 21 February 2023 and has held the position of Chairwoman of the Appointments and Compensation Committee since 22 February 2023;
 - Claudio De Marco, who was a member of the Appointments and Compensation Committee and a member of the Control, Risk and Related Party Transactions Committee.
- one independent member pursuant to the Consolidated Law on Finance (Articles 147-ter, subsection 4, and 148, subsection 3, of the CLF):
- Lorenzo Parola, who served as Chairman of the Appointments and Compensation Committee from 2 May 2022 to 21 February 2023⁵⁷ and has served as Chairman of the Sustainable Value Creation Committee (formerly the Sustainability Committee) since 22 February 2023.

Compliance with the independence requirements set forth in the Consolidated Law on Finance and the Corporate Governance Code was ascertained by the Board of Directors on the basis of declarations issued by the

parties concerned: (i) subsequent to the appointment on 26 April 2022 (as per the press release disclosed to the market on the same date) taking into account the qualitative and quantitative criteria for the assessment of independence approved by the Board of Directors on 24 February 2021 and, most recently, (ii) on 9 March 2023 taking into account the qualitative and quantitative criteria for the assessment of independence approved by the Board of Directors on 22 February 2023 and in force at the date of approval of this Report.

Moreover, the correct application of the assessment criteria and procedures adopted by the Board to assess the independence of its members was verified, with positive results, by the Board of Statutory Auditors, both following its appointment on 26 April 2022 and on 3 March 2023. The existence of the requirements of independence is also scrutinised regularly by the Board of Directors or when specific circumstances that could result in the loss of the requirements of independence of one or more directors occur.

It should be noted to such purpose, after implementation of the new Corporate Governance Code, and at the proposal of the Appointments and Compensation Committee, the Board of Directors approved the qualitative and quantitative criteria for assessing the independence of the Directors and Statutory Auditors of Italgas pursuant to Recommendation no. 7, letters c) and d), and identified the "close relatives" for the purpose of Recommendation no. 7, letter h) of the Corporate Governance Code ("**Independence Criteria**")⁵⁸.

⁵⁶ Pursuant to the combined effects of articles 147-ter and 148, subsection 3, of CLF, the following persons may not be considered independent:

a) those who are in the conditions set out in article 2382 of the Italian Civil Code (i.e. interdicted and banned persons, disqualified persons, bankrupt persons or those persons who have been sentenced to a penalty entailing a ban, even temporary, from public office or the inability to exercise managerial functions);

(b) the spouse, parents and relatives to the fourth degree of the directors of Italgas S.p.A., the directors, spouse, parents and relatives to the fourth degree of the directors

of the companies controlled by Italgas S.p.A., of parent companies and of jointly controlled companies;

(c) those persons who are linked with Italgas S.p.A. or with the companies controlled by the company, or with the companies that control it or which are subject to joint control namely the directors of the companies and the subjects referred to at b) above by independent employment or consultancy relationships, or other relationships of a financial nature that compromise independence.

⁵⁷ In the latter regard, it should be noted that, by resolution of 2 May 2022, the Board of Directors considered Mr Lorenzo

Parola, non-executive and independent director pursuant to articles 147-ter, subsection 4, and 148, subsection 3, of the CLF but not also of article 2 of the Corporate Governance Code, as a partial exception to the provisions of article 2.2 of the Regulations of the Appointments and Compensation Committee and Recommendation 26 of the Corporate Governance Code, suitable to hold the office of member and Chairman of the Appointments and Compensation Committee, in that, due to his high level of professionalism and many years of experience as a legal consultant in the energy sector, he has the full autonomy of judgement necessary to diligently and professionally perform the relative tasks.

On 22 February 2023, the Board of Directors currently in office updated the Independence Criteria at the suggestion of the Appointments and Compensation Committee after in-depth benchmark analysis, so as to ensure clarity and adherence to best practices.

In this regard, it was clearly stated that the independence of a Director or Statutory Auditor of Italgas (the "**Representative**") is, or appears to be, compromised if - directly or indirectly - they have, or have had in the previous three financial years, a significant commercial, financial or professional relationship (the "**Significant Relationships**"):

- a. with Italgas or with its subsidiaries, or with the relative executive directors or the top management of Italgas, the top management of Italgas meaning other executives who are not members of the administrative body and have the power and responsibility for the planning, management and control of the activities of Italgas and the group it heads;
- b. with a subject who, also together with others through a shareholders' agreement, controls Italgas; or, if the control is held by a company or another entity, with its executive directors or top management.

The Italgas' Board of Directors deems that the aforementioned Significant Relationships are usually considered significant if the total annual remuneration deriving from said Significant Relationships exceeds or has exceeded, in one of the three previous financial years, the average total amount of the annual fixed remuneration received in the last financial year by a non-executive Director or a Standing Auditor, in

the case respectively of non-executive Directors or Standing Auditors, or by the Chairman of the Board of Directors or the Board of Statutory Auditors in the case of the Chairman of such body, for the office and for any membership in Committees (or bodies) recommended by the Code or established in the applicable regulations. In this regard, it should be noted that in the Financial Year the average annual remuneration of the Representatives was as follows: (i) Non-Executive Director 83,000 euros, (ii) Standing Auditor 45,000 euros, (iii) Chairman of the Board of Directors 285,000 euros, (iv) Chairman of the Board of Statutory Auditors 70,000 euros.

In the event that the Representative is also a partner in a professional firm or consulting company, the significance of professional relationships that may have an effect on their position and role within the firm or consulting company or that in any case pertain to important transactions of Italgas and the Italgas Group will also be assessed, even independently of the quantitative parameters described.

The independence of the Representative appears to be compromised even if it is a Close Family Member of the Representative who has had a Significant Relationship within the meaning of letter c) of Recommendation No. 7 of the Code.

In checking the independence of the Representatives in application of the aforementioned quantitative and qualitative criteria and the definition of "close family members", the Board of Directors shall assess the specific situation taking into account its suitability to actually affect the independence of the Representative.

58 The Criteria of Independence approved by the Board of Directors on 24 February 2021 and in force until 22 February 2023, date of approval by the Board of Directors of the updated Criteria of Independence, are shown below.

The independence of the Board Director or Statutory Auditor of Italgas is or appears to be compromised if he/she has, or had in the three previous financial years, directly or indirectly (e.g. through subsidiaries or companies of which he/she is an executive director, or as partner of a professional firm or consultancy company) a significant commercial, financial or professional relationship ("**Significant Relationships**"):

with Italgas or with its subsidiaries, or with the relative executive directors or the top management of Italgas, the top management of Italgas meaning senior executives who are not members of the administrative body and have the power and responsibility for the planning, management and control of the activities of Italgas and the group it heads;

with a subject who, also together with others through a shareholders' agreement, controls Italgas; or, if the control is held

by a company or another entity, with its executive directors or top management.

The Board of Directors of Italgas considers that Significant Relationships are usually considered as significant if the total annual fee deriving from these Significant Relationships exceeds the total amount of the fixed annual remuneration received by the Board Director or Statutory Auditor for the office and for any membership in Committees (or bodies) recommended by the Code or established in the applicable regulations.

If the Board Director or Statutory Auditor is also a partner in a professional or a consulting firm, the Board of Directors will assess the significance of the professional relationships that may have an effect on his or her position and role within the professional or the consulting firm and in any event those pertaining to important transactions of Italgas and the Italgas group, even regardless of the quantitative parameters described above.

With regard to independence and additional remuneration, the independence of the Board Director or Statutory Auditor of Italgas is or appears to be compromised if he or

she receives, or has received in the previous three financial years, from Italgas, one of its subsidiaries or the parent company of Italgas, significant remuneration other than the fixed remuneration for the position held and for membership in the Committees recommended by the Code or required by law ("**Additional Remuneration**").

The Board of Directors of Italgas considers that additional Remuneration is usually considered as significant if it amounts to or exceeds 50% of the total amount received by the Board Director or Statutory Auditor for the office and for any participation in Committees (or bodies) recommended by the Code or established in the applicable regulations.

As regards the independence and identification of close family members, the independence of the Board Director or Statutory Auditor of Italgas is or appears to be compromised if a close family member is in one of the situations described in points a) to g) of Recommendation no. 7 of the Corporate Governance Code. The Board of Directors of Italgas considers as close relations, parents, adult children, non-legally separated spouses and co-habiting partners.

With regard to independence and additional remuneration, the independence of the Director or Statutory Auditor of Italgas (the **"Representative"**), is, or appears to be, compromised if they have received in the previous three financial years, from Italgas, one of its subsidiaries or the parent company Italgas, significant additional remuneration with respect to the fixed remuneration for the office and the remuneration provided for participation in Committees (or bodies) recommended by the Code or provided for by the regulations in force (**"Additional Remuneration"**).

According to the Board of Directors, Additional Remuneration is usually considered as significant if it is or has been in one of the three previous financial years equal to or higher than 50% of the average total amount of the annual fixed remuneration received in the last financial year by a non-executive Director or by a Standing Auditor in the case, respectively, of Non-Executive Directors and Standing Auditors, or of the Chairman of the Board of Directors or of the Board of Statutory Auditors in the case, respectively, of the Chairmen of the two corporate bodies, for the office and for any participation in the Committees (or bodies) recommended by the Code or provided for by the regulations in force. In this regard, it should be noted that in the Financial Year the average annual remuneration of the Representatives was as follows: (i) Non-Executive Director 83,000 euros, (ii) Standing Auditor 45,000 euros, (iii) Chairman of the Board of Directors 285,000 euros, (iv) Chairman of the Board of Statutory Auditors 70,000 euros.

The Board of Directors of Italgas considers that the independence of the Representative appears to be compromised even if it is a **Close Family Member** who received significant Additional Remuneration within the meaning of letter d) of Recommendation No. 7 of the Code.

In checking the independence of the Representatives in application of the aforementioned criterion and the definition of "close family members", the specific situation will be assessed, taking into account its likelihood to actually affect the independence of the Representative.

As also emerged from the results of the self-evaluation of the Board of Directors (see in this respect Paragraph 7.4 below of this Report), the number and competences of the non-executive and independent directors are deemed to be adequate to the needs of the company and the operation of the Board, as well as for the establishment of the relevant Committees. Specifically, the presence of a reasonable number of non-executive and independent directors is aimed at ensuring that suitably reasoned decisions are taken, (also) subject to examination by directors to define matters ex-

traneous to the operational management of Italgas and, among other things, remote from significant relations with both management and shareholders.

During the financial year and up to the date of approval of this Report - in compliance with Article 2, Recommendation 5 of the Code - the Company's independent directors met in the absence of the other directors on 10 February 2022 and 21 February 2023. On this last occasion, the independent directors discussed *board induction* activities, preparatory activities for meetings of the Board of Directors and internal Committees, pre-board reporting (also with regard to financial and M&A issues), as well as the proposal for the appointment of the Lead Independent Director to be submitted to the Board of Directors.

b) Lead independent director

Italgas does not fall within the cases covered by Recommendation no. 13, letters a) and b), of the Corporate Governance Code, in which the appointment of a Lead Independent Director is required. However, pursuant to letter c) of Recommendation 13, the Board of Directors appoints an independent director as Lead Independent Director in large companies (such as Italgas), even in the absence of the conditions set out in letters a) and b), if this is requested by a majority of the independent directors.

In the context of the meeting of Italgas' independent directors held on 22 February 2023, the opportunity emerged to designate a Lead Independent Director, who would represent a point of reference and connection of the requests and contributions of the non-executive directors and, in particular, of the independent directors, to whom, *inter alia*, the power would be granted to convene, independently or at the request of other directors, special meetings of independent directors only, to discuss issues deemed of interest with respect to the functioning of the Board of Directors or company management.

On 9 March 2023, the Board of Directors, upon the request of the independent directors, appointed Mr Claudio De Marco, independent director pursuant to the CLF and the Corporate Governance Code, as Lead Independent Director, whose term of office expires concurrently with that of the Board of Directors.

Management of company information and publication of quarterly financial information

5 Management of company information and publication of quarterly financial information

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5.1 Market Abuse Procedure

The Board Meeting of 5 September 2016 adopted, at the proposal of the Chief Executive Officer a "market abuse procedure" subsequently updated on 30 May 2017; this procedure described the principles and rules on the prevention of market abuse, pursuant to and in accordance with Regulation (EU) 596/2014 ("MAR") and relative implementing regulations, which the Company and its related parties must comply with.

5.2 Inside information procedures, relevant information list, insider list and internal dealing

The Board of Directors' meeting of 13 December 2018 - following a procedure for the verification and updating of said Market Abuse Procedure initiated after the adoption of Consob Guidelines no. 1/2017 in relation to the "Management of Privileged Information" (the "Guidelines"), as well as the publication of new and/or updated ESMA Q & A and the changes made by Legislative Decree no. 107/2018 to the TUF - resolved to adopt three separate procedures for the management of privileged information, the insider register and internal dealing in place of a single Market Abuse Procedure; such procedures were implemented in order to regulate in more detail the procedures for the fulfilment of the obligations established by applicable regulations, amended and updated on 22 February 2023 where necessary.

More specifically, the Board of Directors adopted the following Market Abuse Procedures:

- i. **Procedure for the internal management of Relevant and Inside Information and the public disclosure of Inside Information**, drawn up in compliance with Article 17 MAR, the relevant European Commission execution and implementation regulations and the Consob Guidelines, which regulate both the internal management of relevant and inside information and the external disclosure of inside information (as defined in Article 7 MAR) concerning the Issuer and its Subsidiaries; the procedure was last updated by resolution of the Board of Directors on 22 February 2023, at the proposal of the Chairwoman, in agreement with the Chief Executive Officer, in order to integrate it with the provisions on the management of relevant information and to update it to the most recent best practices;

- ii. **Procedure for management of the List of persons having access to Relevant and Inside Information** in compliance with Article 18 MAR and the relevant European Commission execution and implementation regulations and Guidelines; the procedure was last updated by resolution of the Board of Directors on 22 February 2023, at the proposal of the Chairwoman, in agreement with the Chief Executive Officer, in order to integrate it with the provisions on relevant information and to update it to the most recent best practices;
- iii. **Procedure for the fulfilment of Internal Dealing obligations**, drawn up in compliance with Article 19 of the MAR, the relative rules for execution and implementation of the European Commission, the relevant provisions of the CLF and the Issuers' Regulation, Regulation (EU) 2019/2115 of the European Parliament, which regulates the disclosure obligations related to transactions on financial instruments performed by relevant persons (as defined in the procedure itself). This procedure was subsequently updated on 18 December 2020 (with effect as of 1 January 2021) so as to adapt to the EU Regulation 2019/2115 of the European Parliament and of the Council of 27 November 2019.

The market abuse procedures can be consulted on the website of Italgas: <https://www.italgas.it/en/governance/internal-control-and-compliance/market-abuse-procedure/>

5.3 Publication of quarterly financial information

Italgas has disclosed its intention to voluntarily publish financial information in addition to the Annual and Half-Year Financial Reports, consistent with the development of the reference regulatory framework and taking into account the requirements of stakeholders.

Specifically, during the financial year, the Board of Directors approved a press release published in accordance with the times scheduled in the financial calendar, with quarterly information on at least the following indicators:

- key operating figures;
- total revenue;
- gross operating income for the period;
- operating income for the period;
- net result for the period;
- investments;
- free cash flow and change in the net financial debt.
- main sustainability indicators (Scope 1 and 2 emissions and net energy consumption)

In addition, the press release contains further qualitative and quantitative information helping to better explain the evolution of business. The financial calendar in force at the date of the approval of this Report can be consulted on the Company's website: <https://www.italgas.it/investitori/calendario-finanziario/>

Italgas uses the "eMarket SDIR" to transmit Regulated Information and a centralised storage mechanism called "eMarket STORAGE" to store Regulated Information, accessible at the following address www.emarketstorage.it, both of which are managed by Teleborsa S.r.l., with registered office in Foro Buonaparte 10, Milan.

Italgas also publishes press releases and documents on the website in order to guarantee all Investors and the market in general timely knowledge of the company business and corporate events, also offering the chance to gain more in-depth information. The publication of press releases and documents takes place in compliance with current legislation governing disclosure of relevant information and market abuse.

Internal Board Committees

6 Internal Board Committees



Pursuant to Article 13.8 of the By-Laws the Board of Directors can set up internal Committees for providing advice and recommendations on specific issues, appointing and, if necessary, removing members and the Chairman.

On 4 August 2016, the Board of Directors established the following Committees:

- Appointments and Compensation Committee, attributed duties on the matter of appointments and the remuneration envisaged for the relative Committees by the Corporate Governance Code.
- Control, Risk and Related Party Transactions Committee;
- Sustainability Committee which, by resolution of the Board of Directors on 14 December 2022, took on the name of Sustainable Value Creation Committee.

The Committee members in office until the Shareholders' Meeting of 26 April 2022 had been appointed by the Board of Directors on 23 May 2019.

The members of the Committees in office at the end of the financial year were appointed by the Board of Directors on 2 May 2022 and on 22 February 2023.

It should be noted that the Board has determined the composition of the Committees by giving priority to the competence and experience of their members and avoiding an excessive concentration of tasks.

It should be noted that on 18 December 2020, the Board of Directors adopted the new regulations of the Committees, so as to incorporate the Recommendations of the Corporate Governance Code, effective as of 1 January 2021. With regards to the Committees currently in office, these have been confirmed on 2 May 2022. On 14 December 2022 the Sustainability Committee Regulation was updated with the new name of Sustainable Value Creation Committee.

More in detail, the regulations provide that:

- the Chairman of each Committee plans and coordinates the Committee's activities, represents it, convenes, chairs and directs its meetings, informing the Board of Directors of the resolutions adopted by the Committee at the first available Board meeting. If the Chairman is absent or unable to attend, he/she shall be replaced by the oldest member of the Committee present who shall perform all his or her functions;
- the notices convening the meetings are sent, on instruction from the Committee Chairman, to all members by the Secretary of the Committee who uploads them in the "Secure Area" reserved to the Committee on the digital system used by the Company. In cases when it is im-

possible to use this digital system, the notice is exceptionally sent by email or via other telecommunication means, to the addresses indicated by each recipient. Notice of the meeting shall normally be sent at least 5 (five) days before the date set for the meeting or, in cases of necessity and urgency, at least 12 (twelve) hours before the time set for the meeting. During the year, these deadlines were generally met;

- any documentation relating to the items on the agenda is made available to the members of the Committee by the Secretary of the Committee via the aforementioned "Secure Area", as well as in other agreed forms that guarantee the confidentiality of the information contained therein. The documentation shall normally be made available at least five days prior to the date of the meeting, except in exceptional cases. During the year, this deadline was generally met;
- in addition to the obligations relating to the inside information set out in current legislation and in the "Procedure for the internal management of Relevant Information and Inside Information and the public disclosure of Inside Information" adopted by the Company, the aforesaid individuals shall be required to maintain the confidentiality of the data and information received while performing their duties;
- each Committee shall be validly constituted in the presence of a majority of the serving members, and resolves by absolute majority of those present. In case of deadlock the Chairman shall have the casting vote;
- the Secretary shall draw up the minutes of the meetings. The draft minutes are submitted to the Chairman of the Committee and the other members for any observations. As a rule, the minutes shall be approved at the next meeting of the Committee. The approved minutes are (i) sent to the Committee members, the Chairman and the CEO, and the Secretary of the Board, through the "Safe Area" if necessary; and (ii) signed by the Chairman of the meeting and the Secretary and kept on file in the Company's records.

The Committees have the right to access information and the necessary company functions to carry out their duties.

The Committees are also given the necessary financial resources by the Board of Directors to fulfil their tasks and, under the terms established from time to time by the Board of Directors, they can seek recourse, through the company's structures, to external consultants not in a position to compromise the independence of the opinion.

Self-evaluation and succession of Directors. Directors' remuneration Appointments and Compensation Committee

7 Self-evaluation and succession of Directors. Directors' remuneration Appointments and Compensation Committee

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a) Directors' self-evaluation

As provided for in the Board Regulation, in compliance with the recommendations of the Corporate Governance Code for "large companies other than those with concentrated ownership", the Board carries out at least annually, in accordance with the procedures set out in the Code and with the support of the Chairman and the Appointments and Compensation Committee, which are responsible for its adequacy and transparency, an assessment of the size and composition of the Board itself and its Committees, as well as their operation, also taking into account the role played by the Board in defining strategies and monitoring management performance and the adequacy of the internal control and risk management system; for the purposes of assessing its composition and that of its Committees, the Board also takes into account elements such as the professional characteristics, experience, including managerial experience, and gender of its members, as well as their seniority in office; all in accordance with the provisions of the "Policy for the diversity of corporate bodies" in force at the time.

During the meeting held on 14 June 2021, at the proposal of the Appointments and Compensation Committee, the Board of Directors entrusted the Board Evaluation activity to the external consultant Egon Zehnder for the last year of the term of office of the Board of Directors in office up to 26 April 2022, with an option and power for Italgas to extend the contract - by 30 June 2022 - to the subsequent three years of 2022, 2023 and 2024 (power exercised upon resolution of the Board of Directors, at the proposal of the Appointments and Compensation Committee, on 25 July 2022).

The external consultant, who does not provide any other services to the Company or to the Subsidiaries, was appointed through a competitive procedure handled by the Legal Department. In particular, the Appointments and Compensation Committee formulated its proposal to the Board at the end of the meeting held on 10 June 2021, during which it evaluated the offers received and the methodologies and business plans presented. In the months from November 2022 to February 2023, under the supervision of the Board of Directors and with the support of the Appointments and Compensation Committee, as recommended by the Corporate Governance Code, the Board Review activity was carried out concerning the size, operation and composition of the Board and its Committees with reference to the 2022 financial year.

The Appointments and Compensation Committee supervised the self-evaluation process which was carried out in the following phases:

- the filling in of a self-assessment questionnaire by all the members of the Board of Directors, specifically structured on the peculiarities of Italgas. The questionnaire was also filled out by the Chairman of the Board of Statutory Auditors as observer. For each topic in the questionnaire adequate space for comments and suggestions was provided so that the individual contribution of each Representative could be im-

proved, also by reporting any issues that deserve further in-depth analyses;

- individual in-depth discussions with the Chairwoman of the Board of Directors, the Chief Executive Officer, all Directors and the Chairwoman of the Board of Statutory Auditors, as an observer;
- analysis by Egon Zehnder of the indications and results that emerged from the answers to the questionnaire and the interviews;
- preparation of a final report on the results;
- presentation of the results to the Appointments and Compensation Committee at the meeting on 23 February 2023;
- presentation of the results and discussion at the Board meeting on 09 March 2023.

The findings of the self-assessment process, covering the first year of the Board's term of office, show a broad appreciation of the functioning and the various governance aspects analysed.

Overall, the Board was shown to have the following strengths:

- the quantitative-qualitative composition, in terms of the mix of skills, knowledge and experience represented by the Directors, also with respect to "diversity" declined in the various meanings considered, i.e. gender, professional background, experience and age;
- attitudinal aspects (so-called 'soft skills') subject of a specific consideration, which emphasises in particular independence of thought and integrity, result orientation, the ability to interact with top management, the ability to integrate sustainability issues, and adequate availability of time and energy;
- the Board Induction programme organised for the benefit of the Board, with particular reference to the various sessions held on topics aimed at fostering knowledge of the business sectors in which Italgas operates, the company dynamics and their evolution. In several aspects and meanings, a general appreciation for the training investment emerged, including with respect to the two off-site sessions with visits to Italgas headquarters and operational sites in Turin and Venice;
- the constructive and well-balanced relationship established between the Chairwoman and the CEO;
- the quality and continuity of the Directors' relations with the Chairwoman, the CEO and Management;
- the positivity of the body's internal dynamics and debate, which is always open and collaborative;
- meetings, appreciated for the number, attendance and participation of Directors, as well as the level of engagement and participation in the debate by all;
- the flow of information in terms of content, appropriate timing and completeness of documentation, as well as the clarity and effectiveness of presentations made to the Board by Management;

- the power structure balanced between the Board's supervision powers and the Chief Executive Officer's management powers;
- the Board's decision-making processes, which are characterised by effectiveness and efficiency;
- the definition of the Italgas Group's strategy is clear, shared by the entire Board and with an effective balance between short and medium/long-term;
- the effectiveness and efficiency of the system in place for managing risk governance, ensuring the relevant internal controls;
- the integration of ESG issues in Italgas' financial strategy, as well as in the decision-making processes of the Board and the internal Committees;
- the appropriate and effective organisational framework and managerial structures to achieve the set objectives;
- the current structure of the internal Committees provided for in Italgas.

Moreover, during the self-evaluation process, some areas of reflection emerged in order to make the governance and operation of the Board even more effective, which were discussed during the meeting held on 9 March 2023. These ideas to improve the Body were examined by the Board of Directors and will be assessed during any follow-up initiatives.

b) Succession plans

On 18 December 2020, the Board of Directors, at the proposal of the Appointments and Compensation Committee, approved a Contingency Plan in the event of early termination of the office of Chief Executive Officer or of permanent impediment to the performance of his/her duties, which provides as follows:

- in the case of early termination of the office of Chief Executive Officer or of a permanent impediment in performing the functions of said office, the Chairman of the Board of Directors shall call a Board of Directors meeting (within 24 hours). In the absence of the Chairman of the Board of Directors, the Board of Directors is called by the most senior director in terms of age as per the provisions of art. 15 of Italgas Bylaws;
- the Board of Directors which has met, shall, where possible, co-opt a Director and appoint the Chief Executive Officer conferring the relative powers on the person selected, or promptly start the process to identify a Chief Executive Officer, with the support of the Appointments and Compensation Committee, in the meantime conferring the powers for the ordinary management of the Company on a director;
- the Appointments and Compensation Committee, also through a consultancy company specialized in the sector, shall make proposals to the Board of Directors on the identification of the person deemed most suitable to hold the role of Chief Executive Officer;
- the Board of Directors, as proposed by the Appointments and Compensation Committee, shall go ahead and co-opt a Director and identify the new Chief Executive Officer conferring the relative powers on the person selected.

The Company is therefore in compliance with the Corporate Governance Code, as well as the recommendation of the letter of the Chairman of the Corporate Governance Committee regarding the succession of executive directors, further confirmed on 25 January 2023.

During 2021, an analysis was conducted on the updating of the Company's management succession plan with the support of a specialised independent advisor through a methodology that included: individual assessments, analysis of the perimeter of responsibility, expertise and skills required by the role, risks associated with each individual position and analysis of the pipeline of each key position, in order to identify a temporary internal "Contingency Plan" in the event of a crisis situation. The Company planned to update its activities to define the above-mentioned management succession plan during 2023.

In accordance with Recommendation 23 of the Code (as mentioned above, applicable to companies other than those with concentrated ownership such as Italgas), on 21 February 2022, the Board, in light of the renewal of the Board of Directors which took place in the financial year, expressed a view on its quantitative and qualitative composition, which it deemed as optimal, taking into account the results of the self-evaluation, subject to the favourable opinion of the Appointments and Compensation Committee, and requested those submitting a slate con-

taining a number of candidates exceeding half of the members to be elected, to provide adequate information, in the form of documentation submitted for filing the slate, on the compliance of the slate with the view expressed by the Board (also with reference to the diversity criteria), as well as to indicate their candidate for the office of Chairman of the Board. The policy was published on the Company's website, well in advance of the date of the Shareholders' Meeting, in the following sections: <https://www.italgas.it/governance/assemblea-azionisti/#Assemblea2022> e <https://www.italgas.it/governance/consiglio-amministrazione/>.

c) Remuneration of directors (references)

The Report on Remuneration Policy and compensation paid, pursuant to art. 123-ter of the CLF, which was approved by the Board of Directors and will be made available to the public in accordance with the law, describes the Company's policies with regard to the remuneration of members of the Board of Directors, and of the Board of Statutory Auditors, of Executives with strategic responsibilities, gives the pay of members of the Board of Directors and Board of Statutory Auditors and Senior Managers with strategic responsibilities and information on any agreements between the Company and members of the Board of Directors that provide for indemnifi-

cation in the event of dismissal or termination of employment without just cause or if their employment is terminated following a takeover bid.

d) Appointments and Compensation Committee

At its meetings of 13 May 2019 (with reference to the Committee in office up to the Shareholders' Meeting of 26 April 2022) and 2 May 2022 (with reference to the Committee in office as at the date of this Report), the Board of Directors confirmed the decision to assign to a single Committee (the Appointments and Compensation Committee) the functions relating to the remuneration of directors and executives with strategic responsibilities, as well as the appointment of directors. This grouping meets the composition requirements envisaged by the Corporate Governance Code for both Committees and ensure the correct performance of the related duties in an effective and efficient manner.

7.1 Composition and operation

Pursuant to the relevant regulation, the Appointments and Compensation Committee is composed of three non-executive members, two of whom (including the Chairman) meet the independence requirements of the CLF and the Corporate Governance Code.

The Appointments and Compensation Committee in office up to the Shareholders' Meeting of 26 April 2022 was appointed on 13 May 2019 and was composed of: (i) Andrea Mascetti (Chairman - Non-executive and independent Director pursuant to the CLF and the Corporate Governance Code); (ii) Maurizio Dainelli (Non-executive Director) and (iii) Silvia Stefini (Non-executive and independent Director pursuant to the CLF and the Corporate Governance Code).

On 2 May 2022, the Board of Directors appointed the members of the Appointments and Compensation Committee, consisting of three non-executive directors, one of whom is independent pursuant to the CLF, acting as Chairman, and one independent pursuant to the CLF and the Corporate Governance Code. On 22 February 2022 the Board of Directors amended the composition of the Appointments and Compensation Committee by resolution, appointing an independent director as Chairman pursuant to both the CLF and the Corporate Governance Code.

In the period from 2 May 2022 to 21 February 2023, the Appointments and Compensation Committee consisted of: Lorenzo Parola (Chairman - independent non-executive director pursuant to the CLF)⁵⁹, Claudio De Marco (non-executive and independent director pursuant to the CLF and the Corporate Governance Code) and Manuela Sabbatini (non-executive director).

Starting 22 February 2023, the Appointments and Compensation Committee is composed of three non-executive members, two of whom meet the independence requirements of the CLF and the Corporate Governance Code, and one of whom serves as Chairman, as shown in the table below.

Member	Position
Fabiola Mascardi - Chairwoman	Independent non-executive (*)
Claudio De Marco	Independent non-executive (*)
Manuela Sabbatini	Non-executive

(*) Non-executive independent director in accordance with the CLF and the Corporate Governance Code.

59 In the latter regard, it should be noted that, by resolution of 2 May 2022, the Board of Directors considered Mr Lorenzo Parola, non-executive and independent director pursuant to articles 147-ter, subsection 4, and 148, subsection 3, of the CLF but not also of article 2 of the

Corporate Governance Code, as a partial exception to the provisions of article 2.2 of the Regulations of the Appointments and Compensation Committee and Recommendation 26 of the Corporate Governance Code, suitable to hold the office of member and Chairman of

the Appointments and Compensation Committee, in that, due to his high level of professionalism and many years of experience as a legal consultant in the energy sector, he has the full autonomy of judgement necessary to diligently and professionally perform the relative tasks.

At the meeting held on 2 May 2022 and 22 February 2023, the Board of Directors acknowledged, on the basis of an analysis of the professional profiles of the Directors who are members of the Committee, that the requirement of the Corporate Governance Code is met, since they all have specific expertise in financial or remuneration policy matters.

The Chairman/Chairwoman of the Board of Statutory Auditors, or a Standing Auditor designated by the same, attends the meetings of the Appointments and Compensation Committee; the other members of the Board of Statutory Auditors may also attend the Committee's meetings. As per its own regulations, the Chairman/Chairwoman of the Committee may also invite the Chairman of the Board of Directors, the CEO, the other directors, as well as the representatives of the competent company departments - informing the CEO - and persons external to the Company, to participate in individual meetings of the Committee, in order to provide informa-

tion and assessments of competence with regard to individual items on the agenda.

During the financial year, the persons indicated in the following chapter 7.3 participated in the meetings of the Committee.

Depending on the items discussed on the occasion, the General Counsel or the Head of Human Resources and Organisation acted as Committee Secretary and assisted the Chairman/Chairwoman in performing their duties.

Members of the Appointments and Compensation Committee who have a personal interest or interest on behalf of others in relation to the subject of the resolution shall make this known to the same Committee, it being understood that no director shall take part in Committee discussions and resolutions in which proposals are being made to the Board regarding his/her compensation, except where said discussions and resolutions affect all board Committee members.

7.2 Tasks

Pursuant to the relevant regulation, the Committee has the task of assisting and supporting the Board of Directors by performing the following duties and functions of making proposals and providing consultation.

Tasks and functions of the Committee in relation to the appointment of directors and self-assessment of the Board of Directors

- a. it proposes candidates to the Board of Directors for the position of director to co-opt if one or more directors during the year cease to hold office (Article 2386(1) of the Italian Civil Code), ensuring compliance with the minimum number of independent directors and quotas for the less represented gender;
- b. on the CEO's proposal, made in agreement with the Chairman/Chairwoman of the Board of Directors, it submits to the Board of Directors the candidates to serve as members of the company bodies: (i) of the direct subsidiaries; (ii) and of the indirect subsidiaries included in the consolidation scope, with an individual turnover equal to or above 30 million euros (hereinafter the "**Subsidiaries**"). The proposal made by the Committee is necessary;
- c. it draws up and provides opinions for the Board of Directors on the maximum number of director and statutory auditor positions that may be held in other companies listed on regulated markets, including foreign markets, or in large companies based on the criteria defined by the Board of Directors, which may be considered compatible with the effective performance of the role of director of the Company or Subsidiaries, taking account of the commitment required for the position in the Company or Subsidiaries;
- d. it develops criteria for assessing the requirements of professionalism and independence of the directors of the Company and Subsidiaries; with particular regard to the assessment of the Company directors' independence pursuant to the Corporate Governance Code, it proposes to the Board of Directors the quantitative and qualitative criteria to be considered when assessing the significance of (i) any relevant commercial, financial or professional relations pursuant to Recommendation 7(c) of the Corporate Governance Code that may be entered into by the directors; and (ii) any relevant remuneration pursuant to Recommendation 7(d) of the Corporate Governance Code received by the directors from the Company, one of its Subsidiaries or the parent company if any, additional to fixed remuneration for the position and any remuneration received for attending the board Committees as recommended by the Corporate Governance Code or established in the applicable

regulations;

- e. it expresses its own opinion to support the assessment of the Board of Directors of specific circumstances or issues in the presence of a general and preventive authorisation for exemption from the prohibition on competition envisaged in Article 2390 of the Italian Civil Code;
- f. it supports the Board of Directors in drawing up, updating and implementing the succession plan for the CEO and any other executive director, which - as a minimum - shall set out the procedures to follow in the event of early termination of office, providing its opinion thereon; it examines and assesses the procedures adopted for the succession of top management as defined by the New Corporate Governance Code (hereinafter also referred to as **"Top Management"** or **"Executives with strategic responsibilities"**) and provides its opinion as to their suitability to the Board of Directors.
- g. it draws up and proposes procedures for the annual self-assessment of the Board and its board Committees, supporting the Chairman/Chairwoman in ensuring the suitability and transparency of the process itself;
- h. it provides its opinion to the Board of Directors - at each renewal of the administrative body, considering the results of the self-assessment referred to in point g) above - regarding the optimal quantitative and qualitative composition of the Board of Directors and board Committees, and draws up recommendations on the professional and managerial roles deemed appropriate for the Board;
- i. it expresses its opinion with regard to establishing, updating and supplementing the Diversity of Company Bodies Policy, in compliance with the provisions therein;

Tasks and functions of the Committee regarding the remuneration of directors, General Managers, statutory auditors and Executives with Strategic Responsibilities

- l. it submits for approval by the Board of Directors the report on remuneration policy and compensation paid pursuant to Article 123-ter of the CLF and, in particular, the Policy for the remuneration of the administrative body members, General Managers, and Executives with Strategic Responsibilities, as well as - in accordance with the provisions of Article 2402 of the Italian Civil Code - the members of the control body (hereinafter the **"Policy"**), to be presented at the Shareholders' Meeting called to approve the financial statements for the year, within the timeframe estab-

lished by law;

- m. it assesses the vote cast by the Shareholders' Meeting on the two sections of the report referred to in point a), in the previous financial year, and provides an opinion thereon to the Board of Directors;
- n. it makes proposals concerning the remuneration of the Chairman/Chairwoman and the Chief Executive Officer, with regard to the various forms of remuneration and pay arrangements;
- o. it makes proposals or expresses opinions relating to the remuneration of the board Committee members;
- p. it examines opinions, also on the basis of instructions received from the Chief Executive Officer regarding:
 - general criteria for the remuneration of Top Management;
 - general guidelines for the remuneration of other managers of the Company and its Subsidiaries;
 - annual and long-term incentive plans, including share-based plans;
- q. it expresses opinions - including on the CEO's proposals - on setting performance targets and calculating the company results tied to the implementation of the incentive plans and defining the variable remuneration of Directors with powers; and proposes stipulating claw-back clauses;
- r. it expresses its opinion to the Control, Risk and Related Party Transactions Committee regarding the remuneration of the Internal Audit Manager;
- s. it proposes the definition, in relation to directors with powers, of: i) the indemnification to be paid in the event of termination of their employment; ii) non-compete agreements;
- t. it monitors the implementation of the decisions made by the Board; it periodically assesses the adequacy, overall consistency and practical application of the Policy adopted, using, in this regard, the information provided by the CEO, submitting proposals to the Board on the subject;
- u. it performs any duties that may be required by the procedure concerning related-party transactions carried out by the Company;
- v. it reports on the exercising of its functions to the Shareholders' Meeting called for the approval of the annual financial statements, through the Chairman of the Committee or another member delegated by the same.

7.3 Activities during the Financial Year

During the Financial Year, the Appointments and Compensation Committee met 13 times, with each meeting lasting, on average, 1 hour 3 minutes and minutes of the meetings were regularly taken. The table in Annex 1 shows the attendance of each member at the meetings of the Appointments and Compensation Committee. The meeting of the Appointments and Compensation Committee was usually attended by the Chairman of the Board of Statutory Auditors pro tempore, the Head of Corporate Affairs and the Head of Compensation, Benefits and Welfare.

A total of 12 meetings of the Appointments and Compensation Committee are scheduled for the current financial year, 8 of which had already been held at the date of this Report, on 17 January 2023, 1 February 2023, 13 February 2023, 23 February 2023, 1 March 2023, 2 March 2023, 7 March 2023 and 9 March 2023.

In particular, during the Year, the Committee carried out, *inter alia*, the following activities:

- a. approved the Committee's half-yearly reports, which were then submitted to the Board of Directors;

with regard to appointments:

- i. resolved to submit to the Board of Directors the proposal to appoint Mr Qinjing Shen as candidate for the office of Director to be co-opted to replace the resigning Director, Mr Yunpeng He;
- ii. examined the results of the Corporate Governance Committee's Report for 2021;
- iii. examined the proposed "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", resolving to submit it to the Board of Directors;
- iv. examined the proposal to extend for the three-year period 2022-2024 the appointment conferred on Egon Zehnder to evaluate the operation of the Board and its Committees, as well as their

size and composition, pursuant to Recommendation no. 21 of the Corporate Governance Code, resolving to submit it to the Board of Directors;

- v. examined and resolved to submit to the Board of Directors the proposal to appoint the members of the corporate bodies of the subsidiaries Italgas Newco, Depa Infrastructure, EDA Thess, EDA Attikis, DEDA, Italgas Reti, Italgas Acqua and Geoside;
- vi. carried out a benchmark analysis of the guidance on limits and prohibitions on the accumulation of offices held by directors, proposing to the Board of Directors that no changes be made to the policies adopted;

with regard to remuneration:

- vii. analysed the benchmarks relating to the remuneration of the Chief Executive Officer, Chairman of the Board of Directors, non-executive directors, members of the Board Committees and members of the Board of Statutory Auditors;
- viii. examined the remuneration benchmark of the Chief Executive Officer based on a European panel;
- ix. examined the final accounting of the 2021 company objectives and decided to submit it for approval to the Board of Directors;
- x. examined and approved the determination of the Short-Term Incentive 2021 for the Chief Executive Officer;
- xi. Examined and approved the determination of the Long-Term Monetary Incentive 2017-2019 to be attributed to the Chief Executive Officer;
- xii. examined and approved the Company objectives 2022;
- xiii. approved the targets for the 2022-2024 incentive plan goals;

- xiv.** resolved not to propose changes to the remuneration of non-executive directors or members of the Board of Statutory Auditors, postponing a subsequent evaluation to the new Board of Directors;
- xv.** examined the Report on Remuneration Policy 2022 and Compensation Paid 2021, expressing its opinion in favour of submitting the draft to the Board of Directors for approval;
- xvi.** examined the proposals, formulated by the Chairwoman of the Board of Directors, in agreement with the Chief Executive Officer, concerning the remuneration of the board Committees and resolved to submit them to the Board of Directors;
- xvii.** examined the remuneration situation for the position of Chief Executive Officer and Chairman considering market benchmarks, resolving to submit to the Board of Directors the proposed fixed annual remuneration of the Chief Executive Officer and Chairwoman of the Board of Directors.
- xviii.** received the information from the competent department concerning the Long-Term Monetary Incentive Plan, and decided to submit the allocation to the Chief Executive Officer to the Board of Directors for approval;
- xix.** examined the voting record at the 2022 Shareholders' Meeting on the Policy Report and proposed improvements for the 2023 document.

During 2023 and until 21 February 2023, the Appointments and Compensation Committee has:

- i.** approved the Appointments and Compensation Committee's half-yearly report and meeting schedule for the year 2023;

with regard to appointments:

- ii.** formulated the proposal to the Board of Directors concerning the updating of the quantitative and qualitative criteria for assessing the significance of commercial, financial or professional relations and additional remuneration, for the purpose of assessing the independence of directors, also applicable to statutory auditors.

During 2023, from 22 February 2023 and up to the date of this Report, the Appointments and Compensation Committee:

with regard to appointments:

- i.** examined and resolved to submit to the Board of Directors the proposal to appoint the members of the corporate bodies of the subsidiaries EDA Thess and Medea;

with regard to remuneration:

- ii.** examined the final accounting of the 2022 company objectives and decided to submit it for approval to the Board of Directors;
- iii.** examined and approved the determination of the Short-Term Incentive 2022 for the Chief Executive Officer;
- iv.** examined and approved the determination of the Long-Term Monetary Incentive 2020-2022 to be attributed to the Chief Executive Officer;
- v.** reviewed the finalisation of the Performance Objective for the third allocation cycle of the 2018-2020 Co-Investment Plan and resolved to submit the same to the Board of Directors;
- vi.** examined and approved the Company objectives 2023;

- vii. approved the *targets* for the 2023-2025 incentive plan goals;
- viii. examined the Report on Remuneration Policy 2023 and Compensation Paid 2022, expressing its opinion in favour of submitting the draft to the Board of Directors for approval;
- ix. examined the proposed Long-Term Incentive Plan 2023-2025, expressing its opinion in favour of submitting the draft to the Board of Directors for approval.

Pursuant to the relevant regulation, the Committee meets as often as required to perform its duties, on the dates specified in the annual meetings calendar approved by the Committee itself, and in any case where the meeting is

necessary or opportune, the Committee shall meet when convened by the Chairman, as well as following a written request by one or more of the other members, stating the items to be included on the agenda.

Committee discussions and debate were coordinated by the Chairman/Chairwoman of the Committee; at the first meeting of following each Committee meeting, the same reported to the Board with regard to subjects dealt with and the observations, recommendations and opinions formulated. Minutes of the meetings were always taken.

The Appointments and Compensation Committee Regulations can be consulted on the Company's website: <https://www.italgas.it/wp-content/uploads/sites/2/2021/06/Regolamento-Comitato-Nomine-e-Remunerazione.pdf>.

Control, Risk and Related Party Transactions Committee

8 Control, Risk and Related Party Transactions Committee

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8.1 Composition and operation

The Control, Risk and Related Party Transactions Committee shall be composed of 3 (three) non-executive directors, of which two shall be independent in accordance with the law and with the Corporate Governance Code or, alternatively, non-executive directors, the majority of whom are independent in accordance with the law and the Corporate Governance Code; in the latter case, the Chairman shall be selected from among the independent directors. Pursuant to the relative regulations, the Committee overall shall hold adequate competences in the sector in which the company operates, functional in assessing related risks. At least one member of the Control, Risk and Related Party Transactions Committee must have adequate experience in accounting and financial matters or risk management, assessed by the Board of Directors at the time of appointment.

The Control, Risk and Related Party Transactions Committee in office until the Shareholders' Meeting of 26 April 2022 was composed of Paola Annamaria Petrone (Chairwoman - independent non-executive director pursuant to the CLF and the Corporate Governance Code), Giandomenico Magliano (independent non-executive director pursuant to the CLF and the Corporate Governance Code) and Silvia Stefini (independent non-executive director pursuant to the CLF and the Corporate Governance Code).

The table below describes the members of the Control, Risk and Related Party Transactions Committee, as appointed by the Board of Directors on 02 May 2022 in office until the date of the approval of this Report.

Member	Position
Gianmarco Montanari - Chairman	Independent non-executive (*)
Claudio De Marco	Independent non-executive (*)
Manuela Sabbatini	Non-executive

(*) Independent pursuant to the CLF and the Corporate Governance Code.

At the meeting held on 02 May 2022, the Board of Directors verified, based on an analysis of the professional profiles of the Directors composing the Committee, that the requirement of the Corporate Governance Code was met, since they all possess specific accounting and financial or risk management skills.

Written minutes of the meeting are taken by the Internal Audit Manager who acts as secretary and assists the Chairman in carrying out his/her duties.

The Chairman of the Board of Statutory Auditors or a Statutory Auditor designated by the latter attends the meetings of the Control, Risk and Related Party Transactions Committee; the other members of the Board of

Statutory Auditors may also attend the Committee's meetings. As per its own regulations, the Chairman of the Committee may also invite the Chairman/Chairwoman of the Board of Directors, the CEO, the other directors, as well as the representatives of the competent company departments - informing the CEO - and persons external to the Company, to participate in individual meetings of the Committee, in order to provide information and assessments of competence with regard to individual items on the agenda.

During the financial year, the persons indicated in the following chapter 8.3 participated in the meetings of the Committee.

8.2 Tasks

The Committee has the duty of providing proposals and advice to the Board, to support it with adequate analysis, assessments and decisions regarding the internal control and risk management system as well as decisions regarding the approval of the periodic financial and non-financial reports.

In particular, the Committee has the following functions:

- a. it evaluates - having consulted the Officer responsible for the preparation of financial reports, the independent auditing firm and the Board of Statutory Auditors - the proper use of accounting standards and their consistency for the purposes of preparing the consolidated financial statements;
- b. assesses the suitability (at least verifying that the preparation process is correct) of the periodic financial and non-financial information, so that it correctly represents the company's business model, strategies, impact of its activities, and performance achieved, while coordinating with the Sustainable Value Creation Committee;
- c. it examines the content of periodic non-financial reporting relevant to the internal control and risk management system;
- d. it undertakes the additional duties assigned to it by the Board of Directors in relation to "transactions in which directors or statutory auditors have an interest and transactions with related parties", in accordance with the terms and methods set out in the procedure on Transactions in which Directors and Statutory Auditors are interested parties and transactions with related parties;
- e. it supervises the activities of the Internal Audit department;
- f. it examines the periodic reports drawn up by the Supervisory Board, the independent auditing firm, the Officer responsible for the preparation of financial reports, and the Internal Audit department, regarding the assessment of the internal control and risk management system, as well as the reports drawn up by the Enterprise Risk Management department for identifying, assessing, managing and monitoring the main risks, and the reports of particular importance drawn up by the Internal Audit Manager;
- g. it expresses opinions on specific aspects involving the identification of the main risks to the Company;
- h. it monitors the independence, suitability, effectiveness and efficiency of the Internal Audit Department;
- i. may ask the Head of Internal Audit to carry out inspections of specific operational areas, giving notice thereof to the Chairman of the Board of Statutory Auditors, the Chairman of the Board of Directors and the CEO.
- j. may request other audits from the Head of the Internal Audit department that are not required by the Audit Plan, subject to the available resources;
- k. it expresses its opinion to the Board of Directors on the CEO's proposals made in agreement with the Chairman of the Board of Directors, regarding the appointment, revocation and remuneration of the Internal Audit Manager, in line with the Company's remuneration policies, with a view to ensuring that the Internal Audit Manager has sufficient resources to fulfil his/her responsibilities; the opinion concerning remuneration is expressed to the Board of Directors by the Control, Risk and Related Party Transactions Committee after hearing the opinion of the Appointments and Remuneration Committee;
- l. it assesses, at the time of the appointment, the integrity, professionalism, expertise, independence and necessary experience of the Head of the Internal Audit department, as well as any incompatibilities, even in terms of conflicts of interest, with previous activities or roles held at the Company and/or its Subsidiaries;
- m. it supports, making suitable enquiries, the assessments and decisions of the Board of Directors regarding the management of risks resulting from prejudicial events that have come to the knowledge of the Board of Directors or which the Committee has brought to the attention of the Board of Directors;
- n. it supports the Board of Directors in assessing the advisability of adopting measures to guarantee the effectiveness and impartiality of the other company departments involved in the checks, ensuring that they have adequate professional skills and resources;
- o. it reports to the Board of Directors on the orientation review and progress monitoring of the Management System improvement programmes for preventing and combating corruption - activities which are coordinated and supervised by the department of Legal Compliance and Anti-Corruption Programmes.

The Committee shall express its opinion to the Board of Directors in order to:

- a. establish the internal control and risk management system guidelines in line with the Company's strategies, after consulting the Board of Statutory Auditors;
- b. propose to the CEO any updates or adjustments to the internal control and risk management system guidelines or to the Internal Audit Guidelines, after consulting the Board of Statutory Auditors;
- c. at least once a year and, as a rule, when the financial statements for the year are approved, assess the adequacy of the internal control and risk management system, considering the Company's characteristics and assumed risk profile, as well as the effectiveness of the system;
- d. periodically approve, at least once a year, the audit schedule prepared by the Internal Audit Manager;
- e. describe, in the Report on Corporate Governance and Ownership Structure, the main features of the internal control and risk management system, and assess the adequacy of the system itself and the coordination procedures between the various individuals involved;
- f. assess the conclusions presented by the Independent Auditors in any suggestion letters and in the additional report for the Board of Statutory Auditors;

- g. appoint and revoke the members of the Supervisory Body;
- h. ensure the adoption of Model 231 and approval of all adjustments in line with current regulatory provisions;
- i. review the orientation and monitor the progress of the Management System improvement programmes for preventing and combating corruption - activities which are coordinated and supervised by the department of Legal Compliance and Anti-Corruption Programmes

The Control, Risk and Related Party Transactions Committee reports to the Board of Directors:

- at the first meeting of the Board after each of its own meetings, with regard to subjects dealt with and the observations, recommendations and opinions formulated;
- at least once every six months - and as a rule at (or prior to) the meetings held to approve the annual financial report and the half-year financial report - on the activities carried out and the adequacy of the internal control and risk management system.

The Control, Risk and Related Party Transactions Committee constitutes part of an integrated system of internal controls and risk management for Italgas. In this sense, the regulation establishes specific information flows between the Committee and other bodies and functions with specific tasks with regard to internal controls and risk management.

8.3 Activities during the Financial Year

During the Financial Year, the Control, Risk and Related Party Transactions Committee carried out, *inter alia*, the following activities:

- i. Briefed by the Officer Responsible for the adequacy of the SCIS Model and the compliance with the administrative and accounting procedures;
- ii. met with the Officer responsible for the preparation of financial reports with the External Relations and Sustainability Department and the Independent auditing firm to assess the suitability of the periodical, financial and non-financial information of the 2021 Integrated Annual Report to correctly represent the business model, the company's strategies, the impact of its activities and the performance achieved;
- iii. having consulted the Officer responsible for the preparation of financial reports, the independent auditing firm and the Board of Statutory Auditors, they assessed the proper use of accounting standards and their consistency for the purposes of preparing the Consolidated Financial Statement;
- iv. analysis of the Report on the organisational, administrative and accounting arrangements of Italgas and of its subsidiaries with strategic relevance;
- v. detailed analysis of the management system with regards to occupational health and safety;
- vi. analysis of the periodic report on the activities conducted by the Supervisory Body;
- vii. examination of the candidacies for appointment of the members of the Supervisory Body;
- viii. analysis of the update of the General Part and Special Part of Model 231;
- ix. examination of the changes in the law as regards market abuse regulation and analysis of the report on legal compliance;
- x. analysis of the Enterprise Risk Management system (ERM) implemented by the Company;
- xi. periodic analysis of the financial risks;
- xii. in-depth risk analysis regarding the Procurement and Group Security Departments;
- xiii. updated the Anti-Bribery Compliance Standard;
- xiv. analysis of the Management Review for preventing and combating corruption and the 2022 Improvement Plan in accordance with UNI:ISO 37001;
- xv. reviewed the DPO's Annual Report, the Tax Risk Manager's Annual Report, the Training Plan with the HRO Directorate, the Driving Innovation for Energy Transition - 2022 Task Force on Climate Related Financial Disclosure (TCFD) Report;
- xvi. examination of the "Guidelines on the internal control and risk management system";
- xvii. they have been briefed on the activities involving the Internal Audit Manager and the Internal Audit department, specifically:
 - examination of the "Guidelines on internal audit activities";

- analysis of the activities conducted by Internal Audit, the methods used and the information flows consistent with the indications in the “Guidelines on internal audit activities”;
- analysis of reports;
- analysis of the proposed audit plan for 2023 prepared by Internal Audit;

xviii. examined the draft Corporate Governance Report and Ownership Structures 2021 with regard to the description of the main characteristics of the Internal control and risk management system subsequently submitted to the Board of Directors;

xix. approved the Committee’s half-yearly reports, which were then submitted to the Board of Directors.

During the Financial Year, the Control, Risk and Related Party Transactions Committee met 14 times, of which two in joint session with the Sustainable Value Creation Committee, with each meeting lasting, on average, 3 hours and 25 minutes and the meetings regularly minuted. The table in Annex 1 lists the attendance of each member at the meetings of the Control, Risk and Related Party Transactions Committee during the Financial Year. During the Financial Year, the Chairman of the Committee, having informed the CEO, invited representatives of the company departments with expertise in the matter, external parties, to attend the Committee meetings so as to provide information and in-depth analyses, and usually the Chairman of the Board of Statutory Auditors and/or other statutory auditors.

Pursuant to the relative regulations, the Committee

shall meet with the frequency needed to discharge its duties, at least once every three months and, in any event, when a meeting is necessary or opportune. A total of 9 meetings of the Control, Risk and Related Party Transactions Committee are scheduled for the current business year, 3 of which have already been held at the date of the approval of this Report, on 16 January 2023, 3 February 2023 and 3 March 2023.

Committee discussions and debate were coordinated by the Chairman of the Committee. Over the course of the Financial year, the Committee Chairman reports regularly on its activities to the Board of Directors at the first appropriate meeting, as required by the Corporate Governance Code.

At the end of the Financial Year, the Committee had held 10 meetings in joint session with the Board of Statutory Auditors; in 2023, up to the date of approval of this Report, 3 meetings had been held in joint session with the control body. This made it possible to further strengthen information flows between the Committee and the control body.

In carrying out its functions, the Committee had the opportunity to access information and the necessary company functions needed to carry out its duties.

The Regulation of the Control, Risk and Related Party Transactions Committee can be consulted on the Company’s website:

https://www.italgas.it/export/sites/italgas/italgas-gallery/Documenti_it/Regolamento-Comitato-Controllo-e-Rischi-e-Operazioni-con-Parti-Correlate.pdf

Sustainable Value Creation Committee

9 Sustainable Value Creation Committee

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9.1 Composition and operation

Pursuant to the relevant regulations, as last amended on 14 December 2022, the Sustainable Value Creation Committee consists of three non-executive members.

The Sustainable Value Creation Committee in office until the Shareholders' Meeting of 26 April 2022 was composed of Giandomenico Magliano (Chairman - independent non-executive director pursuant to the CLF and the Corporate Governance Code), Qinjing Shen (non-executive director)⁶⁰ and Veronica Vecchi (independent non-executive director pursuant to the CLF and the Corporate Governance Code).

On 2 May 2022, the Board of Directors appointed the members of the Sustainable Value Creation Committee, consisting of three non-executive directors, one of whom is independent pursuant to the CLF and the Corporate Governance Code and acts as Chairman. From 2 May 2022 to 21 February 2023, the Committee was

composed of: Fabiola Mascardi (Chairwoman - independent non-executive director pursuant to the CLF and the Corporate Governance Code), Maria Sferruzza (non-executive director) and Qinjing Shen (non-executive director).

By resolution of 22 February 2023, the Board of Directors changed the composition of the Sustainable Value Creation Committee by appointing Mr Lorenzo Parola as its member and Chairman.

As at the date of this Report, the Committee is composed of three non-executive members, one of whom meets the independence requirements of the CLF, acting as Chairman.

The following table describes the members of the Sustainable Value Creation Committee in office at the date of approval of this Report.

Member	Position
Lorenzo Parola - Chairman	Independent non-executive (*)
Qinjing Shen	Non-executive
Maria Sferruzza	Non-executive

(*) Non-executive independent director in accordance with the CLF.

Written minutes of the meeting are taken by the Head of the Corporate Affairs Department who acts as secretary and assists the Chairman in carrying out his/her duties.

The Chairman of the Board of Directors, the CEO, the Chairman of the Board of Statutory Auditors, as well as the heads of the relevant departments are invited to attend the meetings of the Sustainable Value Creation

Committee; the other members of the Board of Statutory Auditors may also attend. As per its own regulations, the Chairman of the Committee may also invite other directors to individual meetings as well as other representatives of the relevant corporate departments competent on specific issues - with notification to the CEO - or parties outside the Company to provide information and express an opinion on individual relevant agenda items.

⁶⁰ Following the resignation of Yunpeng He on 27 January 2022, the Board of Directors appointed by co-optation Qinjing Shen as a non-executive and non-independent director of the Company and also as a member of the Sustainable Value Creation Committee.

9.2 Tasks

The Committee carries out investigation, proposal and consultation functions with regard to the Board of Directors on matters of sustainability, understood as the guidelines, processes, initiatives and activities intended to supervise the Company's commitment to sustainable development along the value chain, aimed at pursuing sustainable success, with the support of the Head of External Relations and Communication and the Head of the relevant department (Head of the Sustainability department) who liaises with the various corporate departments. Specifically, the Committee:

- examines and evaluates:
 - the sustainability policies aimed at ensuring the creation of value over time for shareholders and for all other stakeholders in the long-term with regard to the principles of sustainable development; this also in order to support the Board of Directors in the preparation of the business plan;
 - the sustainability guidelines, objectives, plans, instruments and consequent processes;
 - the disclosure of non-financial information pursuant to legislative decree no. 254/2016, to be submitted to the Board of Directors, in coordination with the Control, Risk and Related Party Transactions Committee in relation to the assessment by the latter of the suitability of the periodical financial and non-financial information for the purpose of correctly representing the business model, the Company's strategies, the impact of its activities and the performance achieved;
 - the integration of ESG aspects into the ERM matrix;
 - the Company's stakeholders engagement policy;
- monitors the Company's guidelines and positioning with regard to financial markets on the issue of sustainability, with reference also to the placement of the Company on the ethical/sustainability indices;
- examines national, European and international undertakings and initiatives with regard to sustainability and the participation of the Company in them, aimed at consolidating sustainable success and corporate reputation internationally;
- examines any sustainability initiatives in agreements submitted to the Board of Directors, also with regard to the subject of climate change;
- examines the profit and non-profit strategy, as well as the gas advocacy of the Company;
- expresses, at the request of the Board, an opinion on other matters regarding sustainability.

The Committee, after every meeting, updates the Board of Directors, at the first available meeting, on the topics discussed and the comments, recommendations and opinions formulated therein; it also reports to the Board, at least once every six months, not later than the date for the approval of the annual and half-yearly report, on its activities at the meeting specified by the Chairman of the Board of Directors.

9.3 Activities during the Financial Year

During the Financial year, the Sustainable Value Creation Committee met 11 times, two of which in joint session with the Control, Risk and Related Party Transactions Committee. The average duration of each meeting of the Sustainable Value Creation Committee was one hour and 15 minutes, while the average duration of each meeting held jointly with the Control, Risk and Related Party Transactions Committee was 65 minutes. Moreover, on 21 October 2022, the Committee met, limited to one item on the agenda, in joint session with the Control, Risk and Related Party Transactions Committee.

Pursuant to the relative regulations, the Committee shall meet with the frequency needed to discharge its duties, and, in any event, when a meeting is necessary or opportune. Seven meetings of the Sustainable Value Creation Committee are scheduled for the current financial year and three meetings had already been held at the date of approval of this Report, on 18 January 2023, 28 February 2023 and 3 March 2023. On 3 March 2023, the Committee met jointly with the Control, Risk and Related Party Transactions Committee.

The Director of External Relations and Sustainability and the Head of Sustainability take part in all the meetings of the Sustainable Value Creation Committee and, together with the Head of Corporate Affairs, assist the Chairman in setting the Committee's agenda. Committee meetings are also attended by the heads of the company departments responsible for the various items on the agenda. Specifically, at the invitation of the Chairman and in agreement with the CEO, during the financial year the following persons attended and provided appropriate further information on the topics within their remit (i) Gianfranco Maria Amoroso⁶¹, Chief Financial Officer; (ii) Pietro Durante, Chief Human Resources

Officer⁶²; (iii) Luca Trippa, Head of the Enterprise Risk Management Department⁶³; (iv) Giovanni Mercante⁶⁴, officer responsible for the preparation of financial reports; (v) Anna Maria Scaglia, Head of Investor Relations⁶⁵; (vi) Massimiliano Silvestri, Head of Finance; (vi) Valentina Piacentini, Head of Corporate Affairs; (vii) Marco Ungaro, Head of SCIS.

During the Year, the Committee carried out the following activities:

- i. met the Chief Human Resources Officer and analysed the results of the climate survey;
- ii. analysed the final results of the Sustainability Plan;
- iii. agreed with the planning of the non-financial reporting process (Time schedule, Materiality Matrix, etc.);
- iv. analysed and made contributions regarding the Corporate Governance Committee's Report for 2020;
- v. analysed the draft of the Integrated Annual Report, subsequently submitted to the Board of Directors;
- vi. examined the sustainability part of the draft of the 2021 Corporate Governance and Share Ownership Report, subsequently submitted to the Board of Directors;
- vii. met the Head of Enterprise Risk Management department to examine the integration of ESG aspects into the ERM matrix;
- viii. following the appointment of the new members of the Committee on 2 May 2022, met the Head of External Relations and Sustainability and the Head of Sustainability, who explained the structure of the Sustainability Department and its activities;

⁶¹ Mr Amoroso spoke at the Committee meetings on 9 September 2022. The meeting was also attended by Massimiliano Silvestri, Head of Finance, and Michele Leone, Head of Financial Planning.

⁶² Mr Durante spoke at the Committee meetings on 25 January 2022.

⁶³ Mr Trippa spoke at the Committee meetings on 25 February 2022 and 21 October 2022.

⁶⁴ Mr Mercante spoke at the Committee meetings on 25 February 2022 and 20 July 2022.

⁶⁵ Ms Scaglia spoke at the Committee meetings on 9 September 2022.

- ix. analysed the structure of the value creation model, carrying out in-depth analyses on input, output and impacts, in order to present sustainability issues before the Italgas' Board of Directors meeting for the approval of the Company's 2022-2028 Strategic Plan;
- x. examined the results of the sustainability section of the Consolidated Half-Year Financial Report 2022 (features of the reporting process, internal control system and sustainability data contained in the Consolidated Half-Year Financial Report 2022);
- xi. supported by the Chief Financial Officer, the Head of Finance and the Head of Financial Planning, analysed the draft of the Sustainability Linked Bond Framework and the Euro Medium Term Notes;
- xii. received an update of sustainability indexes and ratings from the Head of Investor Relations;
- xiii. analysed and approved the 2022-2028 Plan for the creation of sustainable value to be submitted for Board of Directors' approval;
- xiv. expressed a favourable opinion on the change to its Regulations and, more specifically, the Committee's name into *"Sustainable Value Creation Committee"*, resolving to submit it for Board of Directors' examination;
- xv. examined, with the assistance of the Head of Enterprise Risk Management, the "Driving Innovation For Energy Transition - Task Force On Climate-Related

Financial Disclosures Report 2022" and resolved to submit it for Board of Directors' examination;

- xvi. definition of the planning of the Committee's activities in 2022;
- xvii. approved the Committee's half-yearly reports, which were then submitted to the Board of Directors.

In addition, at the joint meetings with the members of the Risk Control and Related Party Transactions Committee, the Sustainable Value Creation Committee carried out, inter alia, the following activities:

- i. met with the Officer responsible for the preparation of financial reports with the External Relations and Sustainability Department and the Independent auditing firm to assess the suitability of the periodical, financial and non-financial information of the 2021 Integrated Annual Report to correctly represent the business model, the company's strategies, the impact of its activities and the performance achieved.
- ii. positively assessed, pursuant to Article 4.1(a) of the Regulation the disclosure of non-financial information – in accordance with Legislative Decree No. 254/2016 – to be submitted to the Board of Directors.

The current Sustainable Value Creation Committee Regulations can be consulted on the Company's website:

<https://www.italgas.it/wp-content/uploads/sites/2/2023/01/Regolamento-Comitato-per-la-Creazione-del-Valore-Sostenibile.pdf>

Internal Control and Risk Management System

10 Internal Control and Risk Management System

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10.1 Internal Control and Risk Management System

a) Adoption and structure of the Internal Control and Risk Management System

Following the decision to adhere to the Corporate Governance Code on 4 August 2016 the Board of Directors, with the support of the Control, Risk and Related Party Transactions Committee, adopted its own Internal Control and Risk Management System, understood as a set of rules, procedures and organisation structures for Italgas aimed at allowing the identification, measurement, management and monitoring of the main risks. In this context, and also in order to fully implement the provisions of the Corporate Governance Code, on 1 December 2016 Italgas adopted an Enterprise Risk Management department ("ERM"), originally reporting directly to the General Manager of Finance and Services, and currently to the Chief Financial Officer, with the task of developing a uniform methodology for identifying, measuring, managing and monitoring of primary business risks.

The guiding principles on which the Internal Control and Risk Management System is based, as defined by the Board of Directors in the Code of Ethics, are:

- the segregation of duties between the persons in charge of the authorisation, executive or control functions;
- the existence of company regulations that can provide general benchmark principles for governing corporate processes and activities (specifically a Regulatory System);

- the existence of formal rules for the exercise of signatory powers and internal powers of authorisation;
- traceability (guaranteed through the adoption of information systems that can identify and reconstruct sources, information and checks carried out in support of the formation and implementation of the Company's decisions and financial resources management procedures).

The Internal Control and Risk Management System is updated regularly by CEO and the Board of Directors, with the support of the Control, Risk and Related Party Transactions Committee, under their respective spheres of responsibility, in order to guarantee constant suitability to oversee the main risk areas of business activities.

The Italgas Internal Control and Risk Management System is based on an integrated control model with the identification of the tasks of each body and department involved and concrete coordination procedures between them, as specifically governed in the precise rules and procedures that are part of the Internal Control and Risk Management System.

Management is primarily responsible for applying the Control and Risk Management System since control activities are an integral part of managerial processes. Management must therefore foster an atmosphere that is actively orientated towards control and, in particular, oversee "line controls", which are all the control activities that the individual operating units or companies carry out on their processes. Specifically, Italgas' risk management system comprises the following three levels of internal control:

Level One:	identification, evaluation and monitoring of risks inherent to the individual Group processes. The Italgas Group departments that bear the individual risks, and are responsible for identifying, measuring and managing them as well as for implementing the necessary controls, are located at this level.
Level Two:	monitoring of the main risks to ensure that they are effectively and efficiently managed and processed, and monitoring of the adequacy and functioning of the controls put in place to protect against these risks; support for Level One in defining and implementing adequate management systems for the main risks and related controls. This level contains Italgas Group personnel charged with coordinating and managing the main control systems (corporate administrative responsibility, disclosure, anti-corruption, anti-trust, Tax Control Framework).
Level Three:	independent and objective verification of the operating effectiveness and adequacy of Levels One and Two, and in general of the overall risk management methods. This is carried out by the Internal Audit department, the activities of which are directed and guided by the "Guidelines on internal audit activities" approved by the Board of Directors.

On 18 December 2020, in compliance with the New Corporate Governance Code, the Board of Directors adopted the Guidelines on the Italgas Group Internal Control and Risk Management System, of which the Guidelines on internal audit activities are an integral part, effective from 1 January 2021, dictating: (i) on the one hand, the general principles according to which Italgas manages the Group's main risks in line with the strategic objectives identified and in order to contribute to Italgas' sustainable success; (ii) on the other hand, the coordination and information flow procedures between the various actors involved, in order to maximize the effectiveness of the Control and Risk Management System, and its efficiency (reducing duplication of activities), and ensure effective performance of the Board of Statutory Auditors' duties.

The integrated system involves multiple actors with different corporate roles (governance and control bodies, corporate structures, management), who carry out activities that are coordinated and interdependent, as well as complementary in the aims pursued, structural features and rules of operation and specifically:

- the **Board of Directors**, whose role is to provide guidance and assess the adequacy and effectiveness of the Control And Risk Management System;
- the **Chief Executive Officer**, who is in charge of establishing and maintaining an effective Control And Risk Management System;
- the **Control, Risk and Related Party Transactions Committee**, set up within the Board of Directors to support the assessments and decisions made by the Board of Directors relating to the Control And Risk Management System, as well as those relating to the approval of regular financial and non-financial reports (see Chapter 8 of this Report above);
- the **Sustainable Value Creation Committee**, set up within the Board of Directors to support it by investigating, proposing and advising it on sustainability matters, these being the processes, initiatives and activities intended to oversee the commitment of the Company to sustainable development along the value chain, aimed at pursuing sustainable success. In the context of the Control And Risk Management System, the Sustainable Value Creation Committee coordinates with the CRRPTC for the purposes of the latter's assessment of the suitability of regular, financial and non-financial information to correctly represent the company's management and organisation model, its strategies, the impact of its activities and the performance achieved (see Chapter 9 of this Report);
- the **Board of Statutory Auditors**, also in its capacity as the "Internal Control and Audit Committee" pursuant to Legislative Decree no. 39 of 27 January 2010, which oversees the effectiveness of the Control And Risk Management System;
- the **Supervisory Body**, that supervises the operation, compliance with and updating of the Model 231;
- the **Officer responsible for the preparation of financial reports**, whose activities are governed by Law No. 262/2005;
- the **Head of the Internal Audit department**, responsible for verifying that the Control and Risk Management System is operational and suitable, as well as consistent with the Guidelines of the Internal Control and Risk Management System (which represent the so-called third level of control);
- the **other corporate functions and roles with specific internal control and risk management duties**, structured according to the size, complexity and risk profile of the company (who represent the so-called second tier of control).

b) Italgas Enterprise Risk Management

Italgas has an Internal Control and Risk Management System integrated into the organisational, administrative and accounting structure and, more generally, a corporate governance system that ensures compliance with the laws and company procedures, protects the company assets and contributes to the management of activities, solidifying the accounting and financial data processed.

The Enterprise Risk Management (ERM) unit, set up to report to the Chief Financial Officer, is tasked with overseeing the Group's integrated business risk management process. The ERM activities focus on the definition of a homogeneous, transversal model for assessing the risks, identifying priority risks, ensuring consolidation of the mitigation actions and developing a reporting system.

The ERM methodology adopted by the Italgas Group is in line with the reference models and the existing international best practices (in particular, the 2017 COSO framework relative to the Enterprise Risk Management, issued by the Committee of Sponsoring Organizations of the Treadway Commission, and ISO 31000:2018). The process for the identification, assessment, measurement and management of the risks is carried out periodically, at least once a year, on the basis of the importance of the risk and any changes in context.

The activities directly involve all (first, second and third level of control) company departments through dedicated meetings allowing updates to the information to be incorporated, as regards the description, significance and management of the risks already existing in the portfolio, and the detection of new emerging risks. These activities are carried out in a way that covers the entire scope of the Group and all the potential applicable events. In order to ensure the correct assessment and prioritisation of risk events, the assessment is carried out considering the following potential types of impact: economic-financial; operative; legal, governance and compliance; environment, health and safety; reputation and market. The ERM model establishes an integrated, cross-cutting and dynamic risk assessment that enhances the management systems already existing in the individual business processes. Each risk is assessed using a specific assessment scale that sets out the thresholds of relevance for the Group and attributes a "rating" to each risk, thereby making it easier to prioritise them. For all risks, the risk ownerships are identified

and attributed and the management strategies are defined, broken down into specific actions for dealing with the risk and establishing the relative implementation time.

With reference to strategic risks, the Enterprise Risk Management Department, in coordination with all relevant departments, carries out a specific in-depth analysis of risks, opportunities and uncertainties related to the Strategic Plan. The analysis is conducted using a proprietary Monte Carlo simulation model that uses the information gathered on risks, opportunities and volatility and on related correlations to generate a multitude of alternative scenarios for the evolution of the variables underlying the Strategic Plan and evaluates their overall impact on the value drivers. In addition, specific "what if" scenarios are identified in relation to the reference context on which the Strategic Plan is based, and the impacts that these scenarios would have on the strategic agenda are then assessed. The analysis allows estimation of the overall volatility of the defined economic and financial targets and evaluation of the level of resilience of the Strategic Plan. The "Strategic Plan" document, which has been approved by Italgas's Board of Directors, contains the output of this analysis.

The Enterprise Risk Management Department draws up specific summary reports on the identification, assessment and management of the risks and shares them with the different company levels. The results found in relation to the main risks and related management plans are presented at each update to the Control, Risk and Related Party Transactions Committee and at least annually to the Board of Directors.

In particular, the Chief Executive Officer, in his capacity as CEO in charge of setting up and maintaining the internal control and risk management system, presented the results of the risk mapping analysis as at 31 December 2021 to the Issuer's Board of Directors on 9 March 2022, including therein, by way of example, the risks connected to climate change and cybersecurity and during the financial year, the Enterprise Risk Management Department attended four meetings of the Control, Risk and Related Party Transactions Committee: on 31 January 2022 for the risk mapping analysis as at 31 December 2021; on 1 June 2022 for the presentation of the Enterprise Risk Management method for mapping corporate risk and for the risk/opportunity analysis of the strategic plan; on 20 July 2022 for the risk mapping analysis as at

30 June 2022 and for the risk/opportunity analysis of the strategic plan; on 17 October 2022 for the risk mapping analysis as at 30 September 2022. In addition, specific focuses on financial, fiscal, HSE, procurement and security risks were presented by the relevant departments. In particular, on 21 November 2022, Alessandro Menna, Group Security Manager, illustrated to the CRRPTC, in a joint session with the Board of Statutory Auditors, the risks connected to cybersecurity and the integrated security management model adopted by Italgas.

In addition, on 25 February 2022, the Sustainable Value Creation Committee examined the integration of ESG aspects into the Group's risk matrix and, at the meeting of 21 October 2022, in joint discussion with the Control, Risk and Related Party Transactions Committee, presented the risks/opportunities related to climate change summarised in the report "Driving innovation for energy transition", which discusses the relationship between Italgas Group's business and climate change impact in line with the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD).

Moreover, the mapping of risks and the relative management strategies are presented periodically to the Board of Statutory Auditors and the Supervisory Body of Italgas and to the Boards of Statutory Auditors and the Supervisory Bodies of the Subsidiaries⁶⁶.

The Officer Responsible and the Internal Audit department periodically receive the results of the risk assessments performed by the ERM unit.

The Issuer's risks are summarised in the dedicated section of the Group's consolidated integrated financial statements ("Risk Management and Internal Control System") which can be consulted on the website: <https://www.italgas.it/investitori/bilanci-e-presentazioni/>.

c) Principal characteristics of the existing risk management and internal control systems in the corporate reporting process

On 24 February, the Board of Directors approved an amendment to the Compliance Standard on the Corporate Reporting Internal Control System (SCIS), which is the process designed to provide reasonable assur-

⁶⁶ In detail, during the financial year, the Enterprise Risk Management Department attended the meetings of the Board of Statutory Auditors of Italgas on 31 January 2022, 1 June 2022 and 17 October 2022; on 7 March 2022 the meeting of the Board of Statutory Auditors of Italgas Acqua; on 20 December 2022 the meeting of the Board of Statutory Auditors of Toscana Energia; on 24

October 2022 the meeting of the Board of Statutory Auditors of Geoside; on 1 December 2022 the meeting of the Board of Statutory Auditors of Italgas Newco; on 15 June 2022 and 15 November 2022 the meetings of the Supervisory Body of Italgas; on 5 April 2022 the meeting of the Supervisory Body of Italgas Reti; on 20 April 2022 the meeting of the Supervisory Body of Toscana Energia; on

23 March 2022 and 5 December 2022 the meetings of the Supervisory Body of Medea; on 31 March 2022 and 28 November 2022 the meetings of the Italgas Acqua Supervisory Body; on 20 September 2022 the meeting of the Supervisory Body of Bludigit; on 11 April 2022 and 12 December 2022 the meetings of the Supervisory Body of Geoside.

ance regarding the reliability of corporate reporting (financial and non-financial) and the ability of relevant business processes to produce such reporting in accordance with applicable laws and generally accepted accounting standards.

The structure of the corporate reporting internal control system was revised to reflect the new reporting processes prepared and illustrated in the Integrated Annual Report, updating the corresponding Compliance Standard currently in force to ensure that the same method is applied to the processing of non-financial data.

Italgas Group's SCIS is therefore understood as a set of all the tools necessary or useful for directing, managing and verifying the accuracy and reliability of Corporate Reporting to the outside world, contained in the integrated Annual Report, which includes the Integrated Report on Operations, the Consolidated Financial Statements and the Annual Financial Statements, as well as any other corporate communication with accounting content (such as, for example, press releases and prospectuses prepared for specific transactions).

The SCIS therefore includes the regulatory tools (compliance standards, process standards, manuals, etc.) and controls that:

- relate to the production and filing of accounting documents and records that accurately, faithfully and with a reasonable level of detail reflect the company's transactions (including the processes of gathering and processing information involving the departments responsible for preparing accounting documents and the staff and business departments that provide data and information);
- provide reasonable assurance that information and transactions are recognised in a manner that permits preparation of the Integrated Annual Report and other financial disclosures in accordance with generally accepted accounting standards, regulations, frameworks and guidelines;
- provide reasonable assurance regarding the prevention or timely detection of errors or fraud that could have a significant effect on Corporate Reporting.

The staff and business departments which provide data and information relevant to the Corporate Reporting System are required to adopt, where necessary, adequate controls and regulations to ensure the completeness and correctness of the information for which they are responsible, consistently with the provisions of the legislation concerning the methodology and operating procedures for implementing the SCIS.

The "reasonable assurance" that SCIS seeks to ensure, consists of the existence of a relatively low (remote) risk that significant misrepresentations in Corporate Reporting, caused by unintentional error or fraud, will occur or will not be promptly detected.

Data or information are considered significant if their absence or inaccurate representation may influence

the economic and investment decisions of the parties to whom the information is communicated. In this context, both the quantitative and qualitative elements that characterise the data or information and the particular circumstances of their omission or inaccurate representation are relevant.

The effectiveness of SCIS is dependent on its ability to reduce to a remote level the possibility of fraud or significant error occurring or not being detected in a timely manner.

Italgas has adopted a body of rules that defines the regulations, methodologies, roles and responsibilities for designing, establishing, maintaining and assessing the effectiveness of the Group's Corporate Reporting Internal Control System which applies to Italgas and its subsidiaries.

The internal control and risk management model adopted by Italgas and its subsidiaries with regard to corporate reporting was defined in accordance with the provisions of the above-mentioned Article 154-bis of the CLF and is based, in methodological terms, on the "CoSo Framework" ("Internal Control - Integrated Framework"), the international reference model for the establishment, updating, analysis and assessment of the internal control system, for which an update was published in May 2013.

The planning, institution and maintenance of the Corporate Reporting Internal Control System are achieved through the activities of scoping, identifying and assessing the risks and controls (at the business level and process level through the activities of risk assessment and monitoring) and the related information flows (reporting).

The control system structure provides for entity-level controls (Company Entity Level Controls) which apply across the entire entity in question (group/individual company), and process-level controls. The latter are subdivided into:

- specific controls aimed at preventing, identifying and correcting errors or irregularities occurring during the execution of operative activities (process-level controls);
- pervasive controls to define a general context that promotes the correct execution and control of operating activities. Pervasive controls include those related to the segregation of duties and IT General Controls.

The controls, both at the entity level and process level, are subject to regular evaluation (monitoring) to verify the adequacy of the design and actual operability over time. To this end, ongoing monitoring activities have been entrusted to the management responsible for significant processes/activities, and separate evaluations have been entrusted to the Internal Audit Manager, who operates in accordance with a plan agreed with the Officer responsible for the preparation of financial reports that aims to define the scope and objectives of their actions via agreed audit procedures.

Italgas has also appointed an independent auditing firm Deloitte & Touche S.p.A. to examine the adequacy of the internal control system in relation to the preparation of financial information used to produce the separate and consolidated financial statements of Italgas, by conducting independent checks on the effectiveness of the design and functionality of the control system.

The results of the monitoring activities, the checks made on the controls and any other information or situations relevant to the Corporate Reporting Internal Control System are subject to periodic reporting on the state of the control system, which involves all levels of the organisational structure of Italgas and its major subsidiaries, including operational business managers, heads of department, administrative managers and chief executive officers.

Within the scope of the SCIS, a significant role was also played by the External Relations and Sustainability Department, which, amongst others, (i) receives the results of the independent monitoring carried out by the Internal Audit Department, with reference to the areas defined in the related annual plan; (ii) defines and updates, together with the Officer Responsible, the control objectives to be guaranteed; (iii) together with the Officer Responsible and the Company's Administrative Managers, examines the results of the assessment and monitoring of the individual components of the SCIS and thereafter prepares the half-yearly and annual reports of the Company and Group; (iv) together with the Officer

Responsible and the Head of the Internal Audit Department, defines the independent monitoring plan; (v) together with the Officer Responsible and the Company's Administrative Managers, receives from the Head of the Department involved in the SCIS process, and reports regarding the existence of events, situations, organisational or business changes that may call for an update of the Risk Assessment; and (vi) liaises with the Internal Audit Department and the Officer Responsible to agree on an annual independent monitoring plan and any revisions to such as may be made during the year.

The assessments of all controls instituted within Italgas and its Subsidiaries are brought to the attention of the Officer responsible for the preparation of financial reports, who, on the basis of this information, draws up half-year and annual reports on the adequacy and effective application of the Corporate Reporting Internal Control System. These are shared with the Chief Executive Officer and communicated to the Board of Directors, after informing the Control, Risk and Related Party Transactions Committee and the Board of Statutory Auditors, when the separate and consolidated financial statements, and the consolidated half-year financial report, are approved, to allow the Board of Directors to perform its supervisory functions and to conduct the assessments that fall to its responsibility with regard to the Corporate Reporting Internal Control System (at the approval of the Integrated Annual Report, reporting is extended to the Sustainable Value Creation Committee).

10.2 Chief Executive Officer

On 4 April 2019, the Italgas Board of Directors identified the Chief Executive Officer as the "director in charge of the internal control and risk management system", pursuant to the then current Corporate Governance Code. As of 1 January 2021, the Chief Executive Officer, as CEO, is entrusted with the task of establishing and maintaining an effective Control and Risk Management System pursuant to the Corporate Governance Code and, in particular, has the responsibilities specifically identified by the "Guidelines on the Italgas Group's Internal Control and Risk Management System" in accordance with the same Code. Following the renewal of the administrative body, the Board of Directors, at its meeting on 26 January 2022, confirmed that the Chief Executive Officer would be assigned the functions of Chief Executive Officer.

More specifically, during the Financial Year, in addition to those indicated in point 10.1 above, the Chief Executive Officer carried out the following activities:

- he verified the identification of the main company risks, taking into account the characteristics of the business activities that Italgas and its Subsidiaries are engaged in, periodically subject to the examination of the Control, Risk and Related Party Transactions

Committee, the Board of Statutory Auditors and the Board of Directors;

- he implemented the "Guidelines for internal audit activities", approved by the Board of Directors initially on 20 December 2016, and lastly on 18 December 2020, he proposed an update to the same Board of Directors at its meeting on 16 December 2021;
- he received the reports prepared by the Internal Audit department, containing the results of audits;
- they approved the audit plan of Italgas and of its Subsidiaries, as well as on the budget for audit activities in 2021;
- he proposed adoption of the "Guidelines on the internal control and risk management system", which are applicable as of January 1, 2021, to the Board of Directors.

The CEO promptly reports to the Control, Risk and Related Party Transactions Committee on problems and critical issues that have emerged in the course of his activities or of which he has become aware, so that the Committee can take the appropriate initiatives; during the year, no cases occurred that required the formal exercise of this duty.

10.3 Internal Audit Manager

The Internal Audit Manager is appointed and removed by the Board of Directors, following the favourable opinion of the Control, Risk and Related Party Transactions Committee and having consulted with the Board of Statutory Auditors, on the recommendation of the CEO, in agreement with the Chairman/Chairwoman of the Board of Directors. The appointment of the Internal Audit Manager is open-ended. At least once during the term of office determined by the Shareholders' Meeting, the Board of Directors assesses whether the Internal Audit Manager should be confirmed in the role, based *inter alia* on rotation criteria. During the Year, the role of Head of the Internal Audit department was occupied by Mr Paolo Bosato (appointed by the Board of Directors on 7 November 2019 with the aforementioned procedures).

The role, duties and responsibilities of Internal Audit are defined and formalised by the Board of Directors. At the meeting of the Board of Directors of Italgas held on 18 December 2020, in accordance with the New Corporate Governance Code, the "Guidelines on the Italgas Group's internal control and risk management system" effective as of 1 January 2021 (See paragraph 10.1. letter b) were approved.

In the meeting of 14 December 2022, the Board of Directors of Italgas, taking into account the prior favourable opinion of the Control and Risk and Related Party Transactions Committee, and having consulted with the CEO and the Board of Statutory Auditors, approved the 2023 audit plan of Italgas and its subsidiaries.

During the Financial year, the audit operations envisaged in the Audit Plan for Italgas and the Italgas Group, approved by the Italgas Board of Directors on 16 December 2021, were performed.

The remuneration of the Head of Internal Audit is defined - in line with corporate policies - by the Board of Directors, at the proposal of the CEO, in agreement with the Chairman of the Board of Directors and after consulting the Appointments and Compensation Com-

mittee, with the favourable opinion of the Control, Risk and Related Party Transactions Committee.

Internal Audit activities are performed entirely independently according to the instructions of the Board of Directors, based on Italgas Group Internal Audit guidelines, assuring that the necessary conditions of independence and due objectivity, competence and professional diligence are maintained, as laid down in the International Standards for the Professional Practice of Internal Auditing and in the Code of Ethics issued by the Institute of Internal Auditors, and in compliance with the principles laid down in the Italgas Code of Ethics.

The Internal Audit Manager is not responsible for any particular operational area, and has direct access to all information that is useful for carrying out his duties.

As part of the process of approving the audit plan, once a year the Board of Directors approves the budget required for the Internal Audit department to fulfil its responsibilities. The Guidelines on Internal Audit activities stipulate that the Head of Internal Audit shall have, within his budget, autonomous spending powers for ascertaining, analysing and assessing the internal control and risk management system and/or related activities, and that in exceptional and urgent situations that require the availability of funds exceeding the budget, he may propose that the Board of Directors approve the extra budget of the Internal Audit department so that it may carry out the duties assigned to it.

The Internal Audit Manager:

- verified, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the functioning and the suitability of the Internal Control and Risk Management System; by means of the Audit Plan approved by the Board of Directors and based on a structured process of analysis and prioritisation of the main risks;

- prepares regular reports containing adequate information on its activity, the methods through which risk management is conducted, as well as the compliance of the plans made for their containment; the regular reports contain an evaluation of the suitability of the internal control and risk management system;
- prepares timely reports on events of particular importance;
- sends periodic reports to the chairmen of the Board of Statutory Auditors, the Control, Risk and Related Party Transactions Committee and the Board of Directors, as well as to the CEO, except in cases where the subject of these reports specifically concerns the activities of these parties;
- verified, in the context of the audit plan, the reliability of the IT systems used, including the accounting systems.

In accordance with the Internal Audit Guidelines, the Head of Internal Audit implements other audit measures not included in the audit plan, on the basis of requests which may also come from:

- the Board of Directors and Chairman/Chairwoman of the Board of Directors;
- the CEO, who notifies the Chairman/Chairwoman of the Board of Directors, as well as the Chairman/Chairwoman of the Control, Risk and Related Party Transactions Committee and the Chairman/Chairwoman of the Board of Statutory Auditors;
- the Control, Risk and Related Party Transactions Committee, which notifies the Chairman/Chairwoman of the Board of Statutory Auditors, as well as the Chairman/Chairwoman of the Board of Directors and the CEO;
- Board of Statutory Auditors;
- the Supervisory Body.

Additionally, Internal Audit performs other tasks assigned to it pursuant to the procedures adopted by Italgas, including the activities laid down by Model 231 in order to ensure the necessary support for the Supervisory Body, the independent monitoring activities required by the

Corporate Reporting Internal Control System, supporting the Officer responsible for the preparation of financial reports, organising and overseeing the management of the channels for reporting notifications (including anonymously), pursuant to the Whistleblowing Procedure (see Chapter 16 of this Report).

During the Financial Year, the Internal Audit department performed its scheduled activities relating to the Italgas Group, as expected. Specifically, these were:

- the preparation of the proposed 2023 audit plan for Italgas and its Subsidiaries based, in compliance with international audit standards and the "Guidelines on Internal Audit activities", on the measurement and prioritisation of the main corporate risks carried out by the ERM unit and other relevant elements such as the degree of coverage of the audit activities carried out in previous years for the purposes of applying the principle of rotation of audit objects, the objectives set out in the 2022 - 2028 Strategic Plan, any indications provided by the Control and Supervisory Bodies and the examination of further information available to Internal Audit;
- executing the audit interventions in the 2022 audit plan;
- launching of the fact-finding activities of the Internal Audit structures of the new Greek companies that joined the Group, as well as the operational methodologies implemented by the same.
- Digitisation of Internal Audit activities;
- performing the independent monitoring programme drawn up with the Officer responsible for the preparation of financial reports as part of Italgas' Corporate Reporting Control System;
- management of the reporting channels, anonymous or otherwise, relating to the Internal Control and Risk Management System;
- activities involving relations with the independent auditors, with special reference to overseeing the process for the allocation of appointments.

10.4 Italgas' Regulatory System

The Italgas Group has adopted its own "Regulatory System", which is structured into three hierarchical levels:

- level one: Italgas Enterprise System;
- level two: Process standards and Compliance standards;
- level three: operating instructions.

The Regulatory System also includes, as an integral part, the documents from the certified management systems regarding health, safety, the environment and quality (HSEQ):

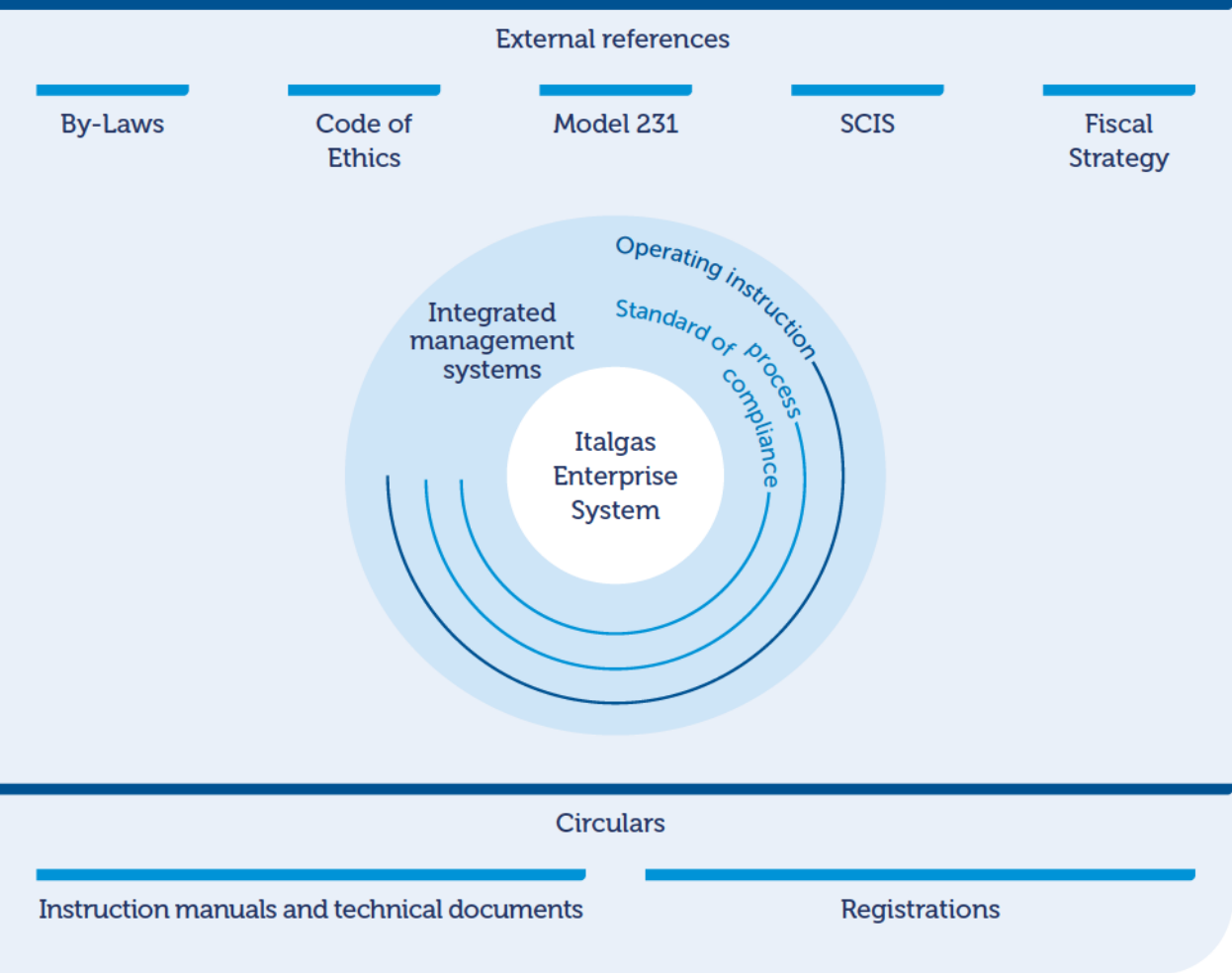
- policies and manuals (level one);
- process/compliance standards and operating instructions.

Lastly, there are circulars governing specific subjects.

The Articles of Association, the Code of Ethics, the Corporate Governance Code, Model 231, the Corporate Re-

porting Internal Control System (or SCIS) and the Tax Strategy are placed within the general reference framework of the Regulatory System, since, although they are specific instruments, the principles that guide them are recognised as founding principles of Italgas Group's conduct and, therefore, part of the general reference framework of the entire Regulatory System. Additionally, the Code of Ethics and Model 231 specifically constitute references of the Italgas Enterprise System, which describes the organisational and governance model, the corporate management system and the operation of Italgas and its Subsidiaries.

Also part of the "Regulatory System" are the Tax Control Framework Compliance Standard, the Antitrust Code, the Anti-Bribery Compliance Standard and the Reporting Compliance Standard adopted by the Company (see Chapter 16 of this Report).



10.5 Independent auditors

The regulatory auditing activity is entrusted under the law to an independent auditing firm registered in a special register appointed by the Shareholders' Meeting on the basis of a justified proposal by the Board of Statutory Auditors.

In compliance with applicable regulations, on 12 May 2020, the Ordinary Shareholders' Meeting, based on a reasoned proposal from the Board of Statutory Auditors, subject to the consensual termination of the assignment for the external auditing of the accounts with PricewaterhouseCoopers

S.p.A., awarded by the Shareholders' Meeting on 28 April 2017 for 2017-2025, awarded Deloitte & Touche S.p.A. the assignment to carry out the statutory audit for 2020-2028, establishing their fees.

On 26 May 2021, the Board of Directors acknowledged the Report issued, pursuant to Article 11 of Regulation (EU) 537/2014, by the auditing firm Deloitte&Touche S.p.A., previously sent to the Directors by the Board of Statutory Auditors, which did not make any observations and/or remarks.

10.6 Officer responsible for the preparation of financial reports

The Board of Directors appoints the Officer responsible for the preparation of financial reports, on the recommendation of the CEO, in agreement with the Chairman/Chairwoman, following the favourable opinion of the Board of Statutory Auditors.

The Officer responsible for the preparation of financial reports may not be a member of the administrative or control bodies, or hold senior management positions, at Eni S.p.A. and its Subsidiaries, nor may they have any direct or indirect professional or financial relationship with said companies. Further subjective requirements are set out for the office of Officer responsible for the preparation of financial reports in Article 16.4 of the By-Laws.

The Board of Directors must ensure that the Officer responsible for the preparation of financial reports has the necessary powers and means to perform their duties and that they comply with administrative and accounting procedures.

The Officer responsible heads a dedicated structure that reports directly to him (the SCIS department), which, together with the risk management and internal control system in

relation to the corporate disclosure process, governed by the Compliance Standard "Corporate Reporting Internal Control System", represent the tools necessary and useful for directing, managing and verifying the accuracy and reliability of the Corporate Reports communicated externally, contained in the Integrated Annual Report.

On 7 May 2018, the Board of Directors of Italgas, at the proposal of the CEO in agreement with the Chairman and having received the favourable opinion of the Board of Statutory Auditors, appointed Giovanni Mercante as Officer responsible.

The Board of Directors has verified, on the basis of the declarations made by the interested party, that there are no causes of incompatibility and that the Officer responsible meets the integrity requirements, most recently, on 26 February 2020, 10 March 2021, 9 March 2022 and 9 March 2023. The Board also assessed the means and powers at the disposal of the Officer responsible as adequate, most recently on 10 April 2020, 10 March 2021, 9 March 2022 and 9 March 2023.

10.7 Other corporate roles and functions

In addition to the bodies and departments described above, the following organisational structures, all of which are endowed with the professionalism and resources required to ensure their effectiveness and impartial judgement, perform specific tasks relating to internal control and risk management within the Italgas and Italgas Group Internal Control and Risk Management System:

a) General Counsel Department, which performs, *inter alia*, the following tasks:

- oversees the adaptation of the system and of the governance rules to legislative and regulatory provisions, to self-assessments codes and to best practices;
- oversees the operation of corporate bodies, agencies and Committees, the corporate secretarial activities and the conferral/revoking of powers;
- oversees the updating of corporate standards and principles and their compliance with applicable laws, regulations and provisions, as well as connecting, coordinating and controlling compliance activities;
- oversees the identification, monitoring and analysis of the legislative and regulatory provisions of interest to the Italgas Group, as well as national case-law;
- promotes, in conjunction with the Human Resources & Organization Department, the creation of a corporate culture relating to regulations of corporate interest as well as with regard to compliance, supporting their dissemination;
- ensures legal support for all corporate departments;
- oversees the definition of the criteria and instruments for recourse to external advice on legal, corporate and compliance issues and the valuation of the contributions provided, conferring the appointments;
- establishes, within the same department, antitrust oversights with the role of receiving notifications concerning the interpretation and application of the Group's Antitrust Code (this document defines conduct guidelines regarding the compliance of Italgas and the Subsidiaries with the principles dictated by the applicable regulations on antitrust issues), as well as the reports about potential antitrust risk situations;
- oversees, with the aid of the compliance department to prevent and fight corruption established within it, the corruption prevention activities, ensuring the adequacy and compliance over time with anti-corruption

regulations, and promotes the execution of the duties and obligations laid down by the aforementioned law, ensuring the adequacy of the solutions identified.

b) Chief Financial Office, which, among other things, carries out the following tasks:

- promotes and supports the growth of the Group contributing to the definition and development of corporate strategy, ensuring the necessary support for reaching company targets;
- oversees the activities of the M&A area, by participating in business development projects, in collaboration with other company departments, and providing proposals and support to evaluate the development options in the portfolio;
- oversees activities in the Enterprise Risk Management area, defining and updating the Group model and ensuring the correct consolidation, measuring and monitoring of the Group's risks;
- supervises the activities of the Investor Relations area, monitoring the composition of the Group's shareholder base, identifying the relative characteristics, organising communication initiatives, in collaboration with the External Relations and Sustainability Department, useful for consolidating existing relations, in order to enhance the corporate image and the appreciation of the securities, in compliance with Group policies and objectives;
- supervises the dissemination of the financial and strategic information necessary for drafting the securities valuation reports, organising periodic national and international road shows, in collaboration with the External Relations and Sustainability Department, for the presentation of company results, monitoring the expectations of the financial markets;
- oversees activities in the Administration, Finance and Control area, guaranteeing the budgeting process, planning and control, general accounting, draft and consolidated financial statements, guaranteeing the mandatory communications for listed companies, to Borsa Italiana and Consob, in compliance with the civil and fiscal regulations in force and ensuring the optimum level of debt and composition (type, rate and duration) of financial resources, analysing and planning medium-/long-term interventions that are consistent with the development of the financial and business scenario.

c) Corporate Reporting Internal Control System, established within the Chief Financial Office, which carries out, among other things, the following tasks:

- draws up rules and methodologies related to the establishment and maintenance of the Corporate Reporting Control System ("SCIS");
- manages the risk assessment process related to corporate reporting and the implementation of controls;
- manages information flows, control assessments, statements and reports on the state of the Corporate Reporting Internal Control System and provides methodological and operational support to the departments involved in implementing it;
- performs activities related to the examination and assessment of the Corporate Reporting Internal Control System, as well as draws up reports on assessment results and preparing information on the System for the Officer responsible for the preparation of financial reports and the control bodies.

d) HSEQ Department, with the aim of ensuring the preparation, updating and application of the Group HSEQ integrated management system, guaranteeing the definition and implementation of quality certification programmes and promoting awareness raising and training initiatives, disseminating the culture of workplace safety, in collaboration with Human Resources & Organization, at all levels of the Company and at suppliers;

e) Institutional Relations and Regulatory Affairs Department, in particular with the task of:

- ensuring oversight of the regulatory matters of the Group and the necessary relations with the Offices of the Regulatory Authority for Energy Networks and the Environment (ARERA);
- ensures monitoring of the evolution of the legislative and regulatory framework and, in collaboration with the company departments concerned, prepares proposals aimed at promoting the development of the regulatory framework of the relative regulated services and proposals for tariffs, codes, service quality, etc.;

f) Enterprise Risk Management, which, among other things, carries out the following tasks:

- ensures the definition and updating of the Group's Enterprise Risk Management model and provide specialist methodological support to all departments in the identification and assessment of risks relating to the company processes;

– ensures the definition and updating of the Group's Enterprise Risk Management model and provide specialist methodological support to all departments in the identification and assessment of risks relating to the company processes;

- ensures coordination of the overall Enterprise Risk Management process, arranging for the correct consolidation and prioritisation of the Group risks, the identification and measuring of the enterprise risks, and the risk monitoring and control activities;
- ensures, in accordance with the relevant company departments, consolidation of the risk management strategies identified;
- ensures the periodic preparation of reports, and the management and updating of the risk indicators defined.

g) Tax Risk Management Department: in order to ensure adequate control of the tax variable, the Italgas Group has adopted an internal control system of tax-related risks (the so-called Tax Control Framework), which incorporates the "Guidelines on the Italgas Group Internal Control and Risk Management System" into its own model and related Compliance Standard. In line with this objective and for the purposes of carrying out the activities inherent to the Tax Control Framework and the Collaborative Compliance Regime pursuant to Legislative Decree No. 128 of 5 August 2015, for the aspects falling within its remit, the Tax Risk Management Department was established within the Chief Financial Officer Department, and is responsible, *inter alia*, for the following activities:

- updating and maintaining over time, with input from line management, the Tax Control Framework by periodically performing tax risk assessment;
- running checks and tests to ascertain the actual adequacy and functioning of the control safeguards of tax risk understood as the risk of violating tax laws or operating contrary to the principles or purposes of the tax system;
- preparing the Annual Report to be submitted to the Board of Directors, after submission to the Control, Risk and Related Party Transactions Committee and presentation to the Board of Statutory Auditors, to be forwarded to the Revenue Agency on (i) the results of the periodic control process of the adequacy and effective application of the Tax Control Framework; (ii) any significant changes made to the Tax Control Framework (new tax risks, changes in risk assessment, new relevant processes, etc.); (iii) the results of any discussions with the Revenue Agency; (iv) any communication and training activities carried out with the recipients of the Tax Control Framework.

10.8 Coordination between the parties involved in the Internal Control and Risk Management System

In order to allow the various persons involved in the Internal Control and Risk Management System to adequately perform the role entrusted to them within the framework of this system, to maximise the efficiency of the system itself, reduce duplication of activities and ensure effective performance of the duties of the Board of Statutory Auditors, specific information flows are defined between the various levels of control and the competent management and control bodies, appropriately coordinated in terms of content and timing.

More specifically, the Board of Statutory Auditors constantly attends the meetings of the Board of Directors and of all Board Committees. The Board of Statutory Auditors and the Control and Risks and Related-Party Transactions Committee receive and collect information about checks carried out, at least every six months, from the control functions and from the Independent Auditors.

Pursuant to Italgas Group's "Guidelines on the internal control and risk management system" and Article 4.5 of the Regulation of the Control, Risk and Related Party Transactions Committee, the Board of Statutory Auditors is the recipient of the information flows required to perform its duties. In particular, the Board of Statutory Auditors and the Control, Risk and Related Party Transactions Committee promptly exchange information relevant for the performance of their duties.

The Supervisory Body and the Independent Auditors regularly meet with the Control, Risk and Related Party Transactions Committee and with the Board of Statutory Auditors.

The secretary of the Control, Risk and Related Party Transactions Committee is the Internal Audit Manager, who maintains periodic communication flows with the

other company bodies and departments, as well as overseeing and monitoring the Internal Control and Risk Management System.

As envisaged by the "Guidelines on Internal Audit Activities", the results of each audit are illustrated in reports prepared by the Internal Audit department, which are, at the same time, sent to the CEO, to the top management of the departments under audit, to the Officer responsible for the preparation of financial reports, to the Chairman of the Board of Directors, to the Control, Risk and Related Party Transactions Committee, to the Board of Statutory Auditors and, with regard to the areas under its scope, to the Supervisory Body. For audits involving the subsidiaries, these communications are transmitted, not only to the subjects indicated above, but also to the Chief Executive Officers/Chairmen of the Board of Directors and the control and supervisory bodies of the companies concerned.

On 9 March 2023, the Board of Directors, in accordance with the provisions of Article 6, Recommendation 33 of the Corporate Governance Code, after consulting the Control, Risk and Related Party Transactions Committee, deemed the internal control and risk management system adequate with regard to the characteristics of the business and the risk profile assumed as well as effective in relation to the strategic objectives of the Company and Group, with a view to the pursuit of Sustainable Success, including therein the methods of coordination between the various parties involved, and assessed the appropriateness of adopting measures to ensure the effectiveness and impartiality of judgement of the other corporate functions involved in the controls, deeming them to have adequate professionalism and resources.

Interests of Directors and Related-Party Transactions

11 Interests of Directors and Related-Party Transactions



a) Italgas Related-Party Transactions Procedure

On 18 October 2016 the Board of Directors approved a procedure which establishes the principles and rules which Italgas and its Subsidiaries should adhere to in order to ensure the transparency and essential and procedural correctness of transactions conducted by Italgas Group companies with related parties or "parties of interest" (the "Italgas Related-Party Transactions Procedure").

The Italgas Related-Party Transactions Procedure was updated by a resolution of Italgas' Board of Directors on 14 December 2017, following the approval of the Control, Risk and Related Party Transactions Committee, which met on 13 December 2017.

Subsequently, on 10 April 2020, the Board of Directors - following the annual assessment concerning the need to proceed with a revision of the Italgas Related-Party Transactions Procedure (taking into account, *inter alia*, any changes in the ownership structure, as well as the proven efficacy of the procedures in practice), concluded that it was not necessary to modify the current text after having received the favourable opinion expressed by the Control, Risk and Related Party Transactions Committee.

By way of Resolution No. 21624 of 10 December 2020, Consob amended the Consob Related Parties Regulation in implementation of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (so-called SHRD II), providing that issuers had to adapt their procedures by 30 June 2021 and apply them as of 1 July 2021⁶⁷.

On 14 June 2021, the Italgas' Board of Directors, following the favourable opinion expressed by the Control, Risk and Related Party Transactions Committee on 9 June 2021, approved the revision of Italgas' RPT Procedure in order to adapt it to the new version of the Consob Related Parties Regulation in force as of 1 July 2021. The revised version of the RPT Procedure will apply from 1 July 2021.

Considering that transactions with related parties are important for the Group in relation to two different aspects - management procedures and corporate reporting - Italgas' RPT Procedure has been adopted:

- to take account of the rules introduced by the Consob Related Parties Regulation, as in force at the date of this Report;

- in compliance with the provisions and recommendations of the Italgas Group's Corporate Governance Code and Code of Ethics;
- in compliance with the Unbundling Regulations, taking account of the specific nature of the activities carried out by the Italgas Group subject to the supervision of the Regulatory Authority for Energy, Networks and the Environment (in compliance with law no. 481 of 1995 and legislative decree no. 164 of 2000);
- in coordination with the provisions of the administrative and accounting procedures pursuant to art. 154-bis of the CLF.

The Company applies Italgas' RPT Procedure to related party transactions entered into by Italgas, either directly or through subsidiaries, and takes into account Consob Communication no. DEM/10078683, published on 24 September 2010, containing "Indications and guidelines for the application of the Regulation on related party transactions adopted by resolution no. 17221 of 12 March 2010 as subsequently amended".

b) Definition of Related Parties and Related Party Transactions

One of the main changes introduced by the new Consob Related Parties Regulation concerns the definition of "related parties" and "related party transactions", by referring to the definitions contained in the international accounting standards adopted in accordance with the procedure set out in Article 6 of Regulation (EC) No. 1606/2002 ("International Accounting Standards").

In line with this amendment, Italgas' RPT Procedure provides that "Related Parties" and "Related Party Transactions" are those defined as such by the International Accounting Standards in force at the time negotiations begin or, in the absence of negotiations, at the time the relevant decision is taken.

For ease of reference, Annex 2-bis has been added to the Italgas' RPT Procedure, which contains the definitions of Related Parties and the functional definitions indicated in the International Accounting Standards in force at the time.

⁶⁷ Consob Resolution No. 21624 of 10 December 2020, which amended the Consob Related Parties Regulation in the implementation of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 (so-called SHRD II), in fact requires that "Companies shall adapt the procedures provided for in art. 4 of Regulation No. 17221 of 12 March 2010 to the amendments made by this resolution by 30 June 2021 and apply the same starting from 1 July 2021".

c) Related Parties and Subjects of Interest Database

Italgas' RPT Procedure provides that, before carrying out a transaction, it is necessary to verify whether the counterparty is a Related Party of the Company or a Subject of Interest⁶⁸ by using a database (the "Related Parties and Subjects of Interest Database") which gathers such subjects in compliance with confidentiality regulations.

The Related Parties and Subjects of Interest Database is created on the basis of the company register of shareholdings, the declarations that the persons indicated in point I, letter a) (i) and (ii) of Annex 2-bis of Italgas' RPT Procedure, as well as the directors, the statutory auditors and managers with strategic responsibilities of Italgas, periodically issue with reference to the identification of Related Parties related to them and, limited to the directors and statutory auditors of Italgas, the Subjects of Interest, as well as further information available to the Italgas Group. In particular, for the purposes of updating the Database, the Corporate Affairs Department, at least annually sends the persons indicated in point I, letter a) (i) and (ii) of Annex 2-bis of the Italgas RPT Procedure, as well as the directors and statutory auditors and other executives with strategic responsibilities of Italgas, a declaration to be filled in, signed and sent to the Corporate Affairs Department, which is also appointed to keep the Database of Related Parties and Subjects of Interest.

d) Transactions with related parties involving transactions of greater importance, transactions of lesser importance and transactions of negligible value

The Italgas Related-Party Transactions Procedure involves a differentiated arrangement governing related parties, distinguishing between "transactions of greater importance", "transactions of lesser importance" and "transactions of negligible value".

For the purposes of the Italgas RPT Procedure, transactions with related parties for which at least one of the

following "indices of relevance" exceeds the threshold of 5% (or 2.5%, in the case of transactions with a listed parent company or with parties related to the latter that are themselves related to the Company) are considered "significant transactions":

- **value significance indicator:** meaning:
 - the ratio between the value of the transaction and the net equity taken from the most recent consolidated balance sheet published by the Italgas Group;
 - or, if it is greater, the capitalisation of the Company measured at the close of the last day the market is open in the reference period of the most recent periodic accounting document published (annual or half-year financial report, or additional periodic financial disclosures, where drawn up);
- **assets significance indicator:** meaning the ratio between the total assets of the organisation that is the subject of the transaction and the total assets of the Italgas Group, in accordance with what is indicated in the most recent consolidated balance sheet published by the Italgas Group;
- **liabilities significance indicator:** meaning the ratio between the total liabilities of the entity purchased and the total assets of the Italgas Group, in accordance with what is indicated in the most recent consolidated balance sheet published by the Italgas Group; where possible, similar data should be used for calculating the total liabilities of the Company or the business unit purchased.

"Transactions of lesser importance" are transactions with related parties other than "transactions of greater importance" and "transactions of negligible value".

The Italgas Related-Party Transactions Procedure establishes the criteria and levels for identifying "transactions of negligible value", in other words transactions with related-parties which, in consideration of the size of the Italgas Group, do not involve any appreciable risk to the protection of investors and the integrity of Italgas' capital and which are, therefore, excluded from the scope of application of the Italgas Related-Party Transactions Procedure. The significance thresholds for the purposes of identifying "small-value transactions" are differentiated, for example, in relation to the type of counterparty

⁶⁸ Namely the entities subjects (natural or legal persons, other than Related Parties) indicated by directors and statutory auditors, who may have a direct or indirect interest, even potential, in the activities carried out by Italgas and by the Subsidiaries or in certain transactions.

(natural person, company, listed company or company with shares widely distributed among the public) or the operation.

Types of transactions are specified in the Italgas Related-Party Transactions Procedure which, in conformity with the Consob Related-Parties Regulation, are excluded from the scope of application.

The cases of exclusion have been specified and supplemented in the light of the recent amendment to the Consob Related Parties Regulation, for example through the inclusion among the cases of exclusion of transactions decided by the Company and addressed to all shareholders on equal terms, including: (i) capital increases on a rights offering, including for servicing convertible debenture loans, and the free capital increases envisaged by Article 2442 of the Italian Civil Code; (ii) demergers in the strictest sense, in whole or in part, with assignment of shares on a proportional basis; (iii) share capital reductions by means of reimbursement to shareholders, as provided for by Article 2445 of the Italian Civil Code, and purchases of own shares in accordance with Article 132 of the Consolidated Law on Finance [CLF].

In line with the changes recently introduced by the Consob Related Parties Regulation, the Italgas RPT Procedure provides that, in the case of Ordinary Transactions with Related Parties that are concluded at Conditions Equivalent to Market Conditions or Standard Conditions that qualify as Major Transactions, the following must be notified to Consob and to the Committee responsible for expressing its opinion, by the Corporate Affairs Department, the counterparty, the object and the consideration of the transactions that have benefited from the exclusion, as well as the reasons why the transaction is deemed to qualify as an Ordinary Transaction concluded at Conditions Equivalent to Market or Standard Conditions, providing objective elements of proof; the communication must be sent to Consob and to the competent Committee within seven days from the approval of the Major Transaction by the competent body or, if the competent body resolves to submit a contractual proposal, from the moment when the contract, even if preliminary, is concluded.

e) Approval process for related-party transactions

The Italgas Related-Party Transactions Procedure establishes specific information flows prior to the approval of related-party transactions and requires the issuing by the competent Committee of a reasoned opinion on the interest of the Company in completing the transaction and its expediency and the essential correctness of the related conditions. In line with the changes recently introduced by the Consob Related Parties Regulation, Italgas' RPT Procedure expressly provides that the opinion must be attached to the minutes of the Committee meeting at which it was expressed.

This reasoned opinion is binding in the case of "large transactions". The responsibility for approving "large transactions", where they do not come under the scope of the Shareholders' Meeting pursuant to the law and By-Laws, is reserved to the Board of Directors.

Similar provisions to those described above apply in the case of related-party transactions which come under the scope of the Shareholders' Meetings.

The Italgas Related-Party Transactions Procedure includes specific obligations of transparency in relation to the public with regard to transactions with related-parties, in compliance with the Consob Related-Parties Regulation.

f) Committee responsible for issuing the reasoned opinion

The Committee responsible for issuing the reasoned opinion is usually identified as the Control, Risk and Related Party Transactions Committee. However, in the case of transactions involving the remuneration of directors, statutory auditors, general managers and other executives with strategic responsibilities, this Board Committee is the Appointments and Compensation Committee, with the Control, Risk and Related Party Transactions Committee remaining in charge of verifying compliance of the transaction approval process with Italgas' RPT Procedure.

The Committee shall be composed of: (i) in the case of a Minor Transaction, by unrelated and uninvolved directors, the majority of whom shall be independent; (ii) in the case of a Major Transaction, entirely by unrelated and uninvolved independent directors. The Italgas Related Parties Procedure provides for a mechanism of integration and replacement of the members of the relevant Committee if the composition requirements specified above are not met in relation to a given related party transaction⁶⁹.

The Committee may be assisted, at the Company's expense, by one or more independent experts of its choice, subject to verification of their independence. In line with the recent amendments made to the Consob Related Parties Regulation, Italgas' RPT Procedure provides that such verification shall be conducted by the Committee taking into account the economic, equity and financial relations between the independent expert and: (i) the related party counterparty of the transaction, the companies it controls, the subjects that control it and the companies subject to joint control; (ii) Italgas, the subjects that control Italgas, the companies controlled by Italgas or subject to joint control with the latter, (iii) the directors of the companies referred to under the previous points (i) and (ii).

The Control, Risk and Related Party Transactions Committee did not issue any opinions on Related Party Transactions of Lesser or Greater Importance during the financial year.

g) Information Notice to the Control, Risk and Related Party Transactions Committee and update of the RPT Procedure

Pursuant to the RPT Procedure, the Control, Risk and Related Party Transactions Committee receives from the Corporate Affairs Department, at least annually and with reference to Transactions of Greater Importance, information on the application of the cases of exemption set forth in the RPT Procedure. On 3 February 2023, the Control, Risk and Related Party Transactions Committee, in a joint meeting with the Board of Statutory Auditors, examined the report for the financial year.

Lastly, pursuant to the RPT Procedure, the Control, Risk and Related Party Transactions Committee assesses on an annual basis the adequacy of the procedure taking into account, *inter alia*, any changes that have been

made to the ownership structures, as well as the efficacy demonstrated by the procedures in their application, including with regard to the congruence of the importance thresholds of the RPTs and the result of the assessment. The Committee submits any revisions it deems necessary to the Board of Directors.

The Committee, at the same meeting on 3 February 2023, deemed the RPT Procedure to be adequate, given that no changes had occurred in the ownership structure and that the RPT Procedure had proven effective in practice, also with reference to the appropriateness of the importance thresholds of the RPTs, and therefore did not make any proposals to the Board of Directors to update it.

h) Transactions involving the interests of the Directors and Statutory Auditors

Also in compliance with Article 2391 of the Italian Civil Code, the Italgas Related-Party Transactions Procedure includes a specific framework applicable to transactions in which a director or a statutory auditor has a personal interest or an interest on behalf of others, and transactions to be conducted with "parties of interest", defined as parties, other than related parties, such as directors and statutory auditors, in relation to whom there may directly or indirectly be an interest, including a potential one, in relation to the activity carried out by Italgas and its Subsidiaries or in connection with certain transactions.

Under this scope the Italgas Related-Parties Transactions Procedure directors and statutory auditors are required to declare potential interests that they have in relation to the Italgas Group at least annually, and when changes in said interests occur; they also inform the Chief Executive Officer (or the Chairman/Chairwoman, in the case of the Chief Executive Officer's interests), who in turn informs the other directors and the Board of Statutory Auditors, of individual transactions that the Italgas Group intends to carry out and in which they have an interest.

The Italgas Related-Party Transactions Procedure is available on the Company's website: <https://www.italgas.it/wp-content/uploads/sites/2/2021/07/ITH-STC-069-R01-Parti-correlate.pdf>

69 In particular, Italgas' RPT Procedure provides that, in the case of Major or Minor Transactions, if the Committee is not entirely made up of unrelated and uninvolved directors, the members of the Committee who are not unrelated and uninvolved directors shall be replaced, for the purpose of issuing the opinion on that specific RPT:

- in the case of Transactions of Lesser Importance, by unrelated and uninvolved Directors in order of seniority until it is made up entirely by unrelated and uninvolved Directors, the majority of whom are Independent Directors;

- in the case of Transactions of Greater Importance, by unrelated and uninvolved Independent Directors in order of seniority until it is made up entirely by unrelated and uninvolved Independent Directors.

If it is not possible to make such a momentary substitution, the Committee informs the Board of Directors which shall appoint an Independent Expert.

Appointment and replacement of statutory Auditors

12 Appointment and replacement of statutory Auditors



Pursuant to the By-Laws, the Board of Statutory Auditors is composed of three standing auditors and two alternate auditors appointed by the Shareholders' Meeting, which also decides on remuneration in compliance with the pro-tempore regulations in force including gender equality.

Statutory auditors must possess the requirements of integrity and professionalism established by the applicable regulations, specifically Decree no. 162 of 30 March 2000 of the Ministry of Justice. For the purpose of applying this decree and as laid down by Article 20.1 of the By-Laws, issues closely related to the activities of the Company are commercial law, business administration and corporate finance, and the sector closely related to the activities of the Company is the engineering and geology sector.

The limits on the number of offices that statutory auditors can take as members of the administrative and control bodies of other companies are established in the Issuer's Regulations.

Pursuant to the By-Laws and the Decree of the President of the Council of Ministers of 25 May 2012, on "Criteria, terms and conditions for the adoption by Snam S.p.A. of the ownership unbundling model, pursuant to Article 15 of Law no. 27 of 24 March 2012", statutory auditors of Italgas cannot hold any office in the management or control body, nor can they hold any management functions, at Eni S.p.A. or its subsidiaries, nor have any relations, direct or indirect, of a professional or financial nature with these companies.

When the entire Board of Statutory Auditors is renewed, auditors are appointed according to the slates submitted by shareholders.

The statutory provisions currently in force governing slate voting for the appointment of the Board of Statutory Auditors are listed below.

As indicated in Chapter 4.1 of this Report, the new rules on gender balance were applied during the financial year at the renewal of the Board of Statutory Auditors resolved by the Shareholders' Meeting on 26 April 2022. In this regard, it should be noted that art. 144-undecies.1, subsection 3, of the Issuers' Regulations - as already indicated in Communication no. 1/20 of 30 January 2020⁷⁰ - provides, *inter alia*, that for corporate bodies made up of three members, such as the Board of Statutory Auditors of Italgas, rounding down is performed to the nearest whole number.

⁷⁰ See Communication no. 1/20 of 30 January 2020 on "Clarifications relating to the amendments of the provisions in articles 147-ter and 148 of Italian Legislative Decree 58/98 (Consolidated Law on Finance - CLF) on the issue of gender balance in the bodies of listed Companies introduced by Law no. 160 of 27 December 2019 ("2020 Budget Law").

Slate voting for the appointment of the Board of Statutory Auditors (Article 20)

The Board of Statutory Auditors is appointed by the Shareholders' Meeting, in compliance with applicable laws regarding balance between genders and based on the slates presented by the shareholders in which the candidates are listed by progressive number, and in a number not to exceed the members of the body to be elected.

Slates are filed at the registered office by the twenty-fifth day prior to the date of the Shareholders' Meeting called to decide on the appointment of the members of the Board of Statutory Auditors and made available to the public by the methods provided for by law and by Consob regulations, at least twenty-one days prior to the date of the Shareholders' Meeting.

Each shareholder may submit or be involved in submitting only one slate and may vote on only one slate, according to the terms provided for by the above-mentioned legal and regulatory provisions.

Only shareholders who alone or together with other shareholders represent 2% or are the owners overall of another percentage of shares stipulated by Consob regulations shall be entitled to submit slates⁷¹.

The ownership of the minimum percentage necessary for the submission of slates is determined by the shares registered on the date on which the slates are filed at the Company. Shareholders must also produce the certification issued pursuant to the law by authorised intermediaries.

The slates break down into two sections: the first for candidates to the office of standing auditor, and the second for candidates to the office of alternate auditor. At least the first candidate in each section must be included in the Register of Auditors and must have a minimum of three years' experience as an external auditor.

In order to comply with the applicable law on gender representation, slates with candidates for both sections which contain three or more candidates presented for appointment of the majority of the Board of Statutory Auditors' members must contain candidates of each gender in the section for the appointment of standing auditors, in accordance with the call notice of the Shareholders' Meeting. If the section of alternate auditors on these slates has two candidates, they must be of different genders.

Two standing auditors and one alternate auditor are taken from the slate that wins the majority of the votes. The remaining two auditors shall be taken from other slates that are not linked in any way, even indirectly, to the shareholders that presented or voted for the slate coming first by number of votes. To this end,

⁷¹ Consob - through its Managerial Resolution of the Head of the Corporate Governance Division no. 76 of 30 January 2023 - decided, pursuant to Article 147-ter, paragraph 1 and Article 148, paragraph 2 of the CLF and Article 144-septies, paragraph 1, of the Issuers' Regulation, that the minimum level of investment required for the presentation of lists of candidates for the election of Italgas management and control bodies was 1%.

the votes received by the slates will be successively divided by one and two. The quotients thus obtained will be assigned progressively to candidates from each of these slates, according to the order shown therein and will be arranged in a single decreasing gradation.

Those obtaining the highest quotients will be elected. If several candidates obtain the same quotient, the candidate from the slate that has not yet elected any director or that has elected the smallest number of directors will be elected. If none of these slates has yet elected a director or if all have elected the same number of directors, the candidate from the slate obtaining the greatest number of votes will be elected. If the voting on slates is a tie and the quotient is also a tie, the entire Shareholders' Meeting will be asked to vote again, and the candidate winning a simple majority of votes will be elected.

Where the application of the above procedure fails to ensure compliance with the law on gender representation for the standing auditors, the quotient of votes to be attributed to each candidate taken from the standing auditor sections of the different slates shall be calculated by dividing the number of votes for each slate by the order number of each of these candidates; the candidate of the most represented gender with the lowest quotient among the candidates taken from all the slates shall be replaced by the candidate of the least represented gender (with the highest consecutive number) from the same standing au-

ditor section of the slate of the replaced candidate, or, failing this, from the alternate auditor section of the same slate as the replaced candidate (who, in this case, takes the place of the alternate auditor that they have just been replaced by), if this does not allow compliance with the regulations on gender equality, they are replaced by the person appointed by the Shareholders' Meeting with a legal majority to ensure that the composition of the Board of Statutory Auditors complies with the law and the By-Laws.

Where candidates from different slates have obtained the same quotient, the candidate from the slate from which the greater number of Statutory Auditors has been taken shall be replaced, or the candidate taken from the slate with the fewest votes shall be replaced, or, if the number of votes is the same, the candidate who receives the fewest votes in a dedicated resolution by the Shareholders' Meeting shall be replaced.

In the event of the replacement of a statutory auditor from the slate that wins the majority of the votes, they are replaced by the alternate auditor from the same slate; in the event of replacement of a statutory auditor from other slates, they are succeeded by the alternate auditor from these slates. If the replacement does not allow compliance with the regulations on gender balance, the Shareholders' Meeting must be convened in a timely fashion to ensure compliance with the aforementioned regulations.

Composition and Operation of the Board of Statutory Auditors

13 Composition and Operation
of the Board of Statutory Auditors



a) Composition

The Board of Statutory Auditors of Italgas in office until the Ordinary Shareholders' Meeting of 26 April 2022 had been appointed by the Ordinary Shareholders' Meeting of 4 April 2019 and was composed of three standing auditors and two alternate auditors. In particular, (i) Pierluigi Pace (Chairman); (ii) Maurizio Di Marcotullio (Standing Auditor); (iii) Marilena Cederna (Standing Auditor); (iv) Stefano Fiorini (Alternate Auditor); (v) Giuseppina Manzo (Alternate auditor).

The Chairman of the Board of Statutory Auditors and one of the alternate auditors were drawn from the slate submitted by institutional investors holding a total of 1.366% of the share capital⁷², voted by the minority shareholders who attended the Shareholders' Meeting with about 26.23% of the share capital represented at the Shareholders' Meeting. The two standing auditors and one alternate auditor, instead, were drawn from the slate submitted by the shareholder CDP Reti, which holds 26.045% of the share capital⁷³, voted by the majority of shareholders who attended the meeting with approximately 72.26% of the share capital represented at the meeting. The Board of Statutory Auditors expired on the date of the Shareholders' Meeting that approved the financial statements for the year ending 31 December 2021, i.e. 26 April 2022.

The term of office of the members of the Board of Statutory Auditors as above, expired with the Shareholders' Meeting for approval of the financial statements as at 31 December 2021, which took place on 26 April 2022.

The ordinary Shareholders' Meeting of 26 April 2022 thus appointed the Board of Statutory Auditors in office at the end of the financial year and at the date of this Report. The Board of Statutory Auditors consists of three Standing Auditors and two Alternate Auditors.

In particular, the Chairwoman of the Board of Statutory Auditors⁷⁴ was taken from the slate submitted by the shareholder Inarcassa, holding 1.3745% of Italgas' share capital, voted by the minority shareholders who attended the Shareholders' Meeting, with around 40.31% of the share capital represented at the Shareholders' Meeting. An Alternate Auditor was elected by the Shareholders' Meeting, as proposed by the Shareholder Inarcassa, with around 99.37% of the share capital represented at the Shareholders' Meeting⁷⁵. The two standing auditors and one alternate auditor were drawn from the slate submitted by the shareholder CDP Reti, which holds 26.009% of the share capital, voted by the majority of shareholders who attended the meeting with approximately 59.43% of the share capital represented.⁷⁶ The Board of Statutory Auditors appointed in this way will remain in offices for three financial years, expiring on the date of the Shareholders' Meeting called for the approval of the draft financial statements for the year ending 31 December 2024.

Name	Office
Giulia Pusterla	Chairman
Maurizio Di Marcotullio	Standing Auditor
Paola Maria Maiorana	Standing Auditor
Stefano Fiorini	Alternate Auditor
Barbara Cavalieri	Alternate Auditor

⁷² The Chairman of the Board of Statutory Auditors Pierluigi Pace and the alternate auditor Giuseppina Manzo.

⁷³ The Standing Auditors Maurizio Di

Marcotullio, Marilena Cederna and the Alternate Auditor Stefano Fiorini.

⁷⁴ Giulia Pusterla.

⁷⁵ Barbara Cavalieri.

⁷⁶ The Standing Auditors Maurizio Di Marcotullio and Paola Maria Maiorana and the Alternate Auditor Stefano Fiorini.

Each of the members of the Board of Statutory Auditors has been certified at the time of appointment as being in possession of the requirements of independence required by the Consolidated Law on Finance (Article 148, subsection 3, of the CLF) and by the Corporate Governance Code (specifically, Article 2 Recommendations 7 and 9 of the Corporate Governance Code), there being no grounds for ineligibility, incompatibility or forfeiture, as well as the existence of the requirements of professionalism and integrity and compliance with the limit on the number of offices that can be held pursuant to the applicable regulations and the By-Laws. One Standing Auditor and one Alternate Auditor belong to the least represented gender (male) and two Standing Auditors, including the Chairwoman, and one Alternate Auditor belong to the most represented gender (female), in compliance with current legislation on gender balance.

At the first opportunity after its appointment, i.e. on 26 April 2022, the Board of Statutory Auditors verified and confirmed the possession of the requirements of independence laid down pursuant to the Consolidated Law on Finance and the Corporate Governance Code and the requirements of professionalism and integrity of its members and notified the Board of Directors of the Company of the outcome. Disclosure to the market was made on the same day according to the checks carried out. At the time of appointment, the Chairwoman of the Board of Statutory Auditors and the other standing auditors confirmed that they can dedicate the necessary time to carrying out their tasks diligently pursuant to the Corporate Governance Code.

Most recently on 03 March 2023, the Board of Statutory Auditors confirmed the absence of situations of ineligibility, incompatibility and forfeiture involving its members and checked whether its members still met the requisites of professionalism and integrity and compliance with the limitation on the accumulation of offices pursuant to applicable legislation and the Bylaws. On the same date, the Board of Statutory Auditors verified that its members continued to meet the independence requirements pursuant to Article 148, subsection 3 of the CLF and the Corporate Governance Code, also taking into account the quantitative and qualitative criteria applied to assess independence, as approved by the Board of Directors on 22 February 2023 (see 4.6 above).

On 3 March 2023, the Board of Statutory Auditors reported the result of this verification to the Company's Board of Directors, which, having acknowledged the verification carried out by the Board of Statutory Auditors in respect of its members, also verified, on 9 March 2023, that the independence requirements of the members of the Board of Statutory Auditors were still met.

It should be noted that, in making the above assessments, all available information was considered, evaluating all the circumstances that appear to compromise independence identified by the Consolidated Law on Finance and the Corporate Governance Code, and applying (among other criteria) all the criteria set out in the Code with reference to the independence of directors.

The remuneration of statutory auditors is proportional to the commitment required of the same, to the importance of the office held as well as the size of the Company and the sector it operates in. In fact, it provides for a fixed annual remuneration, determined on the basis of market benchmarks conducted with reference to a peer group of Italian companies comparable with Italgas on the basis of size and business criteria, there being a differentiation in the remuneration of the Chairman/Chairwoman compared to the Standing Auditors, in relation to the role, assigned to the former, of coordinating the work and liaising with the Corporate Bodies and Departments. In view of the nature of the position, there are no short-term or long-term variable incentive components, nor agreements on end-of-mandate settlement and compensation.

With regard to the description of corporate policies on diversity pursuant to Article 123-bis, letter d-bis, CLF, it should be noted that, on 24 January 2019, the Issuer's Board of Directors - after receiving the opinion of the Appointments and Compensation Committee of 23 January 2019 - approved the "Diversity of Company Bodies policy", which was subsequently updated on 25 January 2021 in order to adapt its provisions to the Corporate Governance Code. The policy, with reference to the Board of Statutory Auditors, provides that an optimal composition of the Issuer's control body can be ensured by compliance with the following criteria:

- i. at least one third of the statutory auditors consisting of the least represented gender, without prejudice to any legislative provisions in force over time regarding gender balance and envisaging a higher proportion;
- ii. all statutory auditors having the independence requirements provided for by the applicable pro-tempore legislation and, where applicable, by the Company Bylaws;
- iii. where possible, taking into account the skills needed for the proper and diligent performance of their functions, members of the Board of Statutory Auditors of different age groups and, as far as compatible with the necessary independence requirements, different levels of seniority, so that different perspectives are represented and there is an adequate balance between continuity and change;
- iv. without prejudice to compliance with the requirements of professionalism provided for by law, training and professional training of the statutory auditors to ensure a balanced combination of profiles and experience within the body suitable to ensure the proper performance of the functions assigned to it.

In addition, the policy provides that:

- the members of the Board of Statutory Auditors, in its capacity as Internal Control and Audit Committee, must be, as a whole, competent in the field in which the Company operates, as required by current legislation on statutory audit;
- all the members of the Board of Statutory Auditors should devote adequate time to the performance of the position held in the Company. From this aspect

they pointed out a) the limits to the accumulation of offices held provided for by the pro-tempore legislation in force, as well as b) the actual commitment required by the positions occupied, as well as the further work and professional activities carried out.

The Diversity of Company Bodies Policy can be consulted on the Company's website <https://www.italgas.it/governance/consiglio-amministrazione/>

As regards the company's diversity policies in relation to the composition of the Board of Statutory Auditors in office, including for the purposes of disclosure of the results of the Diversity of Company Bodies Policy, the following is specified: (i) one Standing Auditor and one Alternate Auditor belong to the least represented gender (male); (ii) without prejudice to the professional requirements provided for by law, the training and professional background of the members of the Board of Statutory Auditors currently in office guarantees the appropriate skills to ensure the proper performance of their duties.

In the light of the above, the composition of the Board of Statutory Auditors is adequate to ensure the independence and professionalism of its department.

From the end of the Financial Year until the date of the approval of this Report there were no changes to the composition of the Board of Statutory Auditors.

b) Curricula vitae

Below is a summary of the curricula vitae of each member of the Board of Statutory Auditors in office at the end of the Financial Year and at the date of approval of this Report.

Giulia Pusterla (Chairman of the Board of Statutory Auditors and Standing Auditor)

She graduated in Business and Economics from the L. Bocconi University of Milan. She is a member of the Association of Chartered Accountants of Como and is enrolled in the Register of External Auditors. She has held important positions as Chairperson of the Association of Chartered Accountants of Como (2003-2007), member of the National Council of Chartered Accountants and Auditors and of the Executive Committee of that same National Council, and member of the Higher Council of the Research Institute of Chartered Accountants and Auditors (2008-2012). She was also a member of the Management Council of OIV, and of the Council of "Insol Europe", a European association studying problems connected to company crises and recovery. She is currently the owner of an office specialised in company crises and recovery, corporate and tax consultancy and corporate governance. She is also a mem-

ber of the Boards of Directors and Statutory Auditors of listed companies such as Banco di Desio and Brianza S.p.A. She has been appointed independent director and Chairman of the Control and Risk Committee of Risanamento S.p.A and Chairman of the Board of Statutory Auditors of Italgas S.p.A. She also holds the position of extraordinary commissioner in the extraordinary administration procedures of some companies and of commissioner and official receiver, insolvency practitioner and sales delegate for Como Court of Law and technical advisor to the Judge and Public Prosecutor with the Prosecutor's Offices of Como and Milan. She was independent councillor for the budget, financial and tax policies, investments and equal opportunities for the Municipality of Como.

Maurizio Di Marcotullio (Standing Auditor)

Chartered Accountant, member of the Association of Chartered Accountants of Rome and enrolled on the Register of External Auditors. He has gained significant experience working with leading tax consulting firms.

He practises as a Chartered Accountant in the following areas: national and international tax planning, taxation of extraordinary transactions, business appraisals and valuations, wealth management, taxation of renewable energy, real estate tax. He is an expert in contract negotiations for M&A transactions and company law. He assists private equity funds in investment transactions. He is a statutory auditor and on the board of directors of joint stock companies, including listed companies.

Paola Maria Maiorana (Standing Auditor)

She graduated with full marks in Business Administration from the L. Bocconi University in Milan. She is a Chartered Accountant and Auditor. She has acquired considerable skills in the Capital Markets area, and can claim significant experience in complex transactions such as IPOs, increase in capital and the issue of bonds, take-over bids, M&A transactions, mergers and demergers. She has also performed important auditing activities for national and international customers, some listed on the stock exchange, mainly referred to the Consumer and Industrial Markets sector. In 1989 she joined KPMG S.p.A., and has been a partner since 2001. She is responsible for the Capital Markets activities of the KPMG Italia network and KPMG representative for relations with the Italian Stock Exchange and Consob for listing companies and extraordinary finance transactions. She is also head of the Capital Markets Research Group of ASSIRE-VI. She held the position of Standing Auditor in Telecom Italia S.p.A. (2015-2017) and Chair of the Board of Statutory Auditors of Moleskine S.p.A. (2013-2017).

Stefano Fiorini (Alternate auditor)

Born in Genoa on 15 July 1969. Degree in Business Economics. Certified Auditor. He is listed in the Register of Technical Experts of the Civil Court of Rome, the Register of Expert Witnesses of the Criminal Court of Rome and the Register of Judicial Administrators, ordinary section. He has acquired significant experience in the main sectors of industrial activity and services. He has worked in auditing, at KPMG S.p.A. and Arthur Andersen S.p.A., and in debt restructuring, for Gallo & C. S.p.A. He served as Investment Director at PM & PARTNERS and ABN Amro Capital Investments NV. He provides consulting services in relation to extraordinary financial transactions and in civil and criminal proceedings concerning disputes in corporate-economic and financial matters. He holds, and has held, positions in the corporate governance of companies, including listed companies. He is currently, *inter alia*, Chairman of the Board of Statutory Auditors of IGI SGR S.p.A., CY4GATE S.p.A. and Phoenix Asset Management S.p.A., sole auditor of Capri Footwear Industries S.r.l. and Prosilas S.r.l., as well as standing auditor of Azimut Holding S.p.A., Baglioni S.p.A., Elemaster S.p.A., Friulair S.r.l., GIA S.p.A., Gold Plast S.p.A., and liquidator of Europrogetti & Finanza S.r.l. He is an associate of NedCommunity, the Italian association of non-executive and independent directors.

Barbara Cavalieri (Alternate Statutory Auditor)

Graduated in Business Administration. A chartered accountant and External Auditor of the accounts, since 1994 she has been a tax, financial, banking and corporate consultant. Specifically, she has carried out corporate and tax consulting services provided in day-to-day management, company reorganisations and acquisitions and divestments of share packages; assistance to the Corporate Secretariat; corporate contracts; tax due diligence activities; company valuations; tax planning; tax litigation.

She also provides corporate, tax and regulatory consulting on the establishment and ordinary management of S.G.R., S.I.C.A.V. and the structuring of O.I.C.R., as well as advice on anti-money laundering, privacy and administrative liability of entities.

She is currently Chairman, standing member of Boards of Statutory Auditors and member of Supervisory Bodies in medium-sized and large companies.

c) Operation

During the Financial Year, the Board of Statutory Auditors met 27 times; the average length of the meetings was 2 hours and 9 minutes.

With reference to the consensual termination of the ap-

pointment for the external audit of the accounts and the granting of the new appointment for the external audit of the Company's accounts for the period 2020-2028 (see chapter 10.5) the Board of Statutory Auditors in office until 26 April 2022 acknowledged the results of the tender which was awarded by CDP to Deloitte & Touche S.p.A. (for which the activities within the remit of the supervisory body were carried out by the Board of Statutory Auditors whose appointment reached the end of its term at the Shareholders' Meeting on 4 April 2019) upon the outcome of its investigations, on 5 March 2020 approved the Opinion on the consensual termination of the appointment for the external audit of the accounts granted by Italgas to PricewaterhouseCoopers S.p.A. and the motivated grant Proposal for the external audit of the accounts for the period 2020-2028 to be submitted to the Italgas Shareholders' Meeting.

The table in Annex 1 lists the attendance of each auditor at the Board of Statutory Auditors' meetings during the Financial Year.

For the current financial year up to the date of the Shareholders' Meeting, 9 meetings have been scheduled, of which 4 have already been held at the date of approval of this Report.

The Board of Statutory Auditors, in accordance with Article 149 of the Consolidated Law on Finance, monitors: a) compliance with the law and founding documents; b) compliance with the principles of correct administration; c) adequacy of the company's organisational structure for the aspects within its remit, the internal control system and the administrative-accounting system as well as the reliability of the latter in correctly representing operational events; c bis) procedures for the practical implementation of the rules of corporate governance envisaged in codes of conduct drawn up by companies managing regulated markets or by trade associations, which the company, through public disclosure, declares its compliance with, d) adequacy of the instructions given by the company to subsidiaries pursuant to Article 114, subsection 2 of the said CLF.

Note that Legislative Decree no. 39/2010, as later amended, attributes the Board of Statutory Auditors with the functions of "Committee for internal control and auditing" and, in particular, the following supervisory duties: a) informing the management body of the entity under audit of the outcome of the independent audit and sending said body the additional report set forth in Article 11 of Regulation no. 537/2014, accompanied by any observations; b) monitoring the financial disclosure process and presenting recommendations or proposals that seek to guarantee its integrity; c) checking the effectiveness of the Company's internal quality control and risk management systems and, if applicable, of internal auditing, with

regard to the financial disclosures of the entity under audit, without infringing upon its independence; d) monitoring the independent auditing of the annual financial statements and of the consolidated financial statements, also taking into account any results and conclusions of quality controls made by Consob pursuant to Article 26, subsection 6, of Regulation no. 537/2014, where available; e) verifying and monitoring the independence of the independent auditors of the independent auditing company, pursuant to Articles 10, 10-bis, 10-ter, 10-quater and 17 of Legislative Decree no. 39/2010 and of Article 6 of Regulation no. 537/2014, in particular as regards the adequacy of the services provided other than the auditing of the entity under audit, in compliance with Article 5 of said regulation; f) being responsible for the procedure to select independent auditors or independent auditing companies and recommending the independent auditors or independent auditing firms to appoint pursuant to Article 16 del Regulation no. 537/2014.

For further details on the activities performed during the Financial Year by the Board of Statutory Auditors, refer to the report on supervisory activities of the Board of Statutory Auditors, drawn up pursuant to Article 153 of the CLF.

d) Induction Programme

During the Financial Year, the members of the Board of Statutory Auditors were able to participate in the induction activities illustrated in paragraph 4.3d) of this Report.

e) Interests of statutory auditors

The Italgas Related-Party Transactions Procedure includes specific reporting obligations with regard to any interests, a personal interest or an interest on behalf of others, of auditors in relation to Company transactions (see Chapter 11 of this Report).

f) Coordination with the Control, Risk and Related Party Transactions Committee and the Internal Audit department

The Board of Statutory Auditors and the Control, Risk and Related Party Transactions Committee exchange relevant information for carrying out their respective functions and meet at least quarterly in order to evaluate the results. In order to optimise the collaboration, during the Financial Year, the Board of Statutory Auditors took part in the work of the Control, Risk and Related Party Transactions Committee.

The Board of Statutory Auditors and the Control, Risk and Related Party Transactions Committee receive and collect relevant information, at least quarterly, from the control functions (Internal Audit, Risk Management, Compliance) and from the Independent Auditors about checks carried out and any weaknesses or critical areas or anomalies discovered.

During the Financial Year, the Board of Statutory Auditors met with the Internal Audit department and examined the "Guidelines on Internal Audit activities", the role, activities, methodologies and information flows of the function, as well as the 2023 draft audit plan for the Italgas Group.

During the financial year, the Board of Statutory Auditors met jointly with the CRRPTC ten times, on 31 January 2022, 17 February 2022, 25 February 2022, 3 March 2022, 1 June 2022, 27 June 2022, 20 July 2022, 17 October 2022, 21 November 2022 and 5 December 2022.

The Internal Audit Department attended the meetings of the Board of Statutory Auditors on 10 February 2022, 18 May 2022, 12 September 2022 and 14 December 2022.

Relations with Shareholders

14 Relations with Shareholders



An active engagement policy with regard to investors is considered by Italgas to be a strategic element capable of creating value over time in terms of satisfying its shareholders, understanding their expectations regarding corporate governance and strategy, and mutual enhancement of knowledge.

Italgas adopts a disclosure policy aimed at guaranteeing constant dialogue with the entire financial community; the Company's goal is to establish a relationship of trust with shareholders, investors, analysts and all financial market operators, and to provide them with regular, complete and prompt information to ensure an excellent understanding of the Italgas Group's performance and strategy.

Starting from March 2020, the role of Investor Relations manager has been taken on by Ms Anna Maria Scaglia.

The Company has reserved specific sections on its website (www.italgas.it) of interest to shareholders and investors ("Governance", "Investors", "Sustainability" and "Media") in which information concerning the Issuer is made available, so that shareholders can exercise their rights in an informed manner. This includes, among other things, information on the Company's corporate governance (e.g., Articles of Association, composition of corporate bodies, policies on business ethics and internal control), economic-financial information (e.g., financial statements and reports, presentations to the financial community, trading performance of the Company's shares) and non-financial information (e.g., performance of key sustainability indicators) as well as press releases and the Company's financial calendar.

In order to further promote an open, constant dialogue with all its shareholders and in compliance with the recommendations of the new Code of Corporate Governance (art.1 Recommendation 3), at the meeting on 18 December 2020, the Board adopted, on the proposal of the Chairman made in agreement with the Chief Executive Officer, the **"Policy for the management of dialogue with all Shareholders"** (the "Policy for the management of dialogue with all Shareholders"), which, also taking into account the engagement policies adopted by the main institutional investors and the Italgas asset managers, sets out the general principles, the management procedures and the main contents of the dialogue between Italgas and its Shareholders.

Pursuant to the Policy for the management of dialogue with all Shareholders, such dialogue should take place in accordance with the principles of transparency, timeliness, equal treatment, promotion of the corporate purpose and compliance.

In short, the activities aimed at establishing a dialogue between Italgas and its partners mainly consist of making disclosure documentation (financial statements, business plan, presentations, sustainability plan, etc.) available on the corporate website and offering the possibility of direct contact between the Company and the investors through the Investor Relations Office and the Corporate Affairs Department (Company's Secretary), as well as through the social media channels (as of today Twitter, Instagram, Facebook, LinkedIn). For institutional investors, the Company also organises one-to-one meetings, group meetings, both physical and virtual, presentations in the event of quarterly results and the presentation of the industrial

plan, as well as presentations, investor days, roadshows, conference calls and participation in specific conferences with investors organised by third parties.

The Policy for the management of dialogue with Shareholders, which details the procedures for dialogue with investors, is available for consultation on the Company's website: https://www.italgas.it/export/sites/italgas/italgas-gallery/Documenti_it/Italgas_-_Politica_gestione-dialogo-azionisti.pdf.

The Shareholders' Meeting is seen as an essential appointment for Italgas and its Investors.

In addition, for institutional investors Italgas organised physical and/or virtual one-to-one meetings, group meetings and presentations, managed by the Investor Relations Department, in 2022: (i) the publication of quarterly results (March, May, July and October); (ii) the ordinary shareholders' meeting in April; (iii) the presentation of the 2022-2028 Strategic Plan in June and subsequent roadshow; (iv) pre-meeting shareholder engagement activities; (v) conferences on the utilities or infrastructure sectors. The meetings were attended by members of the Investor Relations department and, as required, the Chief Executive Officer and CFO.

Notwithstanding the fact that sustainability issues, given their strong integration with the strategic topics for the group, were an integral part of the dialogue with shareholders and constituted a constant feature of the same, the meetings with investors focused mainly on the following topics:

- in the first months of the financial year, meetings with the stewardship and shareholder engagement teams mainly focused on issues for approval by the Shareholders' Meeting;
- with the publication of the results as at 31 December 2021, the meetings held in the following months mainly focused on performance in 2021, the progress of the investment plan and digitisation, and the possible evolution of the tenders scenario;
- with the publication of the 2022-2028 Strategic Plan the June and July roadshow focused on the presentation of the plan, the underlying strategic drivers and main upsides and/or downsides; investors focused in particular on the role of gas networks in the energy transition and in energy security;
- September marked the closing announcement of the acquisition of Depa Infrastructure;
- constant themes were energy policy and regulatory policy.

At the Board meeting of 22 February 2023 the Chairman invited the Head of the Investor Relations department to report to the administrative body on the developments and significant content of the dialogue with all shareholders.

Italgas uses the "eMarket SDIR" to transmit Regulated Information and a centralised storage mechanism called "eMarket STORAGE" to store Regulated Information, accessible at the following address www.emarketstorage.it, both of which are managed by Teleborsa S.r.l., with registered office in Foro Buonaparte 10, Milan.

Shareholders' meetings

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15.1 Shareholders' Meetings

The Shareholders' Meeting represents all shareholders and its resolutions oblige shareholders, even if they did not take part, abstained or dissented.

There are Ordinary and Extraordinary Shareholders' Meetings, pursuant to the law, held in a single call and convened through a call notice to be published in accordance with the terms and conditions required by law and are validly constituted and resolve through the legally-required majority. The By-Laws do not provide for derogations from the percentages established pursuant to the applicable regulations for the exercise of the actions and prerogatives put in place for the protection of minorities.

The Ordinary Shareholders' Meeting on 4 August 2016, on the recommendation of the Chairman of the Board of Directors, approved the Regulation governing the orderly and effective conduct of shareholders' meetings, guaranteeing the right of each shareholder to speak on the agenda items being discussed. The Shareholders' Meetings Regulation can be consulted on the Company's website: https://www.italgas.it/export/sites/italgas/italgas-gallery/Documenti_it/07-governance/01-sistema-di-corporate-governance/01-assemblea-degli-azionisti/Regolamento-Assemblea-Italgas.pdf

15.2 Powers of the Shareholders' Meeting

The Shareholders' Meeting resolves on the legally-required issues. However, as permitted by law, the By-Laws give the Board of Directors the power to resolve on the following issues:

- merger by incorporation of wholly-owned companies or at least 90%-owned and demerger in the same scenarios;
- institution, modification and elimination of secondary offices;
- the decrease of the corporate share capital when a shareholder withdraws;
- compliance of the By-Laws with regulatory provisions;
- the transfer of the registered office within Italy.

15.3 Right to attend

The right to attend Shareholders' Meetings is governed by law, the By-Laws and the provisions contained in the call notice.

Pursuant to the applicable regulations, entitlement to attend a Shareholders' Meeting and exercise the right to vote is certified by a notification to the party with the right to vote, sent to the Company by the intermediary and issued based on the accounting evidence at the end of the seventh day the market is open prior to the date set for the Shareholders' Meeting (the "record date").

Whoever has the right to vote can, within the limits of the law, be represented through a written proxy, which the Company should be notified of by certified electronic mail.

In order to facilitate the verification of the representation powers, the Shareholders' Meeting Regulation requires that those who take part in the Shareholders' Meeting as legal or voluntary representatives of those entitled to attend and exercise voting rights can present the documentation proving their entitlement to the Company Secretary.

The By-Laws indicate that the Company must provide space to shareholder associations which satisfy the pertinent regulatory requirements, according to the terms and conditions agreed from time to time with their legal representatives, for communicating and gathering proxies from employee shareholders of the Company and its subsidiaries.

In order to ensure the correctness of the discussion and the right to speak of those having this right, the Shareholders' Meeting Regulation gives the chairman of the meeting the task of managing proceedings and authorising powers. Specifically, when opening the proceedings, the chairman of the meeting establishes the maximum duration of each speech, usually not more than fifteen minutes. Each person entitled to speak at the meeting and exercise the right to vote or their representative can only speak once on each agenda item and can submit a request to speak to the office of the chairman from the time the Shareholders' Meeting is established and until the chairman of the meeting opens the discussion on each agenda item. When invit-

ing people to speak, the chairman of the Meeting usually follows the order the requests to speak were submitted in. Speeches in reply are not permitted. When the discussion is closed, only short declarations of the voting are allowed.

Shareholders may ask questions about agenda items both prior to and during the Meeting. Pursuant to the Shareholders' Meetings Regulation, if shareholders have submitted questions before the start of the proceedings of the meeting for which the Company has not yet given a reply, the Chairman responds during the meeting, at the end of all the speeches on each specific item on the agenda, provided that: (i) the questions are related to the items on the agenda; (ii) the information request is not already available in the "question and answer" format in the dedicated section of the Company's website. The Company can provide a single response to questions having the same content.

In this regard, Article 127-ter of the CLF provides, *inter alia*, that the call notice must indicate the deadline by which questions raised prior to the Shareholders' Meeting must reach the Company. The deadline may not be earlier than five trading days prior to the date of the Shareholders' Meeting on first or single call, or the record date pursuant to Article 83-sexies, subsection 2, CLF (end of the accounting day of the seventh trading day prior to the date set for the Shareholders' Meeting) if the call notice requires the Company to provide, prior to the Shareholders' Meeting, an answer to the questions received. In this case, answers must be provided at least two days before the Shareholders' Meeting, including by publication in a special section of the Company's website; ownership of voting rights may be certified even after sending the questions, provided that this is done by the third day following the aforementioned record date. The Shareholders' Meetings Regulation includes the possibility of experts, financial analysts, journalists and representatives of the independent auditors providing assistance at the meeting, with the consent of the chairman. The request to take part must be received by the Corporate Affairs Department (Company Secretary), in accordance with the methods set out in the call notice, at least two days before the meeting.

15.4 Shareholders' Meetings

During the financial year an ordinary Shareholders' Meeting was held on 26 April 2022.

In view of the health emergency related to the COVID-19 epidemic, the Company has decided to exercise the right provided for in art. 106, subsection 4, of Law Decree no. 18 of 17 March 2020 (so-called "Cura Italia Decree"), establishing that those entitled to participate in the Shareholders' Meeting may only do so through the designated representative of the Company pursuant to art. 135-undecies of the CLF and art. 10.2 of the company Bylaws - i.e., the company Georgeson S.r.l. with registered offices in Rome, Via Emilia 88).

The Chairman of the Board of Directors Alberto dell'Acqua and Directors Paolo Gallo, Silvia Stefini, Qijing Shen, Giandomenico Magliano, Paola Annamaria Petrone, Andrea Mascetti, as well as the Chairman of the Board of Statutory Auditors Pierluigi Pace attended the meeting via conference calls. Directors Veronica Vecchi and Maurizio Dainelli, as well as Standing Auditors Marilena Cederna and Maurizio Di Marcotullio justified their absence.

In order to facilitate the participation in the meeting and the exercise of the right to vote by the shareholders, the Company has identified as designated representative, pursuant to art. 135-undecies of the CLF, Georgeson Srl, an entity with specific know-how in this area, to which the shareholders were able to delegate a representative free of charge, also pursuant to art. 135-novies of the CLF. The Appointed Representative provided support and information to shareholders on the granting of representatives and the exercise of voting rights, making available a toll-free number, a number that can be used from abroad and an email address specifically for Italgas shareholders.

In addition to the e-mail address and telephone numbers of the Corporate Affairs (Company Secretary) and Investor Relations department, the Company has also set up a certified e-mail address reserved for the Shareholders' Meeting. In addition, a section of Italgas' website dedicated to the Shareholders' Meeting has been set up, in which shareholders are provided with the following information: (i) all notices, documents and reports relating to the Shareholders' Meeting, including forms for legal representatives; (ii) an FAQ containing information in "question and answer" format; (iii) indications on how to exercise shareholders' rights (e.g. right to ask questions, right to request integration of the agenda, etc.); (iv) an interface for sending questions directly from the website.

In addition, the Shareholders' Meeting was broadcast live via streaming, in order to allow all shareholders and stakeholders to follow the proceedings of the meeting.

The Board of Directors has worked to ensure that shareholders are provided with adequate information on the elements necessary for them to take, with full knowledge of the facts, the decisions within the competence of the Shareholders' Meeting, through the publication, within the time limits provided for by law, of all the documentation supporting the discussion of the items on the agenda, formulating proposals for resolutions on all the items on the agenda and accompanying them with detailed and exhaustive illustrative reports.

The shareholder CDP Reti S.p.A. submitted a motion for a resolution, pursuant to Article 126-bis, subsection 1, penultimate sentence of the CLF, proposing the appointment of Benedetta Navarra as Chairman of the Board of Directors. The shareholder Inarcassa (Cassa Nazionale di Previdenza ed Assistenza per gli Ingegneri ed Architetti Liberi Professionisti) submitted a motion, pursuant to Article 126-bis, paragraph 1, penultimate sentence of the CLF, proposing the appointment of Barbara Cavalieri as Alternate Auditor.

The list of questions and answers received pursuant to Article 127-ter of the CLF were published on the Company's website on 20 April 2022.

There were no requests to supplement the agenda of the Shareholders' Meeting.

In this last regard, it should be noted that the Company, in line with Consob Communication no. 3/2020 of 10 April 2020, has brought forward the deadline for the publication of the response to the shareholders' questions, in order to provide such responses before the deadline for conferring or revoking the proxy to the Designated Representative.

At the Meeting, the Board reported on its activities and plans. In particular, the Chairman of the Board of Directors, Alberto Dell'Acqua, read out a letter to Italgas shareholders and stakeholders, in which he pointed out, *inter alia*, that in the context of the 'energy shock', gas networks represent a strategic driver of the energy transition, as well as an asset to be further enhanced through their complete digitisation. The Chairman then emphasised Italgas' commitment to achieving decarbonisation targets and the central nature of sustainability in the planning of each area. The Chairman then recalled the five main guidelines on which the 2021-2027 Strategic Plan is based and the strategic importance of the acquisition of 100% of DEPA Infrastructure, the main gas distribution operator in Greece, enabling Italgas to return to operating abroad after about 20 years.

The CEO, via a live streaming presentation⁷⁷, illustrated the results achieved and the future objectives of the Italgas Group, describing the reference scenario and the role of gas infrastructures in the energy transition, investments and network digitalisation, growth opportunities and the integration of sustainability in the Italgas Group strategy.

Finally, the Chairman of the Appointments and Compensation Committee read out the letter from that Committee to the stakeholders, which also reported on how the Committee should exercise its functions.

It should be noted that attendance at the Shareholders' Meeting called to approve the financial statements as at 31 December 2022 will take place as indicated in the relevant call notice.

⁷⁷ The presentation is available on the Italgas website, in the 'Financial Statements and Presentations' section at the following link: <https://www.italgas.it/wp-content/uploads/sites/2/2022/04/2022-04-Italgas-AGM.pdf>

Further Corporate Governance practices

16 Further Corporate Governance practices

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16.1 Organisational model pursuant to Legislative Decree no. 231 of 8 June 2001

On 18 October 2016, the Board of Directors of Italgas approved for the first time the organisation, management and control model pursuant to Legislative Decree no. 231 of 8 June 2001 (the "Model 231"), which can be consulted on the Company's website: <https://www.italgas.it/governance/modello-231/>.

Model 231 was then completed, following a detailed and complete risk assessment and gap analysis of all of the Company's functions and processes, by the Special Part - illustrating the Processes, Sensitive Activities and specific control standards of Model 231 relating to each type of offence - approved by the Board of Directors on 14 December 2017, after the approval of the Control, Risk and Related Party Transactions Committee and of the Board of Statutory Auditors on 13 December 2017.

Over time, Model 231 (including the Special Part) has been updated several times in relation, on the one hand, to the entry into force of regulatory changes that have affected Legislative Decree no. 231 of 8 June 2001, and, on the other hand, to changes in internal organisational structures that have affected Italgas.

The last update of Model 231 was carried out in 2022 and covered, in particular, the regulatory changes that had affected Legislative Decree 231/2001 since the previous update project conducted in 2021. These regulatory changes entailed extending the scope of Legislative Decree 231/2001 to some new types of predicate offences and the modification of the regulatory dictate of some cases already provided for in Model 231, in particular as regards: (i) handling of stolen goods, money laundering, use of money, goods or utilities of unlawful origin and self-money laundering; (ii) computer crimes and unlawful data processing; (iii) crimes regarding non-cash payment instruments; (iv) crimes against the public administration in the public disbursement sector; (v) market abuse crimes; and (vi) crimes against cultural heritage and landscape.

The updated version of Model 231, agreed with Italgas' Supervisory Body, was approved by the Company's Board of Directors on 14 December 2022, following the favourable opinion of the Control, Risk and Related Party Transactions Committee and after consulting the Board of Statutory Auditors.

The Italgas' Model 231 consists of:

- the General Section, in addition to the Code of Ethics which is an integral part of Model 231, that con-

tains, the description of: (i) risk analysis methodology; (ii) functions of the Supervisory Board, with specification of tasks, powers and information flows to that regard; (iii) methods of communicating Model 231, and information and training to its addressees; (iv) structure of the disciplinary system and whistleblowing; (v) control measures defined by the Company; and (vi) rules for updating Model 231 itself;

- the Special Part that, with regard to the corporate processes included in the Italgas Enterprise System, identified as potentially at risk, and with regard to the corporate functions involved in the aforesaid processes, includes: (i) the activities which, according to the reasonableness criterion, may abstractly entail the risk of committing the offences underlying the liability referred to in Legislative Decree no. 231/2001; (ii) the categories of offence referred to in Legislative Decree no. 231/2001 considered potentially relevant in view of the sensitive activities identified; (iii) the measures aimed at preventing the risk of committing the aforementioned offences, structured in, among other things, cross-cutting standards and specific control standards.

Model 231 is intended for members of the corporate bodies, management and employees of Italgas, as well as for all those operating to achieve Italgas' objectives.

Pursuant to Model 231, the Board of Directors appoints a Supervisory Board after hearing the opinion of the Control, Risk and Related Parties Transactions Committee, as well as after hearing the opinion of the Board of Statutory Auditors on the proposal of the Chief Executive Officer in agreement with the Chairman/Chairwoman of the Board of Directors.

The Supervisory Board supervises, among other things, the effectiveness of Model 231 and the activities for its implementation and updating. The Supervisory Board defines and carries out its activities in accordance with the rule of collective responsibility, it has autonomous powers of initiative and control, and regulates its own operation by means of specific regulations.

Model 231 establishes the information flows from the various corporate officers and functions to the Supervisory Board and from the latter to top management, and in particular to the Board of Directors, the Chief Executive Officer, the Chairman/Chairwoman of the Board of Directors, the Control, Risk and Related Party Transactions Committee and the Board of Statutory Auditors.

The Supervisory Board of Italgas is composed of three external members, one of whom is the Chairman, chosen from among persons with proven skills and experience in issues relevant to the Company, such as, for example, law, corporate law and economics and business organisation.

The term of office of members of the Supervisory Body is aligned with that of the Board of Directors which appointed them. The term of office of the Body expires on the date of the Shareholders' Meeting called to approve the financial statements for the last year of the office, although it continues to perform its duties in the interim period until a new Supervisory Body is appointed.

As at 26 April 2022, the Supervisory Body of the Company, appointed on 23 September 2019 by the Board of Directors which ceased upon approval of the financial statements as at 31 December 2021, was composed as follows⁷⁸:

- Mr Carlo Piergallini (Chairman);
- Ms Marcella Caradonna;
- Mr Francesco Profumo.

Italgas' Supervisory Body, in office at the end of the financial year and at the date of this Report, was appointed by the Board of Directors on 25 July 2022, composed as follows:

- Mr Antonino Gullo (Chairman);
- Mr Francesco Profumo;
- Ms Romina Guglielmetti.

In order to ensure coordination between the various parties involved in the Internal Control and Risk Management System, the Supervisory Board uses a Technical Secretarial Office, made up of internal Company representatives.

Each Subsidiary:

- autonomously adopts and updates its own Model 231, based on the specific nature of the Company, taking into account the indications and implementation

methods provided by Italgas according to the organisational and operational structure of the Italgas Group;

- establishes an autonomous and independent Supervisory Board. Model 231 provides that the Supervisory Bodies of the Subsidiaries, and that of Italgas, operate in a relationship of mutual cooperation and coordination with regard to relevant issues relating to Legislative Decree no. 231/2001.

The Subsidiaries have adopted, for the first time, their Model 231, as indicated below: Toscana Energia, on 19 February 2009; Italgas Reti, on 25 November 2016; Italgas Acqua, on 3 January 2018; Geoside, on 16 April 2018; Medea, on 18 May 2018; Bludigit, on 30 June 2021; Immogas, on 18 July 2022; Italgas Newco, on 19 July 2022.

As regards the Associated Companies, Metano Sant'Angelo Lodigiano S.p.A. and Umbria Distribuzione Gas S.p.A., the adoption, for the first time, of their own Model 231 took place respectively on 17 November 2005 and 7 March 2019.

Furthermore, on 28 April 2022, the Special Part of Bludigit's 231 Model was approved. On 18 and 19 July 2022, respectively, the General Parts of Models 231 of Immogas and Italgas Newco were approved and the respective Supervisory Bodies appointed. On 21 July 2022, the update of the General Part of Medea's Model 231 was approved and the Supervisory Body appointed in a collegial way.

Similarly to Italgas' Model 231, the Models 231 of the aforementioned Subsidiaries and Associates have also been constantly updated in consideration of the regulatory changes affecting Legislative Decree no. 231/2001 and the organisational changes. The last project to update the Models 231 of Subsidiaries and Associates was carried out in 2022, consistently with the similar project carried out by Italgas.

The updated versions of the Models 231 have been agreed with the respective Supervisory Bodies and are in the process of being formally approved in 2023.

⁷⁸ This Supervisory Body continued to perform its functions ad interim until the appointment of the new members on 25 July 2022.

16.2 The Code of Ethics and the Supervisor

On 18 October 2016, the Board of Directors approved for the first time its own Code of Ethics, which is an integral part of Model 231, available on the Company's website:

<https://www.italgas.it/governance/etica-dimpresa/codice-etico/>

The Code of Ethics was last updated in the course of 2022, in the context of the updating project involving Model 231 of Italgas and other Group companies. In particular, as a result of the activities, the Code of Ethics was integrated in order to give greater emphasis to the commitment of the entire Italgas Group to the protection of cultural heritage and landscape.

On 14 December 2022, the Board of Directors, having consulted the Control, Risk and Related Party Transactions Committee and the Board of Statutory Auditors, approved the updated version of the Code of Ethics, previously agreed with the Supervisory Body.

These activities were carried out taking into account the principles and values that the Italgas Group itself recognises, accepts and shares, as illustrated in, among other things, the Strategic Plan, the Sustainability Plan, the Integrated Annual Report and the Policies adopted by the Italgas Group.

The Code of Ethics is a collection of the values that the Company recognises, accepts and shares and the responsibilities it assumes within and outside of its organisation. The stated values in the Code of Ethics define a shared value system which expresses Italgas' business ethics culture. It forms the basis for the Company's strategic line of thought and the conduct of its corporate activities.

The Code of Ethics represents an irrevocable general principle of Model 231 and contains the fundamental principles to which Italgas aspires, with particular reference to (i) sustainability and corporate responsibility, also through reference to relevant documents, including the Sustainability Policy, the Human Rights Policy and the HSEQE Policy; (ii) protection of human rights with a focus on the development of skills, collaboration, the well-being of Italgas Group people and the value of diversity as a resource; (iii) preventing and combating corruption, also by virtue of the certification obtained by Group companies in accordance with the provisions of UNI ISO 37001:2016; (iv) compliance with legal provisions, including those concerning the fight against organised crime and money laundering; (v) protection of shareholders and the market, with a view to ensuring an open dialogue with all stakeholders; (vi) transparency and fairness in relations with institutions, associations and local communities, as well as with customers

and suppliers; (vii) development of human resources, recognising collaboration and the belief in rules as key elements to ensuring efficiency and development; (viii) digitisation of corporate assets and processes, development and implementation of strategies on cybersecurity, information security and corporate security; (ix) creation of a work environment based on mutual respect for dignity, integrity and reputation, with the absolute prohibition of acts of discrimination, violence or threats of any kind.

The Code of Ethics applies with regard to "Italgas people" or directors, statutory auditors, management and employees of Italgas, as well as all of those who work to achieve the objectives of Italgas, each within the scope of their functions and responsibilities. The representatives indicated by Italgas on the corporate bodies of investee companies, consortia and joint ventures promote the principles and contents of the Code of Ethics within their areas of responsibility.

The Supervisory Board is entrusted with the functions of guarantor of the Code of Ethics, with the task of:

- promoting the implementation of the Code of Ethics and issuing the reference internal regulatory instruments;
- promoting initiatives that are helpful in disseminating and raising awareness of the Code of Ethics also in order to avoid the repetition of violations;
- promoting communication and training programmes for Italgas management and employees;
- examining notices of possible violations of the Code of Ethics, promoting the most suitable checks and intervening, even in response to notifications from "Italgas people", in cases of notices of possible violations of the Code deemed to be not duly dealt with or retaliations suffered by the same person following notification;
- notifying the competent departments of the results of important checks for the adoption of any disciplinary proceedings; and
- informing the line departments/competent areas of the results of important checks in order to implement appropriate measures.

The guarantor of Italgas' Code of Ethics will also submit a half-yearly report, on the implementation and any need to update the Code of Ethics, to the Control and Risk Committee and Related Party Transactions and to the Board of Statutory Auditors, as well as to the Chairman/Chairwoman of the Board of Directors and the Chief Executive Officer, who shall report to the Board of Directors.

16.3 Antitrust Code

On 18 October 2016 the Board of Directors approved its Antitrust Code of Conduct (the "**Antitrust Code**") which defines the guidelines of the behaviour which all employees of Italgas and Subsidiaries should conform to in order to guarantee the compliance of Italgas and its Subsidiaries with the principles dictated by the applicable regulations on antitrust issues.

The Antitrust Code applies to the entire Italgas Group as part of Italgas' management and coordination activities, and is one of the initiatives aimed both at protecting competition as part of the business culture and at implementing suitable procedures and systems for minimising the risk of violations of antitrust laws, under the broader umbrella of the compliance initiatives of the Italgas Group.

The adoption of the Antitrust Code is part of the broader antitrust compliance programme promoted by the Italgas Group, which develops, *inter alia*, the establishment of an antitrust department within the Legal Department, which anyone in the Group can apply to for communications concerning the interpretation and application of the Antitrust Code and whenever a situation with potential antitrust risk arises.

Due to the evolution of the structure and organisation of the Italgas Group, on 27 July 2020, the Board of Directors approved the update of the "Antitrust Compliance Standard" ("Antitrust and Consumer Protection Code of Conduct"), subsequently adopted by all Subsidiaries. In particular, on the one hand references to consumer protection provisions were analysed in depth, and, on the other, the description of the main circumstances prohibited by competition law was outlined in more detail, also using accurate references to the decision cases of the Italian Competition Authority.

This update was preceded by an assessment aimed at verifying the level of updating, in light of the criteria established by the guidelines of the Italian Competition Authority, of the "Antitrust" Compliance Standard already in force for Group companies.

An updated Antitrust and Consumer Protection Manual is attached to the Antitrust and Consumer Protection Code of Conduct, which describes the main antitrust and consumer protection provisions and provides an overview of the most important decision-making practices of the Italian Competition Authority.

The Manual is a more in-depth instrument available to the Italgas Group to carry out training and for any analysis that the Antitrust Oversight may be called to carry out in the exercise of its duties.

To complement the broader antitrust compliance programme, training was provided during the second half of 2021 to all those with roles within the Group with particular relevance to antitrust and consumer protection.

The Antitrust and Consumer Protection Code of Conduct is available on the Company's website: <https://www.italgas.it/governance/procedure-compliance/>

16.4 Certification UNI ISO 37001:2016

On 24 December 2018, Italgas and Italgas Reti achieved, for the first time, through the certifying body DNV-GL, Business Assurance Italia S.r.l. (DNV-GL), the three-year UNI ISO 37001:2016 certification of the ("**Anti-Bribery Management System**") in compliance with the requirements of the aforementioned standard on preventing and combating corruption in all its forms. Italgas and Italgas Reti's Anti-Bribery Management System certification was subsequently renewed in 2021 and will be valid until 24 December 2024.

With a view to ensuring the compliance of the Anti-Bribery Management System with the provisions of the UNI ISO 37001:2016 standard, since 2018 Italgas and Italgas Reti have adopted specific internal anti-bribery regulatory instruments, which are periodically updated so as to optimise their content. These instruments include, *inter alia*, the Policy for Preventing and Combating Corruption, which sets out the objectives and regulatory principles of the Anti-Bribery Management System, and the "Anticorruption" compliance standard (the "**Anticorruption STC**"), which provides a systematic framework of the rules and principles adopted by the Italgas Group on preventing and combating corruption.

In compliance with the provisions of the UNI ISO 37001:2016 standard, in May 2022, the Anti-Bribery Management Systems adopted by Italgas and Italgas Reti were subjected to several so-called 'maintenance' audits by DNV-GL for the purpose of confirming their respective 37001 certifications, through the verification of the control measures and safeguards adopted and implemented by Italgas and Italgas Reti within their business processes.

The result of the aforementioned verification activities was that DNV-GL confirmed the certification of the Anti-Bribery Management Systems adopted by Italgas and Italgas Reti without finding any 'non-compliance' but, on the contrary, highlighting their compliance with the requirements of the UNI ISO 37001:2016 standard⁷⁹.

In its audit report on Italgas and Italgas Reti S.p.A., the certifying body highlighted the following as additional noteworthy elements: (i) the commitment found in the front lines of management; (ii) the considerable sensitivity and awareness of the departments interviewed

with regard to the matter of preventing corruption; (iii) the propensity for continuous improvement with regard to the adoption of corruption risk management tools implemented by the various process owners with input from the Compliance department; (iv) in the Procurement & Material Management area, the adoption of an organisational structure where the principle of segregation of duties is broadly applied; (v) the activation of training courses on corruption prevention issues addressed to the Group's suppliers and - in some public evidence procedures - the request for ISO 37001 certification; (vi) the computerisation of the process for selecting new resources.

Over the year verification activities were carried out by DNV-GL aimed at:

1. obtaining 37001 certification of the Anti-Bribery Management System adopted by Bludigit;
2. the so-called 'maintenance' of 37001 certification of the Anti-Bribery Management Systems adopted by Italgas Acqua, Toscana Energia, Medea, Geoside, Umbria Distribuzione Gas S.p.A. and Metano Sant'Angelo Lodigiano S.p.A.

In accordance with the provisions of the UNI ISO 37001:2016 standard, as of 2020, each Subsidiary and Associate:

- adopted the Italgas' corruption prevention and contrast policy, which sets out the principles that the management system for preventing and contrasting corruption recognises and underpins;
- has identified the compliance function for preventing and contrasting corruption, which is assigned the roles, responsibilities and powers that the UNI ISO 37001:2016 standard assigns to this function, including: (i) supervising the design and implementation of the management system for preventing and combating corruption and its compliance with ISO requirements; (ii) carrying out the review of the management system for preventing and combating corruption and (iii) reporting on the performance of the management system for preventing and combating corruption to the competent corporate bodies and functions;

⁷⁹ In detail, the certification confirmation audits were concluded, as far as Italgas is concerned, with the formulation of 3 opportunities for improvement and 2 observations, while as far as Italgas Reti is concerned, with no opportunities for improvement and no observations.

- adopting, in compliance with the provisions of the Italgas Enterprise System (i) if a Subsidiary Company, the organisational and governance model adopted by Italgas and therefore the regulatory and organisational tools of the Anti-Bribery Management System of the same, including the "Anti-corruption" Compliance Standard "Review for preventing and combating corruption", the Compliance Standard "Reports, including anonymous reports, received by Italgas and its Subsidiaries"; (ii) if an Investee Company, an anti-bribery management system manual defining a systematic reference framework of anti-corruption regulations, identifying roles and responsibilities for company processes at risk of corruption in order to ensure compliance with Anti-Corruption Laws.

The maintenance audits carried out with reference to the anti-bribery management systems adopted by the Subsidiaries and Associates were positively concluded with confirmation of the certification, achieved in 2020; and with issue of management system certification for Bludigit⁸⁰.

During the audits, DNV-GL was able to ascertain the co-operation and transparency of the company resources interviewed, as well as the awareness of management of the added value of adopting an anti-bribery management system that complies with the requirements of Standard 37001.

Also with reference to the year 2022, certification in accordance with UNI ISO 37001:2016 of all anti-bribery management systems adopted by Italgas Group companies was achieved on the following dates:

1. Italgas, on 26 May 2022;
2. Italgas Reti, on 26 May 2022;

3. Geoside, on 14 June 2022;
4. Toscana Energia, on 14 September 2022;
5. Medea, on 10 October 2022;
6. Italgas Acqua, on 11 October 2022;
7. Metano Sant'Angelo Lodigiano S.p.A, on 09 November 2022;
8. Umbria Distribuzione Gas S.p.A., on 14 November 2022;
9. Bludigit, on 15 November 2022.

This milestone is proof of Italgas Group's focus on preventing and combating corruption, its commitment to ensuring that its business is conducted in compliance with anti-corruption laws, and the awareness-raising and knowledge of Group Personnel of the measures to be put in place to prevent and combat corrupt conduct. The observations and opportunities for improvement formulated by the Certifying Body in relation to the anti-bribery management systems adopted by Italgas and its Subsidiaries and Associates, were taken on board, as usual, by the competent Company departments and will be considered as further goals for improvement in the current year. It is the responsibility of the anti-corruption compliance department of each anti-bribery management system to periodically monitor the practical implementation of the proposed actions in order to take note and act on the findings of the audits.

80 Specifically, the outcome of the verification activities led to the following proposals by DNV-GL: with regard to Italgas Acqua, 2 opportunities for improvement; with regard to Medea, 1 opportunity for improvement; with regard to Bludigit, 2 opportunities for improvement and 2 observations; with regard to Toscana Energia, 1 opportunity for improvement and 3 observations; with regard to Geoside, 2 opportunities for improvement and 1 observation; with regard to Metano Sant'Angelo Lodigiano S.p.A, 2 observations; with regard to Umbria Distribuzione Gas S.p.A. 2 opportunities for improvement and 2 observations.

16.5 Anti-Corruption Compliance Standards

On 18 October 2016 the Italgas Board of Directors adopted the Anticorruption Procedure for the purpose of providing a systematic reference framework of rules and procedures on anticorruption issues. Following achievement of the UNI ISO 37001:2016 certification of the anti-bribery management systems, the procedure in question was updated by the issue, on 13 December 2018, of the ("**Anti-corruption STC**") Anti-corruption Compliance Standard, together with the Corruption Prevention and Contrast Policy. The Anti-Corruption STC is an integral part of the Corporate Reporting Internal Control System.

This Anti-Corruption STC, in line with the Italgas Code of Ethics, prohibits corruption, in any form with regard to any public or private individual and introduces a specific system of rules aimed at guaranteeing the compliance of Italgas with the best international standards in the fight against corruption, also protecting Italgas' reputation, in compliance with the tenth principle of the Global Compact⁸¹ which Italgas adheres to.

Pursuant to the Anticorruption STC a Legal Anticorruption Department was established, with the task of monitoring the adoption of the Anticorruption Standard, updating it and educating personnel.

There are specific information flows to the competent corporate departments with regard to requests for a public and/or a private official to establish cases of corruption or a specific reporting system with regard to any suspected violation of the anticorruption laws or the Anticorruption Standard.

With a view to ensuring the continuous improvement of the control measures adopted by the Italgas Group to prevent and combat corruption, on 9 March 2022, the Italgas Board of Directors approved the update of the Anti-Corruption STC.

The update of the compliance standard in question aimed to: (i) reflect the organisational and regulatory

changes occurring since its last approval; (ii) incorporate the ideas for improvement proposed by the Supervisory Body pursuant to Legislative Decree 231/2001 and by the Certification Body during their respective audit activities. In particular, among the main changes to the Anti-Corruption STC, the following may be noted: (i) the inclusion in the scope of application of the Anti-Corruption Policy of the activities carried out by Italgas personnel abroad; (ii) the extension of the relevance of corrupt conduct to include trafficking in unlawful influence as per Article 346-bis of the Italian Criminal Code; (iii) the provision of a maximum period of three years for the issuance of self-declarations of compliance with the Anti-Corruption Policy and with the additional internal regulatory instruments adopted by the Company on the matter of preventing corruption (including the Anti-Corruption STC); (iv) the description of the methods for managing any specific risk factors (so-called Red Flags) emerging as a result of anti-corruption due diligence activities carried out by the competent departments of the Company, as regulated by the applicable internal regulatory instruments.

The Anticorruption STC applies to the Italgas Group under the scope of the direction and coordination activities exercised by the Company. In 2022, the Board of Directors of each Subsidiary formally approved the updated version of the Anti-Corruption STC. As regards the Associated Companies, the anti-bribery management system manual has been updated in line with the provisions of the Anti-Corruption STC.

The Anti-Corruption Procedure can be consulted on the Company's website:

<https://www.italgas.it/en/governance/business-ethics/anti-corruption/>

⁸¹ The Global Compact is an international initiative launched in July 2000 by the United Nations to support ten universal principles relating to human rights, work, the environment, and the fight against corruption, which unites governments, businesses, agencies of the United Nations, employment organisations and civil society, with the goal of creating "a more inclusive and sustainable global economy" introducing compliance with and the application of shared values.

16.6 Whistleblowing Compliance Standards

On 18 October 2016, the Board of Directors approved a whistleblowing procedure consistent with the best practices on the matter (the **"Whistleblowing Procedure"**), which regulates the process of receiving, analysing and dealing with notifications sent or transmitted by any party, including confidentially and anonymously, regarding any irregularities or violations of the applicable regulations and internal procedures (whistleblowing).

The Whistleblowing Procedure responds to the provision of Model 231, constituting a regulatory tool pursuant to Italgas' Anticorruption Procedure as well as an integral part of the Corporate Reporting Internal Control System.

The Whistleblowing Procedure applies to Italgas and its Subsidiaries under the scope of Italgas' direction and coordination activities. The report management and related data processing for privacy purposes is carried out by Italgas, including in the interest of its subsidiaries, in compliance with the principles of proper business management of the same subsidiaries whilst respecting their decision-making independence and in observance of the regulations in force and the internal privacy policy, thereby also fulfilling the confidentiality requirements underlying the performance of preliminary investigation activities.

The Whistleblowing Procedure establishes the criteria and procedures for establishing suitable information channels, and is entrusted to the Internal Audit department, to ensure the receipt, analysis and processing of notifications made by employees (including senior managers), members of corporate bodies or third parties, including in confidential or anonymous form.

Each notification is analysed by the Notifications Committee, composed of the Head of Human Resources & Organization, the General Counsel and the Internal Audit Manager, which ensures the necessary requirements of independence, confidentiality and competence. Once this analysis has been completed, the notifications received are classified according to issues relating to the internal control system, corporate information, administrative liability of the Company, fraud, corrupt behaviour or other issues (breaches of the Code of Ethics, mobbing, thefts, security, etc.).

It is the responsibility of the Internal Audit department to promptly inform the senior management of the Company concerned and to forward notifications to the Company's Supervisory Body for the relevant evaluations and actions. The investigations are carried out by the Internal Audit department or by the business units responsible for carrying out specialised checks (Security, Technical Audit, Legal, Personnel, etc.), while always ensuring that the necessary independence and confidentiality requirements are met.

The assessment of whether the reports are well-founded or not is the responsibility of the Supervisory Board or the Notifications Committee, within the areas of their respective competences. On the basis of the findings transmitted by the Supervisory Board or the Notifications Committee, the Company shall take the necessary or appropriate measures, including measures aimed at strengthening the internal control system.

The Internal Audit department ensures the maintenance and updating of a specific computer archive, using appropriate tools and procedures to ensure the necessary levels of security and confidentiality, as well as the preparation of periodic reporting that includes information about the notifying party, the notified matter, the content and

type of the notifications, the unit responsible for the conduct of investigations and their outcomes, the final assessment on the merits or otherwise of the notification, and any decisions taken.

The whistleblowing report is prepared twice a year and sent by the Internal Audit department to the following Company bodies and departments: Chairman, Chief Executive Officer, General Manager, Board of Statutory Auditors, Control, Risk and Related Party Transactions Committee, Supervisory Body, Independent Auditing Firms and Legal Anti-Corruption.

With reference to notifications relating to the Subsidiaries, the reports, insofar as they are relevant, are sent to the Chief Executive Officers of each Subsidiary concerned, as well as to the related Control and Supervisory Bodies.

All organisational units/positions of Italgas and the Subsidiaries involved in receiving and dealing with notifications should guarantee the complete privacy and anonymity of the persons making the notifications, using the criteria and communication methods suitable for protecting the integrity of the persons mentioned in the notifications, as well as the anonymity of those making the notification, so that they are not subjected to any form of retaliation.

Therefore, on 17 December 2019, the Board of Directors approved the updating of the Reporting Procedure, which was replaced by the Compliance Standard "Anonymous reports received by Italgas and its subsidiaries", introducing an alternative channel for reporting violations, including anonymous ones, by means of a specific form uploaded on the Company's website, introducing a process for managing so-called qualified reports concerning members of the Board of Directors or Control Bodies (Board of Statutory Auditors and Supervisory Bodies).

These are forwarded to the Secretary of the Board of Directors and the Internal Audit Department, who are required to inform the appropriate Qualified Notifications Committee.

The widest circulation of information about the STC Anti-corruption is ensured, both internally (through publication on the corporate intranet and postings on notice boards, as well as in the context of internal training activities, particularly with regard to newly appointed employees) and externally (<https://www.italgas.it/it/governance/etica-dim-presa/procedura-segnalazioni/>).

As regards the whistleblowing procedure, on 23 October 2019, Directive (EU) 2019/1937 of the European Parliament and of the Council on the protection of persons reporting breaches of EU laws (the "**Directive**") was issued with the aim of harmonising the whistleblowing regulations and instruments for protecting whistleblowers among the Member States of the European Union.

The process of transposing the Directive was carried out, but not completed, during the financial year. Specifically, on 9 December 2022, the Government approved, in preliminary examination, the legislative decree on the implementation of the aforementioned Directive. Italgas, with the support of the competent company departments then started preparatory activities for updating the Whistleblowing STC, which, however, can only be completed once the legislative process for transposition of the Directive has been completed. In this context, the innovations introduced in this area by the ISO/PAS 37002 technical standard "Whistleblowing management System - Guidelines" may also be taken into account.

16.7 Personal Data Protection

The European legal framework for personal data protection is Regulation (EU) 2016/679 (GDPR - General Data Protection Regulation). In addition, at the national level each Member State has provided for specific regulations, in accordance with the GDPR (in Italy Legislative Decree 196/2003 "Privacy Code", in Greece Law 4624/2019).

Italgas has laid down the main principles of personal data protection, in line with those of Corporate Social Responsibility, already in its Code of Ethics, which includes a specific commitment for employees and the supply chain regarding the protection of personal data.

According to the new risk approach dictated by the European legislator based on the principle of "accountability", namely the principle of accountability of the Data Controller, from May 2018 Italgas specifically adopted a Data Protection Organizational Model, defined in accordance with the regulatory provisions of the aforementioned EU Regulation 2016/679.

In this Model, the roles and responsibilities regarding the protection of personal data processed in the context of the company's activities are identified, with the aim of ensuring not only the correct and timely fulfilment of the obligations imposed by the Regulation, but also the implementation of organisational procedures and practices to ensure the compliance of personal data processing with the relative regulations over time.

All the Subsidiaries defined and formally approved a Data Protection Model consistent with the standards which inspired the Italgas Data Protection Model albeit designed in accordance with their specific requirements and their organisational structure. In implementation of the Model, each subsidiary has adopted procedures, appointed a DPO, implemented its own processing register and appropriate security measures and carried out training activities. Italgas also promotes the adoption of the Data Protection Organisational Model by its associate companies.

An essential element of the Organisational Model is the Data Protection compliance standard, most recently updated on 30 June 2021, which describes the key points of the Model, identifies the key figures of the privacy organisation chart, outlines roles and responsibilities in accordance with the recommendations and best practices of the European Data Protection Committee and the

provisions of the Italian Data Protection Authority, and provides for the consequences of conduct not complying with Data Protection regulations.

Italgas has also adopted a Data Breach Management compliance standard, which governs the management of personal data breaches. Italgas has appointed a Data Protection Officer (DPO), responsible for informing and advising on matters regarding personal data protection, monitoring compliance with the Regulation, national provisions and company policy on the protection of personal data and cooperating with the Supervisory Authority, acting as a point of contact with the same. The Data Protection Team, which combines cross-cutting skills, supports the DPO and company departments in the prior assessment of initiatives with data protection impact (so-called privacy by design).

Italgas has a register of the processing activities carried out under its responsibility, which contains all the information referred to in art. 30.1 of the Regulation and which it keeps up to date.

In tune with the risk-based management principle of data processing, appropriate technical and organisational measures are implemented to ensure an adequate level of security for the risk to the rights and freedoms of individuals. Where data processing operations may present a high risk, a data protection impact assessment has been carried out.

Training on personal data protection is provided to Italgas Group personnel and is continuously extended and updated, including through remote training tools.

Suppliers that process personal data on behalf of Italgas Group companies are contractually bound to operate in compliance with the regulations and instructions given to them, according to defined contractual standards.

In order to verify the implementation and effectiveness of the Data Protection Organisational Model and the policies adopted on the protection of personal data, a specific focus on privacy issues is developed as part of Internal Audit activities, with the involvement of the DPO.

As of 2021, the Italgas Group also undergoes third-party audits on relevant Data Protection activities.

Changes since the end of the reference year

17 Changes since the end
of the reference year



With reference to the Board Committees established in line with the provisions of the Corporate Governance Code, on 22 February 2023 - Italgas' Board of Directors resolved to change the composition of the Committees by appointing Fabiola Mascardi as Chairwoman of the Appointments and Compensation Committee and Lorenzo Parola as Chairman of the Sustainable Value Creation Committee. The composition of the Control, Risk and Related Party Transactions Committee remained unchanged.

On 9 March 2023, the Board of Directors, upon the request of the independent directors, appointed Mr Claudio De Marco, independent director pursuant to the CLF and the Corporate Governance Code, as Lead Independent Director, whose term of office expires concurrently with that of the Board of Directors.

From the end of the Financial Year to the date of the approval of this Report there were no further changes to the Company's corporate governance structure.

Comments on the letter dated 25 January 2023 from the Chairman of the Corporate Governance Committee

18 Comments on the letter dated 25
January 2023 from the Chairman
of the Corporate Governance Committee



The letter of 25 January 2023 addressed by the Chairman of the Corporate Governance Committee to the Chairmen of the Boards of Directors of Italian listed companies (and, for information, to the Chief Executive Officers and the Chairmen of the control bodies) was brought to the attention of the Sustainable Value Creation Committee during the meeting of 28 February 2023, to the attention of the Appointments and Compensation Committee during the meeting of 23 February 2023, to the attention of the Control and Risk Committee during the meeting of 3 March 2023, and to the Board of Statutory Auditors and Board of Directors during the meetings held, respectively, on 3 and 9 March 2023.

The Board and the Board of Statutory Auditors have taken note of the analyses and recommendations contained in the letter and, with regard to the Issuer, have noted the substantial adequacy of the Company with respect to the requirements therein.

With reference to the areas for improvement indicated in the letter, it should first be noted that the Issuer has implemented the recommendation to highlight, in summary form, the essential information on adherence to the specific recommendations of the Corporate Governance Code, by including a table in Annex 2 to the Report that indicates, for each provision of the Corporate Governance Code, the application, disapplication or non-applicability.

Furthermore, the following should be noted with specific reference to the recommendations for 2023:

1. **Dialogue with Shareholders:** the Company has adopted the Policy for Managing Dialogue with General Shareholders, for details please refer to Chapter 14 of this Report. In addition, the same chapter indicates the most relevant topics that were the subject of dialogue with investors.
2. **Dialogue with stakeholders:** the dialogue and sharing of objectives are key aspects to creating lasting value and mutually advantageous relations: this is why the Italgas Groups focuses particularly on the stakeholders engagement process. It is a priority for the Group, allowing it to constantly monitor the level of satisfaction of a company's work. It is also a chance to gather useful insights in order to improve the quality of services and operational and management models. Accordingly, Italgas adopts diversified and flexible dialogue and involvement practices, in response to the various characteristics and needs of its stakeholders. By way of example, with specific reference to financial stakeholders, the Group is invested in the organisation of one-to-one and group meetings, both in person and virtual, presentations of quarterly results and the presentation of the business plan, presentations, investor days, roadshows, conference calls and participation in ad hoc conferences with investors organised by third parties. Furthermore, Italgas has adopted the Policy on Dialogue with General Shareholders, for details please refer to Chapter 14 of this Report.
3. **Allocation of management powers to the Chairman:** the Chairwoman of the Issuer's Board of Directors has not been granted any management powers.
4. **Information prior to the meeting:** the Issuer has adopted the Regulations for the operation and organisation of the Board and of the Board Committees, which identify, among other things, the recipients, the procedures and deadlines for sending prior information - generally complied with during the financial year - and the procedures for protecting the confidentiality of the data and information provided so as not to prejudice the timeliness and completeness of the information flows. These Regulations also specify that corporate documentation containing price-sensitive information is not normally subject to prior disclosure, notwithstanding the need to ensure that the Board/Committee receives adequate information on the matters on the agenda for the day of the meeting. If such documentation is sent in advance, the provisions on the handling of inside information (see paragraph 4.4 and Chapter 6 of this Report) must be observed;

5. **Attendance of managers at Board meetings:** for detailed information on the attendance of managers at Board and Committee meetings, please refer to sections 4.4 (Board), 7.1 and 7.3 (Appointments and Compensation Committee), 8.1 and 8.3 (Control, Risk and Related Party Transactions Committee), 9.1 and 9.3 (Sustainable Value Creation Committee) of the Report.
6. **Guidance on optimal composition:** as indicated in paragraph 4.3 of this Report, the Board of Directors in office up to 26 April 2022, in accordance with Recommendation 23 of the Corporate Governance Code (applicable to companies other than those with concentrated ownership, such as Italgas), and in view of the renewal of the corporate bodies by the Shareholders' Meeting held on 26 April 2022 prepared its guidance on the future size and composition of the Board of Directors with the support of the Appointments and Compensation Committee, and taking into account the results of the board evaluation. Such guidance identifies the managerial and professional profiles and skills deemed necessary, also considering the Company's sectoral characteristics; this view, pursuant to the aforementioned Recommendation 23 of the Corporate Governance Code, was published on 21 February 2022 - and therefore well in advance of publication of the call notice of the Shareholders' Meeting called to renew the Board (published on 17 March 2022).
7. **Criteria for assessing the significance of commercial, financial, professional and additional remuneration relationships:** on 24 February 2021, in accordance with the Corporate Governance Code, the Board approved, at the proposal of the Appointments and Compensation Committee, the qualitative and quantitative criteria for assessing independence as set forth in Recommendation No. 7, letters c) and d), and disclosed them in the Optimal Guidance referred to in point 6 above and in the Corporate Governance and Ownership Structure Report for the financial year 2021. These criteria were subsequently updated on 22 February 2023. See section 4.7 of this Report for further details.
8. **Transparency of remuneration policies on the weight of variable components:** in the Report on the Remuneration Policy 2023 and on remuneration paid in 2022, to which reference should be made, an executive summary in table form and graphs showing the composition of the remuneration package were included, as in previous years, with an indication of the characteristics, weight of fixed, short-term variable and long-term variable components with respect to overall remuneration.
9. **Long-term horizons in remuneration policies:** please refer to the Report on the Remuneration Policy 2023 and on remuneration paid in 2022 for information on the variable component of the remuneration of executive directors and top management.
10. **ESG parameters for directors' remuneration:** in the Report on the Remuneration Policy 2023 and remuneration paid in 2022, to which reference should be made, a clear indication of the nature and content of the ESG objectives assigned to top management is provided, as in previous years, including in terms of measurement criteria, targets and weight on performance.

Annex 1

Tables of the Board of Directors, of the Committees and Board of Statutory Auditors

Structure of the Board of Directors as at 26 April 2022

Office	Members	Year of birth	Date of first appointment *	In office from	In office until	Slate (presentors)**	
Chairman	Dell'Acqua Alberto	1976	04/04/2019	04/04/2019	26/04/2022	Shareholders	
Chief Executive Officer•	Gallo Paolo	1961	04/08/2016	04/04/2019	26/04/2022	Shareholders	
Director	Dainelli Maurizio	1977	04/08/2016	04/04/2019	26/04/2022	Shareholders	
Director	He Yunpeng ⁸²	1965	04/08/2016	04/04/2019	27/01/2022	Shareholders	
Director	Petrone Paola Annamaria	1967	04/08/2016	04/04/2019	26/04/2022	Shareholders	
Director	Magliano Giandomenico	1955	04/04/2019	04/04/2019	26/04/2022	Shareholders	
Director	Vecchi Veronica	1979	04/04/2019	04/04/2019	26/04/2022	Shareholders	
Director	Stefini Silvia	1964	04/04/2019	04/04/2019	26/04/2022	Shareholders	
Director	Mascetti Andrea	1971	04/04/2019	04/04/2019	26/04/2022	Shareholders	
Director	Shen Qinjing ⁸³	1978	27/01/2022	27/01/2022	26/04/2022	Shareholders	

NOTES

• This symbol indicates the director responsible for the internal control and risk management system.

◊ This symbol indicates the Lead Independent Director (LID).

* The date of first appointment of each director means the date on which the director was unanimously appointed for the first time to the Board.

** This column indicates whether the slate from which each director was drawn was submitted by shareholders ("Shareholders") or by the Board of Directors ("BoD").

** This column indicates the slate from which each director was taken ("M": majority slate; "m": minority slate).

**** This column shows the number of directorships or statutory auditor appointments held by the person concerned in "Significant Companies" pursuant to the Corporate Governance Code and the guidelines on limits and prohibitions on the accumulation of appointments adopted by the Company and confirmed most recently on 14 December 2022.

***** This column shows the attendance of directors at board meetings.

82 Following the resignation of Yunpeng He on 27 January 2022, the Board of Directors appointed by co-optation Qinjing Shen as a non-executive and non-independent director of the Company and also as a member of the Sustainable Value Creation Committee.

83 Following the resignation of Mr Yunpeng He on 11 January 2022, with effect from the appointment of his replacement, the Board of Directors on 27 January 2022 co-opted Mr Qinjing Shen as a non-executive and non-independent director of the Company.

On 26 April 2022, Qinjing Shen was appointed by the Shareholders' Meeting as a Non-Executive Director of the Company's current Board of Directors.

	Slate (M/m)***	Exec.	Non exec.	Indep. New Corporate Governance Code	Indep. CLF	No. of other offices****	Equity investments*****
	M		○	○	○		3/3
	M	○					3/3
	M		○				3/3
	M		○			4	0/0
	M		○	○	○	1	3/3
	M		○	○	○	1	3/3
	M		○	○	○	1	3/3
	m		○	○	○	2	3/3
	m		○	○	○	2	3/3
	M		○			3	3/3

Structure of the Board of Directors at the end of the Financial Year

Office	Members	Year of birth	Date of first appointment *	In office from	In office until	Slate (presentors)**	
Chairman	Navarra Benedetta	1967	26/04/2022	26/04/2022	Financial statements 31/12/2024	Shareholders	
Chief Executive Officer•	Gallo Paolo	1961	04/08/2016	26/04/2022	Financial statements 31/12/2024	Shareholders	
Director ◇	De Marco Claudio	1957	26/04/2022	26/04/2022	Financial statements 31/12/2024	Shareholders	
Director	Mascardi Fabiola	1962	26/04/2022	26/04/2022	Financial statements 31/12/2024	Shareholders	
Director	Montanari Gianmarco	1972	26/04/2022	26/04/2022	Financial statements 31/12/2024	Shareholders	
Director	Parola Lorenzo	1969	26/04/2022	26/04/2022	Financial statements 31/12/2024	Shareholders	
Director	Sabbatini Manuela	1972	26/04/2022	26/04/2022	Financial statements 31/12/2024	Shareholders	
Director	Sferruzza Maria	1970	26/04/2022	26/04/2022	Financial statements 31/12/2024	Shareholders	
Director	Shen Qinjing	1978	27/01/2022	26/04/2022	Financial statements 31/12/2024	Shareholders	

Indicate the number of meetings held: (i) 3 up to 26 April 2022; (ii) 11 since 26 April 2022 until the end of the Financial Year.

Indicate the quorum required for the submission of slates by minority shareholders for the election of one or more members (pursuant to Article 147-ter of the CLF): 1%

NOTES

• This symbol indicates the director responsible for the internal control and risk management system.

◇ This symbol indicates the Lead Independent Director (LID).

* The date of first appointment of each director means the date on which the director was unanimously appointed for the first time to the Board.

** This column indicates whether the slate from which each director was drawn was submitted by shareholders ("Shareholders") or by the Board of Directors ("BoD").

** This column indicates the slate from which each director was taken ("M": majority slate; "m": minority slate).

**** This column shows the number of directorships or statutory auditor appointments held by the person concerned in "Significant Companies" pursuant to the Corporate Governance Code and the guidelines on limits and prohibitions on the accumulation of appointments adopted by the Company and confirmed most recently on 14 December 2022.

***** This column shows the attendance of directors at board meetings.

	Slate (M/m)***	Exec.	Non exec.	Indep. New Corporate Governance Code	Indep. CLF	No. of other offices ****	Equity investments (*****)
	M		○	○	○	3	11/11
	M	○					11/11
	M		○	○	○		11/11
	m		○	○	○	2	11/11
	m		○	○	○	2	10/11
	M		○		○	-	11/11
	M		○			-	11/11
	M		○			-	11/11
	M		○			3	11/11

Structure of the Board Committees as at 26 April 2022

BoD		Control and Risks and Related-Party Transactions Committee		Sustainable Value Creation Committee		Appointments and Compensation Committee	
Office/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)
Chairman of the Board non-executive - independent as per the CLF and Corporate Governance Code	Dell'Acqua Alberto						
Chief Executive Officer - non-independent	Gallo Paolo						
Non-executive - non-independent Director	Dainelli Maurizio					5/5	M
Non-executive - non-independent Director	He Yunpeng			1/1	M		
Non-executive director - independent as per the CLF and Corporate Governance Code	Petrone Paola Annamaria	5/5	P				
Non-executive director - independent as per the CLF and Corporate Governance Code	Magliano Giandomenico	5/5	M	5/5	P		
Non-executive director - independent as per the CLF and Corporate Governance Code	Vecchi Veronica			5/5	M		
Non-executive director - independent as per the CLF and Corporate Governance Code	Stefini Silvia	5/5	M			5/5	M
Non-executive director - independent as per the CLF and Corporate Governance Code	Mascetti Andrea					5/5	P
Non-executive - non-independent Director	Shen Qinjing			4/4	M		

BoD		Control and Risks and Related-Party Transactions Committee		Sustainable Value Creation Committee		Appointments and Compensation Committee	
Carica/Qualifica	Members	(*)	(**)	(*)	(**)	(*)	(**)
Chairwoman of the Board Non-executive - independent as per the CLF and Corporate Governance Code	Benedetta Navarra						
Chief Executive Officer - non-independent	Gallo Paolo						
Non-executive director - non-executive independent as per the CLF and Corporate Governance Code	De Marco Claudio	6/6	M			8/8	M
Non-executive director	Sabbatini Manuela	6/6	M			8/8	M
Non-executive director - independent as per the CLF and Corporate Governance Code	Montanari Gianmarco	6/6	P				
Non-executive independent director in accordance with the CLF	Parola Lorenzo ⁸⁴					8/8	P
Non-executive director - non-executive independent as per the CLF and Corporate Governance Code	Mascardi Fabiola ⁸⁵			6/6	P		
Non-executive director	Sferruzza Maria			6/6	M		
Non-executive - non-independent Director	Shen Qinjing			6/6	M		

P= Chairman/Chairwoman

M= Member

84 On 22 February 2023, the Board of Directors appointed Director Lorenzo Parola as Chairman of the Sustainable Value Creation Committee.

85 On 22 February 2023, the Board of Directors appointed Director Fabiola Mascardi as Chairwoman of the Appointments and Compensation Committee.

Structure of the Board of Statutory Auditors as at 26 April 2022

Office	Members	Year of birth	Date of first appointment *	In office from	
Chairman	Pace Pierluigi	1962	04/04/2019	04/04/2019	
Standing Auditor	Di Marcotullio Maurizio	1967	04/04/2019	04/04/2019	
Standing Auditor	Cederna Marilena	1957	04/04/2019	04/04/2019	
Alternate Auditor	Stefano Fiorini	1969	04/04/2019	04/04/2019	
Alternate Auditor	Manzo Giuseppina	1981	04/04/2019	04/04/2019	

Number of meetings held as at 26 April 2022: 14/27

Indicate the quorum required for the submission of slates by minority shareholders for the election of one or more members (pursuant to Article 148 of the CLF): 1%

NOTES

* The date of first appointment of each statutory auditor means the date on which the statutory auditor was unanimously appointed for the first time to Italgas' Board of Statutory Auditors.

** This column indicates the slate from which each auditor was taken ("M": majority slate; "m": minority slate).

*** This column indicates the attendance of auditors at meetings of the Board of Statutory Auditors.

**** This column shows the number of directorships and auditor posts that the party is bound to disclose pursuant to Article 148-bis of the CLF and its implementing provisions contained in the Consob Issuers' Regulations. The full list of offices is published by Consob on its own website pursuant to Article 144-quinquiesdecies of the Issuers' Regulations.

Structure of the Board of Statutory Auditors at the end of the Financial Year

Office	Members	Year of birth	Date of first appointment *	In office from	
Chairwoman	Giulia Pusterla	1960	26/04/2022	26/04/2022	
Standing Auditor	Di Marcotullio Maurizio	1967	04/04/2019	04/04/2019	
Standing Auditor	Paola Maria Maiorana	1965	26/04/2022	26/04/2022	
Alternate Auditor	Stefano Fiorini	1969	04/04/2019	04/04/2019	
Alternate Auditor	Barbara Cavalieri	1981	26/04/2022	26/04/2022	

Number of meetings held from 26 April 2022 to the end of the Financial Year: 13/27

Indicate the quorum required for the submission of slates by minority shareholders for the election of one or more members (pursuant to Article 148 of the CLF): 1%

NOTES

* The date of first appointment of each statutory auditor means the date on which the statutory auditor was unanimously appointed for the first time to Italgas' Board of Statutory Auditors.

** This column indicates the slate from which each auditor was taken ("M": majority slate; "m": minority slate).

*** This column indicates the attendance of auditors at meetings of the Board of Statutory Auditors.

**** This column shows the number of directorships and auditor posts that the party is bound to disclose pursuant to Article 148-bis of the CLF and its implementing provisions contained in the Consob Issuers' Regulations. The full list of offices is published by Consob on its own website pursuant to Article 144-quinquiesdecies of the Issuers' Regulations.

	In office until	Slate (M/m)***	Indep. Code	Attendance at Board meetings ***	No. of other offices ****
	26/04/2022	m	•	14/14	0
	26/04/2022	M	•	13/14	2
	26/04/2022	M	•	14/14	2
	26/04/2022	M	•	0/0	25
	26/04/2022	m	•	0/0	2

	In office until	Slate (M/m)***	Indep. Code	Attendance at Board meetings ***	No. of other offices ****
	Financial statements 31/12/24	m	•	13/13	19
	Financial statements 31/12/24	M	•	12/13	6
	Financial statements 31/12/24	M	•	13/13	1
	Financial statements 31/12/24	M	•	0/0	25
	Financial statements 31/12/24	m	•	0/0	7

Annex 2

Executive Summary - Adhesion to the Corporate Governance Code

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
Art. 1 - Role of the board of directors				
<i>Principles</i>				
I. The administrative body guides the Company in pursuing its sustainable success.	✓			1.6
II. The board of directors defines the strategies of the Company and the Group it heads in accordance with principle I and monitors its implementation.	✓			1.6
III. The board of directors defines the corporate governance system that is most functional for carrying out the company's business and pursuing its strategies, taking into account the flexibility offered by the legal framework. If applicable, it assesses and promotes appropriate amendments and submits them, when it is its responsibility to do so, to the Shareholders' Meeting.	✓			1.5
IV. The board of directors promotes dialogue with shareholders and other stakeholders which are relevant for the Company, in the most appropriate way.	✓			14
<i>Recommendations</i>				
1. The board of directors:				
a. examines and approves the business plan of the Company and of the Group it belongs to, also based on an analysis of relevant issues for the generation of value over the long term carried out with the possible support of a Committee, whose composition and functions shall be determined by the administrative body.				
b. periodically monitors the implementation of the business plan and assesses the general course of the business, comparing the results achieved with those planned;				
c. defines the nature and level of risk compatible with the Company's strategic objectives, including all the elements that can be relevant for the Company's sustainable success;	✓			4.1
d. defines the corporate governance system of the company and the structure of the group it heads, and assesses the adequacy of the company's organisational, administrative and accounting structure and of its strategically important subsidiaries, with particular reference to the internal control and risk management system;				
e. approves transactions of the Company and its subsidiaries that have a significant impact on the Company's strategies, profitability, assets and liabilities or financial position; to this end, it establishes the general criteria for identifying significant transactions;				
f. on proposal of the chairman in agreement with the chief executive officer, adopts a procedure for the internal and external management of documents and information concerning the company, with particular reference to inside information, in order to ensure the correct management of corporate information.	✓			4.5, 5

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>2. If deemed necessary for the effectiveness of the company's corporate governance system, the board of directors develops specific proposals to be submitted to the shareholders' meeting on the following issues:</p> <ul style="list-style-type: none"> a. the selection and characteristics of the corporate model (traditional, "one-tier", "two-tier"); b. size, composition and appointment of the administrative body and the duration in office of its members; c. expression of the administrative and ownership rights of shares; d. percentages set for the financial year of the prerogatives for the protection of minorities. <p>In particular, if the board of directors intends to propose to the shareholders' meeting the introduction of increased voting rights (so-called "voto maggiorato"), it provides adequate reasons in the report that will be submitted to the shareholders prior to their annual meeting. The report indicates the expected effects on the Company's ownership and control structure and its future strategies. In the same report, the board discloses the decision-making process followed for the definition of such a proposal and any dissenting opinions voiced within the board.</p>	✓			4.1
<p>3. The administrative body, as proposed by the Chairman in agreement with the chief executive officer, adopts and describes in the corporate governance report a policy for managing dialogue with shareholders in their entirety, also taking into account the engagement policies adopted by institutional investors and asset managers.</p> <p>The Chairman ensures that the board of directors is in any case informed, within the first suitable meeting, of the development and the significant contents of the dialogue that has taken place with all the shareholders.</p>	✓			14
<p>Art. 2 - Composition of the corporate bodies</p> <p><i>Principles</i></p> <p>v. The board of directors is comprised of executive and non-executive directors. All directors ensure professional skills and competence that are appropriate to their tasks.</p>	✓			4.3(a)
<p>vi. The number and expertise of the non-executive directors shall be such as to ensure they carry significant weight in the passing of board resolutions and to ensure the effective monitoring of operations. A significant proportion of the non-executive directors are independent.</p>	✓			4.3(a)
<p>vii. The Company applies diversity criteria, including gender ones, to the composition of the board of directors, ensuring the primary objective of adequate competence and professionalism of its members.</p>	✓			4.3(a)
<p>viii. The control body's composition is appropriate for ensuring the independence and professionalism of its function.</p>	✓			13(a)
<p><i>Recommendations</i></p> <p>4. The administrative body defines the assignment of delegated management powers and identifies the chief executive officer from among the executive directors. In the case where the Chairman is also assigned the role of chief executive officer or is assigned relevant management powers, the administrative body explains the reasons for this choice.</p>	✓			4.3(a)
<p>5. The number and skills of independent directors are appropriate to the needs of the company and to the well-functioning of the board of directors, as well as to the establishment of board Committees.</p>	✓			4.3(a)
<p>5. The board of directors includes at least two independent directors, other than the Chairman.</p>	✓			4.3(a)
<p>5. In large companies with concentrated ownership, independent directors account for at least one third of the board.</p>			✓	4.3(a)
<p>5. In other large companies, independent directors account for at least half of the board.</p>		✗		4.7

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>5. In large companies, independent directors meet, in the absence of the other directors, on a periodic basis and at least once a year to evaluate the issues deemed of interest to the functioning of the board of directors and to the corporate management.</p>	✓			4.7
<p>6. The board of directors assesses the independence of each non-executive director immediately after his or her appointment. The assessment is renewed during the mandate upon the occurrence of circumstances that concern his or her independence and at least once a year.</p> <p>Each non-executive director provides all the elements necessary or useful for the assessment of the board of directors. On the basis of all the information available, the board considers any circumstance that affects or could affect the independence of the director.</p>	✓			4.7
<p>7. The circumstances that jeopardise, or appear to jeopardise, the independence of a director are at least the following:</p> <p>a. if he or she is a significant shareholder of the Company;</p> <p>b. if he or she is, or was in the previous three financial years, an executive director or an employee:</p> <ul style="list-style-type: none"> — of the Company, of its subsidiary having strategic relevance or of a company subject to joint control; — of a significant shareholder of the Company; <p>c. if he or she has, or had in the previous three financial years, a significant commercial, financial or professional relationship, directly or indirectly (for example through subsidiaries, or through companies of which he or she is an executive director, or as a partner of a professional or a consulting firm):</p> <ul style="list-style-type: none"> — with the Company, or companies it controls, or with their relative executive directors or with top management; — with a subject who, also together with others through a shareholders' agreement, controls the company; or, if the control is held by a company or another entity, with its executive directors or top management; <p>d. if he or she receives, or received in the previous three financial years, from the company, one of its subsidiaries or the parent company, significant remuneration other than the fixed remuneration for the position held within the board and for the membership in the Committees recommended by the Code or required by law;</p> <p>e. if he/she was a director of the Company for more than nine financial years, even not consecutive, in the last twelve years;</p> <p>f. if he/she is vested with the executive director office in another company in which an executive director of the Company holds the office of director;</p> <p>g. if he/she is shareholder or director of a company or legal entity belonging to the same network as the company appointed for the auditing of the Company;</p> <p>h. if he/she is a close relative of a person who is in any of the positions listed in the above paragraphs.</p>	✓			4.7

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>The board of directors defines ex ante, at least at the beginning of its mandate, the quantitative and qualitative criteria for assessing the significance of the situations set forth above in letters c) and d). If the director is also a partner in a professional or a consulting firm, the board of directors assesses the significance of the professional relationships that may have an effect on his or her position and role within the professional or the consulting firm and in any event those pertaining to important transactions of the company and the group it heads, even regardless of the quantitative parameters.</p> <p>The Chairman of the board of directors, who has been nominated for such role according to recommendation 23, can be assessed as independent if none of the circumstances set forth above occurs. If the independent Chairman is member of the board Committees recommended by the Code, such Committees are made up in majority of independent directors, other than the chairman. The independent Chairman of the board of directors cannot chair the remuneration Committee and the control and risk Committee.</p>	✓			4.7
<p>8. The company defines the diversity criteria for the composition of the board of directors and the control body and identifies the most suitable tool for their implementation, taking into account its ownership structures.</p> <p>At least a third of the board of directors and the control body, where the latter is autonomous, is to be comprised of members of the less represented gender.</p> <p>Companies adopt measures to promote equal treatment and opportunities among genders within the entire organisation, monitoring their specific implementation.</p>	✓			4.3, 13(a).
<p>9. All members of the control body meet the independence requirements set out in recommendation 7 for directors. The independence assessment is carried out, with the timing and manner provided for by recommendation 6, by the board of directors or by the control body; such an assessment is based on the information provided by each member of the control body.</p>	✓			13(a)
<p>10. The outcome of the assessments of independence of directors and members of the control body referred to in recommendations 6 and 9 is disclosed to the market immediately after the appointment through a specific press release and, later, in the corporate governance report. In both cases, the outcome of the assessment provides information about: the criteria used for the assessment of the significance of the relationships and, in case of any deviation from the circumstances set forth in recommendation 7, a clear and detailed reason for this choice motivated by the individual situation and characteristics of the director concerned.</p>	✓			4.7, 13(a)
<p>Art. 3 - Functioning of the board of directors and role of the Chairman <i>Principles</i></p> <p>ix. The board of directors defines the rules and procedures for its functioning, ensuring an efficient flow of information to directors.</p>	✓			4.4
<p>x. The chairman of the board of directors plays a liaison role between executive and non-executive directors and ensures the effective functioning of the board.</p>	✓			4.5
<p>xi. The board of directors ensures an adequate division of its functions and establishes board Committees with preliminary, propositional and consultative functions.</p>	✓			6, 7, 8, 9
<p>xii. Each director ensures adequate time commitment for the fulfilment of their board responsibilities.</p>	✓			4.4

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<i>Recommendations</i>				
<p>11. The administrative body adopts regulations that define the operation of the body itself and of its Committees, including the methods for the minuting of meetings and the procedures for the management of information flows to the directors. These procedures identify the terms for the preliminary despatch of information and the procedures for the protection of the confidentiality of data and of the information provided in order not to prejudice the timeliness and integrity of the information flows.</p> <p>The corporate governance report provides adequate information on the main content of the regulations of the administrative body and in compliance with procedures relating to the timeliness and adequacy of the information provided to directors.</p>	✓			4.4
<p>12. The chairman of the administrative body, with the assistance of the secretary of the same body, shall ensure:</p> <ul style="list-style-type: none"> a. that pre-board meeting information and the supplementary information provided during meetings is suitable to allow the directors to act in an informed manner in the performance of their role; b. that the activities of board Committees with functions of investigation, consultation and proposal are coordinated with the activities of the administrative body; c. in agreement with the chief executive officer, that the company's senior executives and those of the companies belonging to its group, in charge of the pertinent management areas, attend the meetings of the board in order to provide appropriate supplemental information on the issues on the Board's agenda, also at the request of individual directors; d. that all the members of the administrative and control bodies are allowed to participate, after their election and during their mandate, in initiatives aimed at providing them with an adequate knowledge of the business sectors where the company operates, of the corporate dynamics and the relevant evolutions, also from the point of view of the sustainable success of the company as well as in accordance with the principles of proper risk-management and of the relevant regulatory and self-regulatory framework; e. the adequacy and transparency of the administrative body self-evaluation process, with the support of the appointments Committee. 	✓			4.5(a)
<p>13. The board of directors appoints an independent director as lead independent director:</p> <ul style="list-style-type: none"> a. if the chairman of the board of directors is the chief executive officer or holds significant managerial powers; b. if the office of chairman is held by the person who controls, also jointly, the company c. in large companies, even in the absence of the conditions indicated in letter a) and b), if requested by the majority of independent directors. 	✓			4.7
<p>14. The lead independent director:</p> <ul style="list-style-type: none"> a. collects and coordinates the requests and contributions of non-executive directors and, in particular, of independent ones; b. coordinates the meetings of the independent directors. 	✓			4.7
<p>15. In large companies, the board of directors expresses its guidelines on the maximum number of offices that can be considered compatible with an effective performance and the time commitment required by the role of the directors. The relevant offices are those held in corporate bodies of other listed companies and of companies having a significant size.</p>	✓			4.3

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>16. The board of directors sets up internal Committees with preliminary, propositional and consultative functions regarding appointments, remuneration and control and risks. These functions can be either assigned to the three board Committees recommended by the Code or distributed in a different manner or even combined in a single Committee. In any case, the company ensures an adequate disclosure on the tasks and activities carried out by each of the assigned functions, as well as an adequate composition of each Committee.</p> <p>The functions of one or more Committees can even be assigned to the board of directors, under the coordination of the Chairman, provided that:</p> <p>a. the independent directors represent at least half of the administrative body;</p> <p>b. the board dedicates adequate sessions to the performance of such functions.</p> <p>In the event that the functions of the remuneration Committee are assigned to the board of directors, the last paragraph of recommendation 26 applies.</p> <p>Companies other than large ones may assign the functions of the control and risk Committee to the board of directors even in absence of the condition set forth above in letter a).</p> <p>Companies with concentrated ownership, even large ones, can assign the functions of the nomination Committee to the board of directors even in absence of the condition set forth above in letter a).</p>	✓			6, 7, 8, 9
<p>17. The board of directors defines the tasks of the Committees and their composition, favouring the competence and experience of their members and avoiding, in large companies, an excessive concentration of offices.</p> <p>Each Committee is coordinated by a Chairman who informs the board of directors about the Committee's activities at the first useful board meeting.</p> <p>The chairman of the Committee may invite the chairman of the board of directors, the chief executive officer, the other directors and, after informing the chief executive officer, the representatives of the company departments competent on the matter; the members of the control body may attend the meetings of each Committee.</p> <p>Board Committees can have access to the information and the corporate functions that are necessary for the performance of their duties. Board Committees have adequate financial resources and can avail themselves of external consultants according to the conditions set forth by the board of directors.</p>	✓			6, 7, 8, 9
<p>18. The administrative body approves, on the proposal of the chairman, the appointment and revocation of the secretary of the body and defines their professional requirements and duties in its regulations.</p> <p>The Secretary supports the Chairman's activities and provides impartial assistance and consultation to the administrative body on every relevant aspect for the correct operation of the corporate governance system.</p>	✓			4.5(b)
<p>Art. 4 - Appointment of directors and board evaluation</p> <p><i>Principles</i></p>				
<p>xiii. The board of directors ensures, within its competence, that the process of appointment and succession of directors is transparent and functional to achieve the optimal composition of the board according to the principles set forth in Article 2.</p>	✓			4.3, 7
<p>xiv. The board of directors periodically evaluates, through formalised procedures, its effectiveness and the contribution made by individual directors. The implementation of the board evaluation procedures is supervised by the board itself.</p>	✓			7

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<i>Recommendations</i>				
<p>19. The board of directors entrusts the nomination Committee to support it on:</p> <ul style="list-style-type: none"> a. self-evaluation of the administrative body and its Committees; b. definition of the optimal composition of the administrative body and its Committees; c. identification of candidates for the office of director in case of co-optation; d. the possible presentation of a slate by the outgoing administrative body to be prepared according to procedures that ensures its transparent formulation and presentation; e. preparation, updating and implementation of a possible succession plan for the chief executive officer and other executive directors. 	✓			7.2
<p>20. The majority of directors of the nomination Committee are independent.</p>	✓			7.1
<p>21. The board evaluation assesses the size, composition and functioning of the board and its Committees. It includes also the board's active involvement in the definition of the company's strategy and in the monitoring of the management of the company's business as well as the appropriateness of the internal control and risk management system.</p>	✓			7.2(a)
<p>22. The board evaluation is conducted at least every three years, before the renewal of the board of directors.</p> <p>In large companies other than those with concentrated ownership, the board evaluation is conducted on an annual basis and can be diversified according to the term of the board's mandate. In such companies, the board considers whether to appoint an external facilitator for its evaluation at least once every three years.</p>	✓			7.2(a)
<p>23. In companies other than those with concentrated ownership, the board of directors:</p> <ul style="list-style-type: none"> — expresses, prior to each renewal, its view on the quantitative and qualitative composition deemed to be optimal, taking into account the results of the evaluation; — requires anyone submitting a slate with a number of candidates that is higher than half the number of members to be elected to provide adequate information on the compliance of the slate with the board guidelines mentioned above, and with the board diversity criteria set forth in principle VII and recommendation 8. In such cases, the slate also identifies its candidate for the chairmanship of the board, whose appointment is conducted according to the company's bylaws. All the information mentioned in this paragraph are disclosed in the documentation attached to the slate during its filing process. <p>The board guidelines are published on the company's website before the publication of the notice of the shareholders' meeting convened for the board's renewal. They identify the managerial and professional profiles and the skills deemed necessary, having due consideration of the company's sectoral characteristics, the board diversity criteria set forth in principle VII and recommendation 8 as well as the board guidelines on the maximum number of offices set forth in recommendation 15.</p>	✓			4.3(a), 7.2(b)
<p>24. In large companies, the administrative body:</p> <ul style="list-style-type: none"> — elaborates, with the support of the appointments Committee, a plan for the succession of the Chief Executive Officer and executive directors by identifying, at least, the procedures to be followed in the event of an early termination of office; — ascertains the existence of appropriate procedures for the succession of the top management. 	✓			7.2(b), 7.2

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
Art. 5 - Remuneration <i>Principles</i>				
xv. The remuneration policy for directors, members of the control body and the top management contributes to the pursuit of the company's sustainable success and takes into account the need to have, retain and motivate people with the competence and professionalism deemed adequate for their role.	✓			1.6, 7.2(c)
xvi. The remuneration policy is developed by the board of directors through a transparent procedure.	✓			7.2(c)
xvii. The board of directors ensures that the remuneration paid and accrued is consistent with the principles and criteria defined in the policy, considering the results achieved and any other circumstances relevant for its implementation.	✓			7.2(c)
<i>Recommendations</i>				
25. The board of directors entrusts the remuneration Committee with the task of: <ul style="list-style-type: none"> a. assisting it with drafting the remuneration policy; b. submitting proposals or expressing opinions on the remuneration of executive directors and the other directors who hold specific offices and on the establishment of performance objectives related to the variable component of such remuneration; c. monitoring the actual application of the remuneration policy and checking, in particular, the actual achievement of the performance objectives; d. periodically assessing the adequacy and overall coherence of the remuneration policy for directors and top management. In order to have people with adequate competence and professionalism, the remuneration of executive and non-executive directors and of the members of the control body is defined with due consideration of the remuneration practices that are common with regards to the company's reference sectors and size. It also considers comparable international practices, with the possible support of an independent consultant.	✓			7.2
26. The remuneration Committee is made up of non-executive directors, the majority of whom are independent, and is chaired by an independent director. At least one member of the Committee has adequate knowledge and experience in financial matters or remuneration policies; such skills are assessed by the board of directors before his or her appointment. No director takes part in the meetings of the remuneration Committee in which proposals relating to his or her remuneration are made.	✓			7.1

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>27. The remuneration policy for executive directors and the top management defines:</p> <ul style="list-style-type: none"> a. balance between the fixed and the variable component which is consistent with the company's strategic objectives and risk management policy. Consistency is assessed taking into consideration the business's characteristics and the industry of the company. The variable component has in any case a significant weight on the overall remuneration; b. caps to the variable components; c. performance objectives, to which is linked the payment of the variable components, that are predetermined, measurable and predominantly linked to the long-term horizon. They are consistent with the company's strategic objectives and with the aim of promoting its sustainable success and includes non-financial parameters, where relevant; d. an adequate deferral of a significant part of the variable component that has been already accrued. Such a deferral period is consistent with the company's business activity and its risk profile; e. provisions that enable the company to recover and/or withhold, in whole or in part, the variable components already paid-out or due, where they were based on data which subsequently proved to be manifestly misstated. The company can identify other circumstances in which such provisions are applied; f. clear and predetermined rules for possible termination payments, establishing a cap to the total amount that might be paid out. The cap is linked to a certain amount or a certain number of years of remuneration. No indemnity is paid out if the termination of the office is motivated by director's objectively inadequate results. 	✓			7.2(c) Report on the remuneration policy and compensation paid prepared by the Company pursuant to Article 123-ter of the CLF.
<p>28. The share-based remuneration plans for executive directors and the top management are aligned with the interests of the shareholders over a long-term horizon, providing that a predominant part of the plan has an overall vesting and holding period of at least five years.</p>	✓			7.2(c) Report on the remuneration policy and compensation paid prepared by the Company pursuant to Article 123-ter of the CLF.
<p>29. The remuneration of non-executive directors is adequate to the competence, professionalism and commitment required by their role within the board of directors and its Committees; this remuneration is not related to financial performance objectives, except for a non-significant part.</p>	✓			7.2(c) Report on the remuneration policy and compensation paid prepared by the Company pursuant to Article 123-ter of the CLF.
<p>30. The remuneration of the members of the control body is adequate to the competence, professionalism and commitment required by their role and the company's size, industry and current situation.</p>	✓			7.2(c) Report on the remuneration policy and compensation paid prepared by the Company pursuant to Article 123-ter of the CLF.


2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>31. On the occasion of the termination of office and/or dissolution of the relationship with an executive director or general manager, a press release is published as soon as the internal processes that led to the assignment or the recognition of any indemnities and/or other benefits has been concluded. The press release provides for detailed information on:</p> <ul style="list-style-type: none"> a. the assignment or the recognition of indemnities and/or other benefits, the circumstances that justify their accrual (e.g. due to the expiration of the term of office, its termination or a settlement agreement) and the decision-making process followed for this purpose within the company; b. the total amount of the indemnity and/or other benefits, the related components (including non-monetary benefits, the vesting of rights connected with incentive plans, the compensation for non-competitive commitments or any other remuneration allocated to any reason and in any form) and the timing of their disbursement (distinguishing the part paid immediately from the part subject to deferral mechanisms); c. the application of any claw-back or malus clauses; d. the compliance of the elements indicated in letters a), b) and c) consistently with the remuneration policy, with a clear indication of the reasons and the decision-making process followed in the event of non-compliance, even if only partial, with the policy itself; e. the procedures that have been or will be followed for the replacement of the executive director or the general manager whose office has been terminated. 	✓			2.10, 7(c), 7.2.
<p>Art. 6 - Internal control and risk management system</p> <p><i>Principles</i></p>				
<p>xviii. The internal control and risk management system consists of a set of rules, procedures and organisational structures for an effective and efficient identification, measurement, management and monitoring of the main risks, aimed at contributing to the sustainable success of the company.</p>	✓			10.1(a)
<p>xix. The board of directors defines the guidelines of the internal control and risk management system in accordance with the company's strategies and annually assesses its adequacy and effectiveness.</p>	✓			10.1(a)
<p>xx. The board of directors defines the principles concerning the coordination and the flow of information among the parties involved in the internal control and risk management system. Such principles aim at maximising the effectiveness of the system itself, reducing the duplication of activities and ensuring the successful performance of the duties of the control body.</p>	✓			10.1(a)

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p><i>Recommendations</i></p> <p>32. The organisation of the internal control and risk management system involves:</p> <ul style="list-style-type: none"> a. the administrative body, whose role is to provide guidance and assess the adequacy of the system; b. the chief executive officer, who is in charge of setting up and maintaining the internal control and risk management system; c. the control and risk Committee, set up within the administrative body, whose duty is to support the assessments and decisions of the administrative body in relation to the internal control and risk management system and the approval of the periodic financial and non-financial reports. In companies that adopt the "one-tier" or "two-tier" corporate model, the functions of the control and risk Committee can be assigned to the control body; d. the head of the internal audit department, who is in charge of checking that the internal control and risk management system is working, adequate and consistent with the guidelines defined by the administrative body; e. the other company departments involved in the checks (such as the risk management, legal and non-compliance risk departments), organised in relation to size, sector, complexity and company risk profile; f. the control body, which monitors the effectiveness of the internal control and risk management system. 				



10.1(a)

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>33. The board of directors, with the support of the control and risk Committee:</p> <ul style="list-style-type: none"> a. defines the guidelines of the internal control and risk management system consistently with the company's strategies and assesses, at least once a year, the adequacy of this system with respect to the company's characteristics and its risk profile, as well as its effectiveness; b. appoints and dismisses the head of the internal audit function, defining his or her remuneration which is consistent with the company policies. The board ensures that he or she has adequate resources to carry out his or her duties. If it decides to entrust the Internal Audit function, as a whole or by operational segments, to a person external to the Company, it ensures that this person fulfils the appropriate professionalism, independence and organization requirements and provides adequate reasons for this choice in the Corporate Governance Report; c. approves, at least on an annual basis, the work plan prepared by the head of the internal audit function, after hearing the control body and the chief executive officer; d. assesses the advisability of adopting measures to guarantee the effectiveness and impartiality of the other company departments stated in recommendation 32, letter e), ensuring that they have adequate professional skills and resources; ✓ e. assigns the supervisory functions pursuant to Art. 6(1)(b) of Legislative Decree No. 231/2001 to the control body or to a body established specifically for this purpose (the so-called functions of the "Organismo di Vigilanza"). If the body does not correspond to the control body, the board of directors considers whether to appoint within the body at least one non-executive director and/or a member of the control body and/or the head of a legal or supervisory function of the company, in order to ensure coordination among the various parties involved in the internal control and risk management system; f. evaluates, after consultation with the control body, the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the control body; g. describes, in the corporate governance report, the main characteristics of the internal control and risk management system and the methods of coordination among the subjects involved. The report provides information about the national and international reference models and best practices adopted and the board's overall assessment of the adequacy of the system itself. Moreover, it provides an adequate explanation of the composition of the control body referred to in letter e) above. 				8.2, 10.3, 10.8, 16.1.
<p>34. The chief executive officer:</p> <ul style="list-style-type: none"> a. identifies the main business risks, considering the characteristics of the activities carried out by the company and its subsidiaries, and periodically submit them to the examination of the board of directors; b. implements the guidelines defined by the board of directors, providing for the design, implementation and management of the internal control and risk management system and constantly verifying its adequacy and effectiveness, as well as adapting it to the dynamics of the operating conditions and the legislative and regulatory landscape; ✓ c. can entrust the internal audit with the tasks of carrying out specific controls on defined operational areas and on compliance with internal rules and procedures in the implementation of company transactions. Such requests are contextually conveyed to the chairman of the board of directors, to the chairman of the control and risk Committee and to the chairman of the control body; d. reports promptly to the Control and Risk Committee on any problems and critical issues that may arise in the performance of his/her duties or of which he/she in any case becomes aware, so that the Committee can take all suitable measures; 				10.2

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>35. The control and risk Committee is comprised of non-executive directors, the majority of whom are independent, and is chaired by an independent director.</p> <p>The Committee has expertise that is consistent with the company's industry and assessment of its risks; at least one member of the Committee has adequate knowledge and experience in accounting, finance or risk management.</p> <p>The control and risk Committee, in assisting the board of directors:</p> <ul style="list-style-type: none"> a. assesses the external auditor and the control body, the correct application of the accounting principles and, in the case of groups, their homogeneity for the purposes of preparing the consolidated financial statement, after hearing the manager responsible for the corporate financial documents; b. assesses whether the periodic financial and non-financial information is suitable to correctly represent the company's business model, its strategies, the impact of its business and the performance achieved, in coordination with the Committee mentioned in recommendation 1(a), if established; c. it examines the content of the periodic non-financial information relevant to the internal control and risk management system; d. expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the board of directors' assessments and decisions relating to the management of risks deriving from prejudicial facts of which the latter has become aware; e. examines the periodic and particularly relevant reports prepared by the internal audit function; f. monitors the independence, suitability, effectiveness and efficiency of the Internal Audit Department; g. may entrust the internal audit department with the task of verifying specific operational areas, simultaneously notifying the chairman of the control body; h. reports to the board of directors, at least upon the approval of the annual and half-yearly financial report, on the activities carried out and on the adequacy of the internal control and risk management system. 				8.1, 8.2

2022 Corporate Governance Code	Applied	Not Applied	Not applicable	Reference paragraph
<p>36. The head of the internal audit department is not responsible for any operations area and reports to the administrative body. This figure has direct access to all the information useful in performing the duties of this position.</p> <p>The head of the internal audit function:</p> <ul style="list-style-type: none"> a. verifies, both on an ongoing basis and in relation to specific needs and in compliance with international standards, the functioning and the suitability of the internal control and risk management system according to the audit plan. The audit plan is approved by the board of directors and is based on a structured process of analysis and prioritisation of the main risks; b. prepares periodic reports containing adequate information on its activity, on the ways in which risk management is conducted, as well as on compliance with the plans defined for the containment of risks. The periodic reports contain an assessment of the suitability of the internal control and risk management system; c. prepares promptly, at the request of the control body, reports on events of particular relevance; d. submits the reports referred to in letters b) and c) to the chairs of the control body, of the control and risk Committee and of the board of directors, as well as to the chief executive officer, except in cases where the matter of these reports specifically concerns the activity of these subjects; e. verifies, as part of the audit plan, the reliability of the information systems, including the accounting systems. 	✓			10.3
<p>37. The member of the control body who, on his or her own behalf or on behalf of third parties, has an interest in a specific transaction of the company, provides prompt and exhaustive information to the other members of the same body and to the Chairman of the board of directors about the nature, terms, origin and extent of his or her interest.</p> <p>The control body and the control and risk Committee promptly exchange relevant information for the performance of their respective duties. The Chairman of the control body, or another member of the control body designated by its chairman, takes part in the meetings of the control and risk Committee.</p>	✓			8.1, 10.8, 11

