



Report on the 2023 Remuneration Policy and 2022 Compensation Paid



Our Identity

Values, Mission and Purpose are the synthesis of our Identity. They tell what we are and what we want to become. **Together.**

To be a leading player in the energy world, driving its evolution with continuous and sustainable innovation to improve people's quality of life.



Vision

We have provided energy services to the community with efficiency, safety and excellence for over 180 years.

Advancing the energy transition by creating the networks of the future and promoting innovative and sustainable solutions.

We care for local communities. We nurture positive and generative relationships with everyone we meet: individuals, companies, suppliers and shareholders.

We are open to new markets where we can apply our distinctive skills.

We promote people's growth and develop talent by building inclusive and stimulating working environments.



Mission

Pioneers by **PASSION** and builders by **VOCATION**, we put all our energy into accelerating genuine **ECOLOGICAL TRANSITION**.

We do it **FOR US**.
We do it **FOR EVERYONE**.



Purpose



Report on the 2023 Remuneration Policy and 2022 Compensation Paid

Approved by the Board of Directors' meeting of 09 March 2023
The Report on the Remuneration Policy and Compensation Paid
is published in the "Governance - Remuneration" section of the
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Letter from the Chairman of the Appointments and Compensation Committee

Dear Shareholders,

I am pleased to present the Report on the 2023 Remuneration Policy and 2022 Compensation Paid, a document in which we aim to transparently and comprehensively disclose Italgas' remuneration policies and their link with the business and sustainability strategy, increasingly strengthening constructive dialogue with all stakeholders.

The Appointments and Compensation Committee, established following the Shareholders' Meeting of 26 April 2022 and whose members are currently, in addition to the undersigned, the Non-Executive Directors Manuela Sabbatini and Claudio De Marco, is in the first year of its three-year term of office and deems it necessary to thank the previous members of the Committee for their achievements.

As a result of listening to the main stakeholders and the analyses carried out by independent consultants, the Appointments and Compensation Committee was able to ascertain general appreciation for Italgas' remuneration policy, which was also reflected in the favourable votes cast by the Shareholders' Meeting for both sections of the report.

The Committee believes that the Group's Remuneration Policy represents a key element for the achievement of business and sustainability objectives in the medium to long term and for the creation of shareholder value. Therefore, the activities and decisions of the Appointments and Compensation Committee for this Remuneration Policy aim, on the one hand, to ensure full alignment with the 2022-2028 Strategic Plan and Value Creation Plan with a

view to sustainable development, and on the other hand to submit for the approval of shareholders a document consistent with the path taken by Italgas in recent years, having seen progressive evolution both from a business and a remuneration policy perspective.

2022 was certainly an important year in Italgas' history: it saw the Group play an increasingly leading role in the digitisation of the distribution network in Italy and in the development of business related to energy efficiency, and led to the final closing of the acquisition of Depa Infrastructure in September, with the beginning of the related integration processes. Italgas is therefore set to operate in an active manner beyond its national borders, exporting the high level of knowledge and expertise that the Group can boast of in the gas sector and in the digitisation of its business. The result is undoubtedly greater complexity and new challenges for the Group, which, however, has everything it needs to face them.

This Report on the Remuneration Policy and the Compensation Paid aims to maintain constant alignment between Italgas' business evolution and the remuneration strategy and the creation of sustainable value by the Company for all its stakeholders, and all of this is combined with the will to further improve transparency and the level of representation of all useful information.

In particular, I consider it relevant to highlight a few elements that you will find described later in the document:

- the renewal of the Long-Term Incentive Plan, to be approved at this Shareholders' Meeting, which, although in line with the previous one, places greater weight on the sustainability component, which rises from 15% to 20%, and creates a strong link between the latter and the quantitative objectives, which are measurable and disclosed to the market as well as included in the Group's strategic plan;
- the maintenance and constant search for an annual corporate performance scorecard balanced between economic-financial indicators, which are the key to measuring results in terms of corporate management, and ESG indicators, which are fundamental in the sustainable development approach undertaken by the Company and the market;
- the introduction of shareholding guidelines for the Chief Executive Officer, for the first time in the Group's history, which require him to hold a predefined number of Italgas shares throughout his term of office. This further reinforces the link between remuneration, performance and shareholder interests as well as constant alignment with best market practices.

The document has been further revised, introducing a specific section on new elements introduced for 2023 and increasingly emphasising the link between performance and remuneration, especially from a sustainable development perspective, with a focus on the main results achieved in terms of sustainability, diversity and inclusion. In addition, its graphic design was further enhanced in order to improve the level of transparency and disclosure of its contents.

It also confirms the representation of the numerous initiatives carried out to benefit all of Italgas' people, thanks also to listening tools such as the climate survey, with a view to support, welfare and well-being and in line with the objectives set out in the Sustainable Value Creation Plan.

The 2023 Remuneration Policy is defined essentially in line with the previous one, and is based on some key principles:

- **CONSISTENCY:** the internal and external market analyses carried out in 2022 ensure full alignment with the main market and governance practices, with the aim of ensuring that the proposals and decisions of the Board of Directors are faithful to Italgas' Remuneration Policy and the approach that has always been disclosed to stakeholders on remuneration issues.
- **LISTENING:** by leveraging constant and in-depth dialogue with all internal and external stakeholders in order to ensure that the Remuneration Policy is fully consistent with the key factors of the strategic plan and the creation of value for shareholders. The Committee welcomed the increase in positive votes at the 2022 Shareholders' Meeting and once again, with support from the Human Resources and Organisation department, conducted an in-depth analysis of the main evidence that emerged in order to identify the main areas of improvement requiring attention and that are therefore faithfully incorporated into this document.

I always consider it extremely important to point out the continuity in listening to Italgas' people, stakeholders par excellence, through a specific climate survey, also conducted in 2022 and in which 86% of Group employees in Italy and 80% of employees in Greece participated.

- **SUSTAINABILITY AND INCLUSION:** sustainability and inclusion topics, in addition to the link between remuneration and short, medium and long-term objectives and the link with the share price, are constantly at the centre of the group's strategic decisions. All this is reflected, for example, in the incentive plans for Management, both in the short- and long-term as mentioned earlier for the new LTI plan, ensuring strong alignment with Italgas' materiality matrix and sustainability strategy. This overall alignment is also ensured by a structured process of assigning objectives within the various corporate departments, which results in a high level of commitment to achieving the sustainability objectives set out in Italgas' Strategic Plan, in relation to environmental, social and governance issues, including network security, which the Company has always paid great attention to. This Report emphasises and highlights, among other things, the main results achieved in 2022, in terms of both environmental sustainability and inclusion and diversity. Regarding this last point, it is certainly important to point out the significant results achieved on the presence of women in positions of responsibility, which reached 24.7% at the end of 2022; this issue remains a priority for the Group in 2023.

The Remuneration Policy is also consistent with the company's vision, mission and purpose, and with the new leadership model developed by Top Management based on three main axes of Excellence, Innovation and People. The main values are fully reflected in the policy and will form the basis for its further development.

We believe that this approach can be assessed positively and will meet the expectations of all of Italgas' stakeholders, at the same time ensuring a Remuneration Policy aligned with national and international best practices.

I would like to take this opportunity to thank my fellow non-executive directors and members of the Appointments and Compensation Committee, Manuela Sabbatini and Claudio De Marco, for their meticulous and passionate work carried out together and the excellent start to the work of this Committee, for which I would also like to thank Mr Lorenzo Parola, who preceded me at the beginning in the role of Committee Chairman.

In the hopes that this Report might provide an effective and in-depth framework of the Italgas Remuneration Policy, I am grateful for the willingness to communicate and for the support during the Shareholders' Meeting for continuous and profitable dialogue to achieve shared and ambitious objectives.

Fabiola Mascardi

Chairman of the Appointments
and Compensation Committee

2023 Remuneration Policy: executive summary

The main characteristics of the 2023 Remuneration Policy are shown below. The policy was prepared in consideration of specific compensation benchmarks created with the support of an independent and highly specialised advisor and taking account of national and international best practices.

Item	Purpose and characteristics	Amounts																	
Fixed remuneration	<p>This remunerates in accordance with the role, to assure attractiveness and motivation. It is defined in line with the complexity and responsibilities that the role manages, so as to guarantee internal fairness, and is monitored with respect to the external market, to assure the right level of competitiveness.</p>	<ul style="list-style-type: none">– Chairman: € 300,000– CEO: € 850,000– Executives with Strategic Responsibilities: defined in relation to the role assigned– Non-executive Directors: € 50,000																	
	<p>This defines a clear and predetermined link between remuneration and annual performance. The value of the STI depends on the level of attainment of economic-financial and sustainability targets set by the Board of Directors:</p> <table><thead><tr><th>KPI</th><th>Weight</th></tr></thead><tbody><tr><td>Profitability (EBITDA)</td><td>30%</td></tr><tr><td>Investment (spending)</td><td>25%</td></tr><tr><td>Net Financial Position</td><td>20%</td></tr><tr><td>Sustainability:</td><td></td></tr><tr><td>– Accident frequency index</td><td>5%</td></tr><tr><td>– Leakage on the distribution network (as percentage of network km inspected)</td><td>7.5%</td></tr><tr><td>– Energy intensity</td><td>7.5%</td></tr><tr><td>– Diversity and inclusion</td><td>5%</td></tr></tbody></table>	KPI	Weight	Profitability (EBITDA)	30%	Investment (spending)	25%	Net Financial Position	20%	Sustainability:		– Accident frequency index	5%	– Leakage on the distribution network (as percentage of network km inspected)	7.5%	– Energy intensity	7.5%	– Diversity and inclusion	5%
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Short-Term Incentive (STI)	<p>The Plan also includes a performance gate (overall score >= 85%), the non-achievement of which shall result in zero payout, irrespective of the level of achievement of the individual targets.</p>																		

Item	Purpose and characteristics	Amounts												
Co-investment with three-year deferral 2021-2023	35% of the short-term incentive accrued is deferred to shares and subject to three-year co-investment, with the aim of further strengthening alignment between management and stakeholders. The deferred incentive is subject to an additional performance condition (cumulative EBITDA) and a share matching mechanism.	<ul style="list-style-type: none">– CEO: deferred target component equal to 28% of the fixed remuneration– Executives with Strategic Responsibilities: deferred target component equal to 18% of the fixed remuneration <p><i>The quota indicated only refers to the deferred component, net of its possible revaluation linked to performance and the company matching described in the First Section of this Report.</i></p>												
2023-2025 Long-Term Incentive (LTI)	<p>This favours the alignment of individual targets with stakeholders' targets in the long-term, while also serving a retention function. The value of the LTI accrued depends on the level of achievement of the following objectives:</p> <table><tr><th>KPI</th><th>Weight</th></tr><tr><td>Consolidated Net Profit</td><td>50%</td></tr><tr><td>Relative Total Shareholder Return</td><td>30%</td></tr><tr><td>Sustainability:</td><td></td></tr><tr><td>– Reduction of CO₂ emissions - Scope 1 and 2</td><td>10%</td></tr><tr><td>– Reduction of net energy consumption</td><td>10%</td></tr></table>	KPI	Weight	Consolidated Net Profit	50%	Relative Total Shareholder Return	30%	Sustainability:		– Reduction of CO ₂ emissions - Scope 1 and 2	10%	– Reduction of net energy consumption	10%	<ul style="list-style-type: none">– CEO: target incentive equal to 65.5% of the fixed remuneration on an annual basis– Executives with Strategic Responsibilities: target incentive equal to 34% of the fixed remuneration on an annual basis
KPI	Weight													
Consolidated Net Profit	50%													
Relative Total Shareholder Return	30%													
Sustainability:														
– Reduction of CO ₂ emissions - Scope 1 and 2	10%													
– Reduction of net energy consumption	10%													
Severance agreement and pay	Consistent with relevant market practices and Italian law, the Company may provide an indemnity for termination of employment and/or administration in the form of specific individual agreements.	<ul style="list-style-type: none">– CEO: 2 annuities of annual fixed remuneration supplemented by the average variable incentive paid in the last three years– Executives with Strategic Responsibilities: no severance pay agreements currently provided for												
Non-compete agreement	To protect the company's interest, the Company may provide for non-compete agreements lasting one year against payment of a fee.	<ul style="list-style-type: none">– CEO: 1 annuity of remuneration– Executives with Strategic Responsibilities: no non-compete agreements currently in place												
Benefits	They are an integral part of the remuneration package and are predominantly welfare or social security based. They are defined in line with the main market practices and in compliance with the provisions of national collective labour agreements and supplementary company agreements for executives.	<p>CEO and Executives with Strategic Responsibilities:</p> <ul style="list-style-type: none">– Supplementary Pension Fund– Supplementary Healthcare Funds– Insurance coverage– Car for personal and business use												
Shareholding guidelines	They help to further strengthen alignment with shareholder interests in the long-term. They consist of the request to meet a minimum holding requirement of Italgas shares for the entire tenure.	<ul style="list-style-type: none">– CEO: 1 annuity of fixed remuneration												
Claw-back	The clawback, applicable to all incentive instruments listed, has a duration of 10 years and the purpose of avoiding fraudulent conduct and/or conduct not in line with the company values and excessive risk-taking, which may compromise the company's sustainability in the long term.													
Independent Operators / Compliance Managers in an unbundling regime	All the incentive systems defined above are appropriately designed for the Independent Operators / Compliance Managers identified by Italgas Group, in order to ensure and guarantee the neutrality of the management of essential infrastructures, as defined by the reference regulations ¹ .													

¹ Pursuant to Annex A (TIUF) to resolution 296/2015, amended and supplemented with resolution 15/2018, which, in addition to providing for specific provisions relating to the functional unbundling obligations for companies operating in the electricity and gas sectors, governs the independence requirements of the Independent Operator / Compliance Manager of companies operating in the corporate unbundling of sales and production.

New elements for 2023

In order to ensure continuous improvement of the Remuneration Policy and considering the voting results of the 2022 Shareholders' Meeting, the feedback received from Proxy Advisors and investors, regulatory developments and market trends, the Company has introduced some new elements in this Report, which are summarised below:

- comprehensive **update of the layout** and presentation of information, with particular reference to the **executive summary** table and the section summarising the key features of the Remuneration Policy, in order to further improve disclosure of the main remuneration elements and use of the document by stakeholders;
- in-depth analysis and updating of the **remuneration benchmarks** for the Chief Executive Officer and the Chairman, carried out with the support of an independent and highly specialised advisor, taking into consideration not only the panel of companies already used last year, but also a narrower panel of Italian companies comparable to Italgas, mainly belonging to the Energy & Utilities sector and infrastructure operators;
- adjustment of the **fixed remuneration** of the Chief Executive Officer and the Chairman in line with the principles of the Remuneration Policy and market benchmarks, taking into account the significant change in the Italgas Group compared to the previous mandate, with an increase in the importance of **non-regulated businesses** related to energy efficiency and the **expansion of the scope of operations** with the acquisition of **Depa Infrastructure** in Greece, which lead to a significant increase in business and management complexity;
- introduction of the new **2023-2025 Long-Term Incentive Plan** (LTI Plan), submitted for approval at the Shareholders' Meeting of 20 April 2023. Developed in substantial continuity with the previous 2020-2022 Long-Term Monetary Incentive Plan (LTMI), it introduces an even more marked focus on the sustainability component by increasing the relative weight and defining quantitative targets closely related to the Strategic Plan and the Sustainable Value Creation Plan;
- maintenance of a **clear focus on sustainability** also in the **short-term company objectives**, where the link with the Strategic Plan and the Sustainable Value Creation Plan was further strengthened;
- introduction of a **shareholding requirement (so-called shareholding guidelines) for the Chief Executive Officer**, in order to further strengthen the alignment of interests with shareholders in the long term. In particular, the guidelines established with the 2023 Remuneration Policy require the Chief Executive Officer to recurrently maintain an investment in shares of the Company equal to at least one year's fixed remuneration;
- further **refinement** and definition of the process and elements that may be subject to **derogations from the Remuneration Policy**;
- increased **transparency** in the reporting and related graphical representation of the results in the Second Section of the document.

The new elements introduced in this document are in line with the guidelines of the Shareholders' Rights Directive II and the provisions of the Issuers' Regulations and the Corporate Governance Code, and also ensure alignment with the best practices of the national and international market.

Key elements of the Remuneration Policy

The Remuneration Policy, which is illustrated in detail in the First Section of this Report, was adopted by the Board of Directors, at the proposal of the Appointments and Compensation Committee, on 9 March 2023. The policy is intended to:

- i. promote **sustainable success** by pursuing the **objectives of the Strategic Plan and the Sustainable Value Creation Plan**, improving the **long-term financial and non-financial results**;
- ii. pursue and promote the **creation of value** for the various company stakeholders: employees, shareholders, local communities, suppliers;
- iii. **attract, retain and motivate** people with high professional qualities;
- iv. encourage the **commitment** of key resources in relation to strategic objectives;
- v. encourage actions and conducts that respect the **values** and **culture** of the Company, in compliance with the principles of meritocracy, inclusion and plurality, equal opportunity, enhancement of people's knowledge and professionalism, fairness, non-discrimination and integrity required by the Code of Ethics.

1. General principles and guidelines

Italgas' Remuneration Policy is characterised by its strong link to the Strategic Plan and the Sustainable Value Creation Plan, in addition to alignment with market and governance best practices. Therefore, it is founded on a number of principles and clear guidelines of what the Policy itself envisages or excludes in terms of remuneration for Management.

<p>What our Policy envisages</p>	<ul style="list-style-type: none"> – Remuneration policy and variable incentive plans closely linked to the Strategic Plan and Sustainable Value Creation Plan with set, measurable objectives consistent with the interests of the various stakeholders – Objectives that entail an assessment of corporate performance both in absolute and relative term, with third-party verification where possible – Consistency of comprehensive remuneration with respect to the market references subject to annual assessment to make sure of being constantly in line with best practices – Balanced pay mix, aimed at aligning remuneration with performance effectively achieved, with a significant incidence of the medium/long-term variable components (including with equity instruments) for the Top Management – Adequate vesting and deferral periods of incentives over a time frame of at least three years – Adoption of claw-back mechanisms in the event of error, negligence and gross intentional violation of laws and/or regulations – Structured engagement plan to obtain shareholders' expectations and feedback – Remuneration policy strongly geared towards meritocracy and defined in compliance with the principles of plurality, equal opportunity, enhancement of people's knowledge and professionalism, fairness, non-discrimination and integrity – Provision of shareholding guidelines for the Chief Executive Officer, aimed at strengthening the link with shareholder interests
<p>What our Policy does NOT envisage</p>	<ul style="list-style-type: none"> – No level of remuneration in excess of the market references defined in the Remuneration Policy – No form of incentive that is not tied to the achievement of performance or retention objectives – No form of variable remuneration for non-executive Directors – No form of extraordinary/discretionary incentive for the Chief Executive Officer – No benefit of excessive value, limiting to social security, welfare and insurance benefits

64%

of the Chief Executive Officer's total target remuneration is related to the achievement of annual and multi-year performance targets.

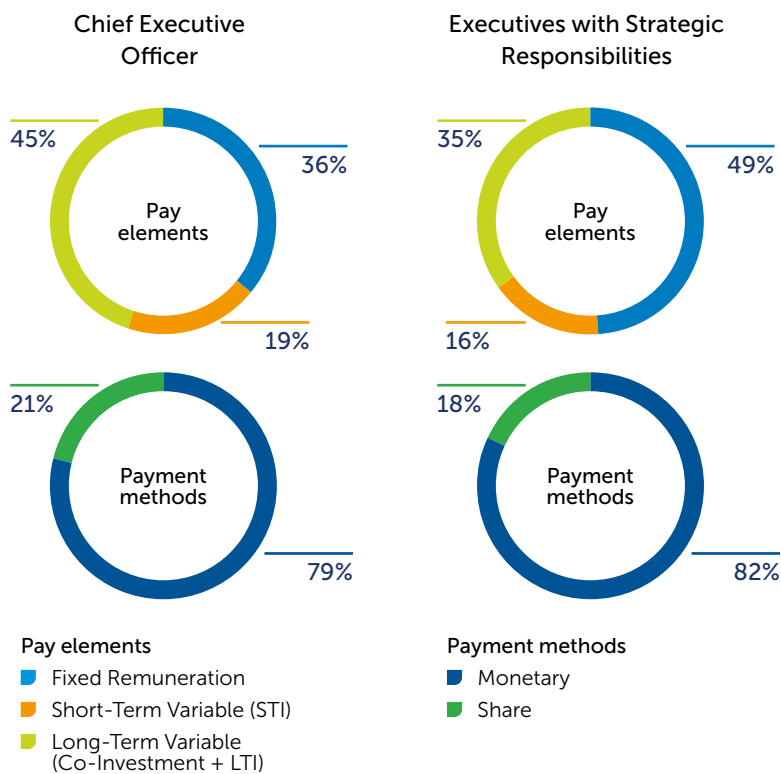
2. Pay-mix

The compensation package of the Chief Executive Officer and other Executives with Strategic Responsibilities of the Italgas Group is set-up as follows:

- a significant portion of the remuneration is linked to the achievement of pre-established objectives linked to the sustainability of the business and the creation of value for stakeholders;
- a significant component of the compensation package is deferred in time and tied to long-term targets;
- the remuneration is paid partly in shares to further strengthen the alignment of management and stakeholder interests in the long term.

The target pay-mix for 2023 for the Chief Executive Officer and Executives with Strategic Responsibilities is set out below.

Theoretical pay mix² and form of remuneration for target performance results



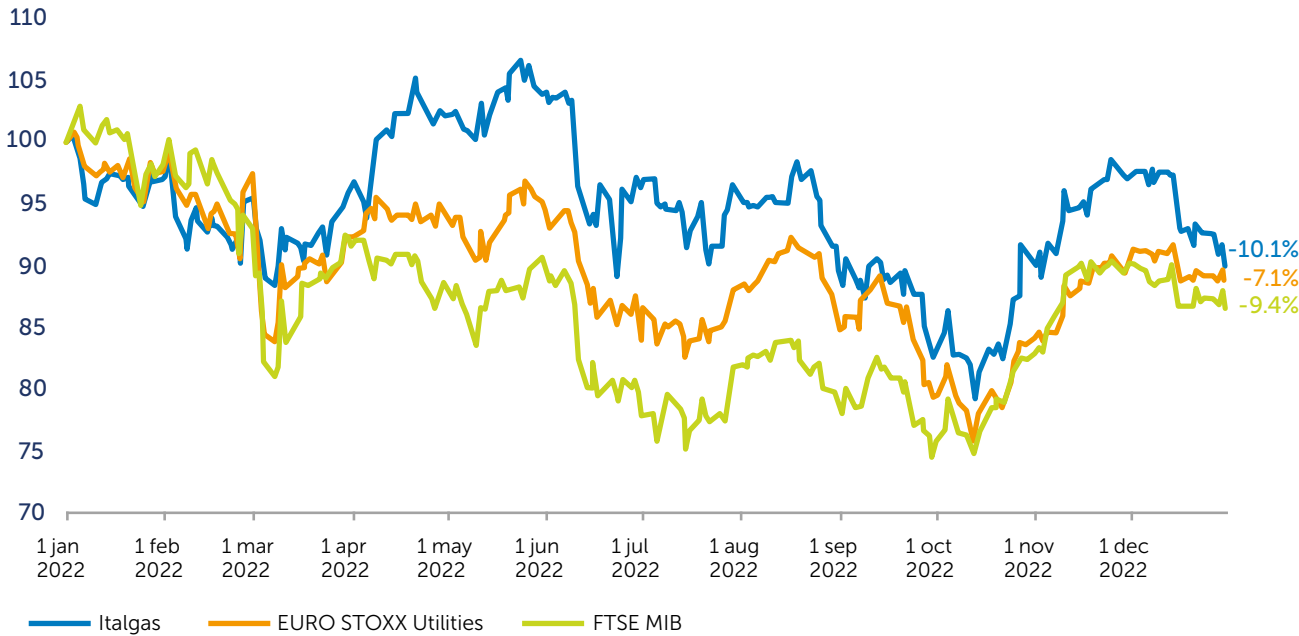
² The theoretical pay-mix does not consider the Dividend Equivalent component (available only when defining the final results) and any share price variation.

3. Remuneration Policy and performance

3.1. Italgas: Total Shareholder Return and main benchmarks

The following graph shows a comparison between performance in terms of Total Shareholder Return of Italgas and of the main indexes of comparison, namely the FTSE MIB index and EURO STOXX Utilities, for the year 2022.

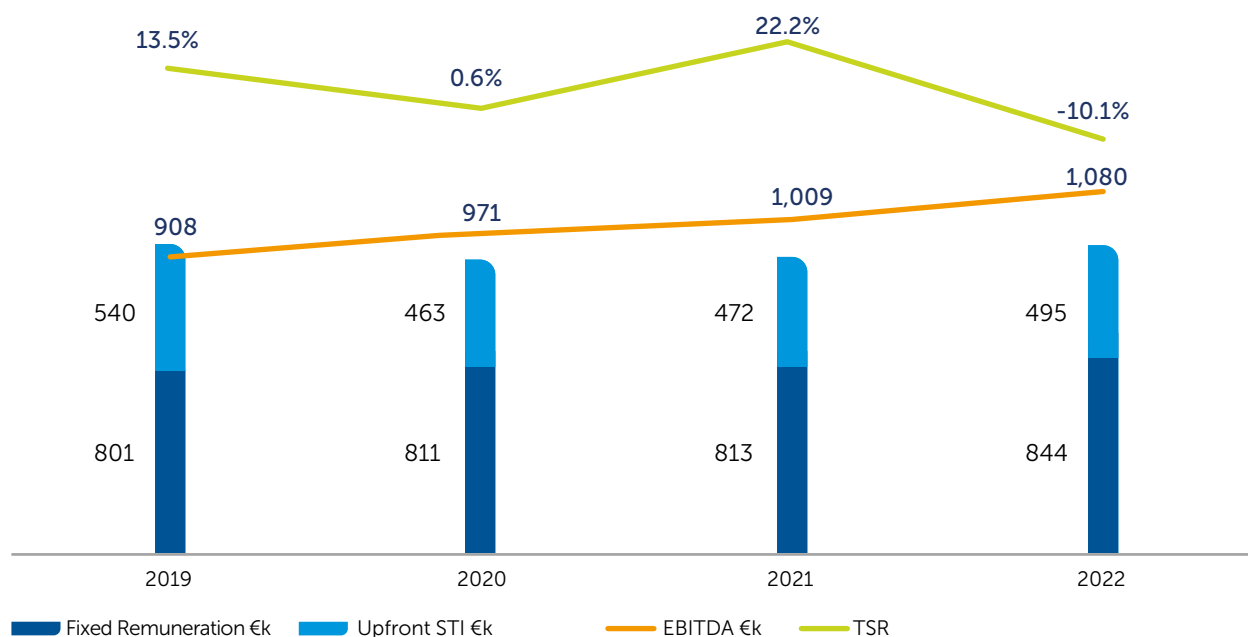
Total Shareholder Return trend from 1 January 2022 to 31 December 2022



3.2. Italgas’ performance, remuneration of the Chief Executive Officer and Pay Ratio

3.2.1. Comparison of corporate performance and remuneration of the Chief Executive Officer

The graph shows the relationship between the remuneration of the Chief Executive Officer (fixed compensation and upfront short-term incentive, for the respective year) and Italgas’ performance for the years 2019, 2020, 2021 and 2022 expressed in terms of sustainability of the results in the form of EBITDA and creation of value for shareholders in the form of Total Shareholder Return.



3.2.2. Pay Ratio

For the purpose of greater transparency, the pay ratio for the last four years between the remuneration of the Chief Executive Officer and the average gross annual remuneration of Italgas Group employees is also reported below, considering both the fixed remuneration component alone and the overall remuneration package (fixed remuneration and any short-term and long-term monetary incentives as reported in column 6 "Total" of Table 1 "Remuneration paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities" and also represented in paragraph 1.1. "Historical trend of the Company's performance and remuneration of the Chief Executive Officer, Chairman and employees" in the Second Section of this Report).

The pay ratio was essentially steady for the years analysed in terms of fixed remuneration, demonstrating the attention the Company pays to defining its remuneration policies as a whole. The pay ratio trend for total remuneration is aligned with the performance results affecting the variable component.








Pay Ratio: Chief Executive Officer's remuneration and the average remuneration of employees

Pay elements	2019	2020	2021	2022
Fixed remuneration	1:20	1:20	1:20	1:21
Total remuneration	1:36	1:39	1:42	1:41

3.2.3. Final report on the 2022 company objectives

With reference to FY 2022, the Chief Executive Officer's short-term incentive was defined according to achievement of the targets of the company objectives as shown below:

Chief Executive Officer - Final report on the 2022 Short-Term Incentive Plan objectives

Performance parameters		Weight	Unit of measurement	Performance			Final value	Weighted score
				Minimum (70)	Target (100)	Maximum (130)		
Economic-financial	Profitability (EBITDA)	30%	€ million				1,080	31.8
	Investments	25%	€ million				702	27.2
	Net Financial Position	20%	€ million				5,928	22.8
Sustainability	Accident frequency index	5%	Number of accidents per million hours worked during the year				1.76	4.2
	Gas Leakage Rate	7,5%	Percentage of gas leaks into the atmosphere with respect to the total gas transported in the calendar year				0.087%	9.8
	Energy intensity	7,5%	Ratio of total energy consumption and gas distributed				0.0603	9.8
	Percentage of women holding managerial positions	5%	Percentage of women holding managerial positions at 31/12/2022				24.7%	6.5
Totale							112.1	

Performance gate **ON**

4. Remuneration Policy, strategy and sustainability

4.1. Strategic Plan, Sustainable Value Creation Plan and Remuneration Policy

Italgas is committed to ensuring that its Remuneration Policy supports and encourages sustainable business development, in line with the provisions of the Company's Strategic Plan and Sustainable Value Creation Plan.

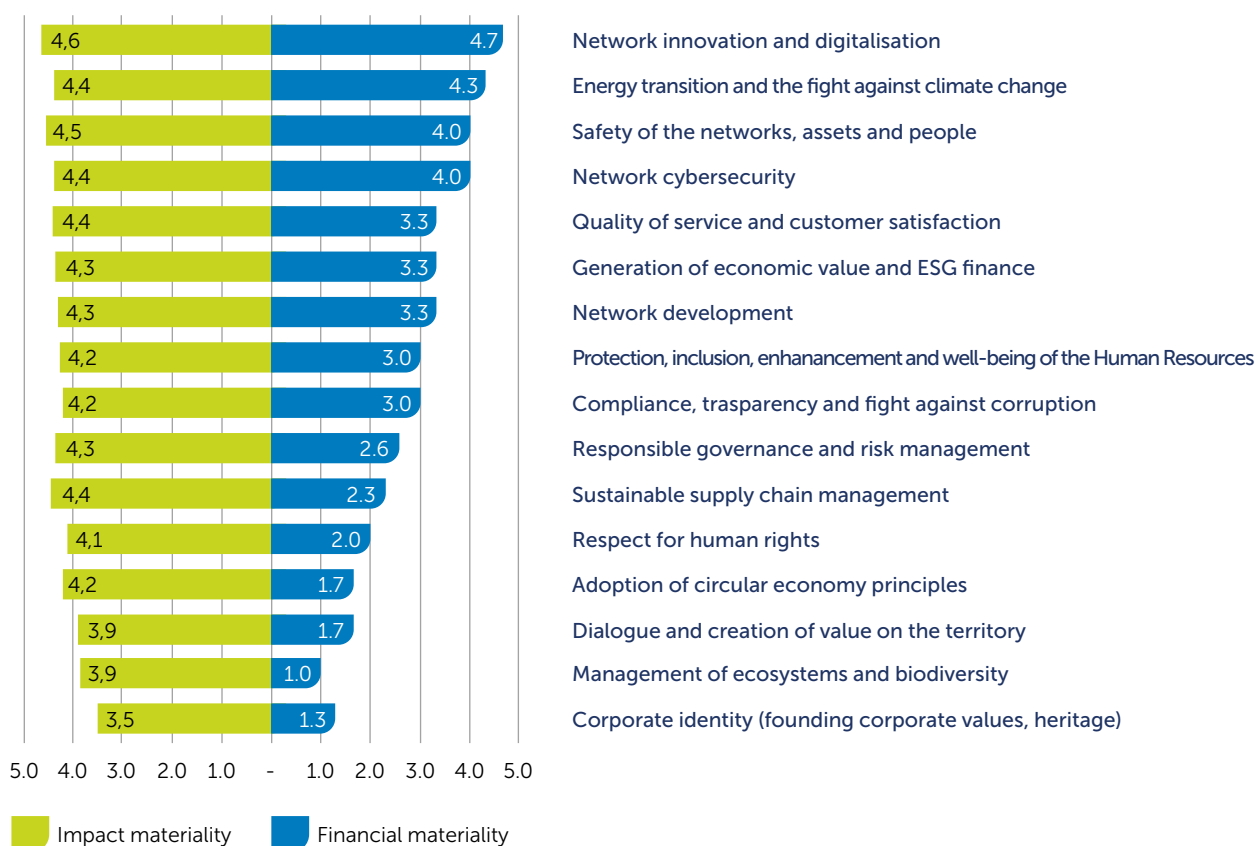
Italgas' 2022-2028 Strategic Plan, approved by the Board of Directors in 2022, is based around 3 main guidelines: (i) continuation of the digital transformation, repurposing and network extension program to equip the country with cutting edge infrastructures capable of receiving and distributing renewable gases such as biomethane and green hydrogen; (ii) consolidation in the energy efficiency sector, with the aim of placing itself among the main operators in the sector; (iii) new external growth opportunities through ATEM tenders, M&A in the gas and water sectors, and development of the Greek market. In pursuit of those goals, Italgas will further develop the skills of its people - also through insourcing and an internal Academy - and will use a solid and efficient financial structure, ensuring an appropriate return for shareholders.

The Strategic Plan also integrates ESG (Environmental, Social, Governance) criteria and responds to sustainability challenges by setting targets for 2028 and 2030, in line with the 2050 carbon neutrality target, and by further raising those defined last year in terms of emissions reduction, energy efficiency, skills development and leveraging resources to make the change effective.

The trajectory already outlined in the Strategic Plan fits the 2022-2028 Sustainable Value Creation Plan, which sets concrete actions and ambitious targets for the creation of value for the Group's stakeholders and for the territories in which it is present and operates. This Plan is structured around 3 pillars - planet, people and partnership - corresponding to as many lines of action with clear commitments, measurable targets and expected medium- and long-term results. The expected results of the Plan leverage strategic drivers such as technological innovation, circular economy, training, diversity and inclusion.

The definition of the strategic path and priorities guiding the Group's sustainability strategy starts with an analysis of the material issues, i.e. those considered relevant and priority for the Company, taking into consideration not only the minimum elements indicated by the Legislative Decree 254/2016 (article 3, paragraph 1), but also its own business and characteristics, as well as the expectations of its stakeholders. Italgas views sustainability as an evolving concept, which is why it has chosen to update the materiality matrix on an annual basis in order to incorporate, for example, stakeholders' requests, changes to the regulatory context, the Group's strategy and any drivers capable of significantly affecting the Group's ability to create value in the short, medium and long term. The 2022 materiality matrix, shown below, covers 16 material issues agreed on by the Sustainable Value Creation Committee, to which the guidelines of Italgas' 2022-2028 Strategic Plan and 2022-2028 Sustainable Value Creation Plan are linked.

2022 Italgas materiality matrix



The main elements linking the 2023 Remuneration Policy, the 2022-2028 Strategic Plan and the 2022-2028 Sustainable Value Creation Plan are set out below.

		2022 - 2028 Strategic Plan		
		Digital transformation, repurposing and network extension	Energy efficiency	
Short-Term Incentive (STI)	Profitability (EBITDA)	✓	✓	
	Investment (spending)	✓		
	Net Financial Position			
	Sustainability:			
	<ul style="list-style-type: none"> – Accident frequency index – Leakage on the distribution network (km inspected) – Energy intensity – Diversity and inclusion 		✓	
Co-investment	EBITDA	✓		
Long-Term Incentive (LTI)	Consolidated Net Profit	✓		
	Relative TSR		✓	
	Sustainability:			
	<ul style="list-style-type: none"> – Reduction of CO₂ emissions - Scope 1 and 2 – Reduction of net energy consumption 		✓	

4.2. ESG, Human Capital Strategy and Remuneration Policy

For several years, Italgas has been committed to developing and maintaining an effective governance system aligned with national and international best practices in order to address business challenges and the path towards sustainable development as well as possible.

The Sustainable Value Creation Committee was established in the aim of making sustainability prevalent across all areas of the Group since 2016, the year it was once again listed on the FTSE MIB. The Committee, supported by the Sustainability Department, performs investigations and provides proposals and advice to the Board of Directors on sustainability matters, namely the guidelines, processes, initiatives and activities intended to oversee the Company's commitment to sustainable development along the Group's entire value chain.

In particular, its main tasks include examining and assessing:

- the sustainability policies aimed at ensuring the creation of value over time for shareholders and for all stakeholder 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 submitted to the Board of Directors annually, 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;

	New growth opportunities	Insourcing of core skills	Solid and efficient financial structure	Sustainable Value Creation Plan	Value creation for stakeholders
	✓		✓	✓	✓
	✓	✓			
			✓		
				✓	
	✓		✓		✓
	✓		✓		✓
				✓	✓
				✓	

- the integration of ESG aspects into the ERM matrix;
- the Company's stakeholder engagement policy.

Italgas' commitment to ESG matters is developed not only at national level but also and above all at international level, through the creation of alliances with partners and experts. In particular:

- since 2018 Italgas has been a partner of the United Nations Global Compact, the global initiative that encourages companies around the world to develop their business in an ethical and sustainable way, promoting the application of ten universal principles aimed at respecting human and labour rights, protecting the environment and combating corruption;
- in 2020, Italgas signed the "Statement from Business Leaders for Renewed Global Cooperation", an important initiative which is part of Global Compact activities for a fairer and more inclusive business, with the aim of relaunching the principles of inclusive multilateralism and cooperation worldwide, focusing on the three fundamental dimensions of ESG (environmental, social and governance);
- Italgas adheres to the United Nations Environment "Oil and Gas Methane Partnership Initiative" aimed at guiding companies towards significantly reducing methane emissions in the oil and gas sector.

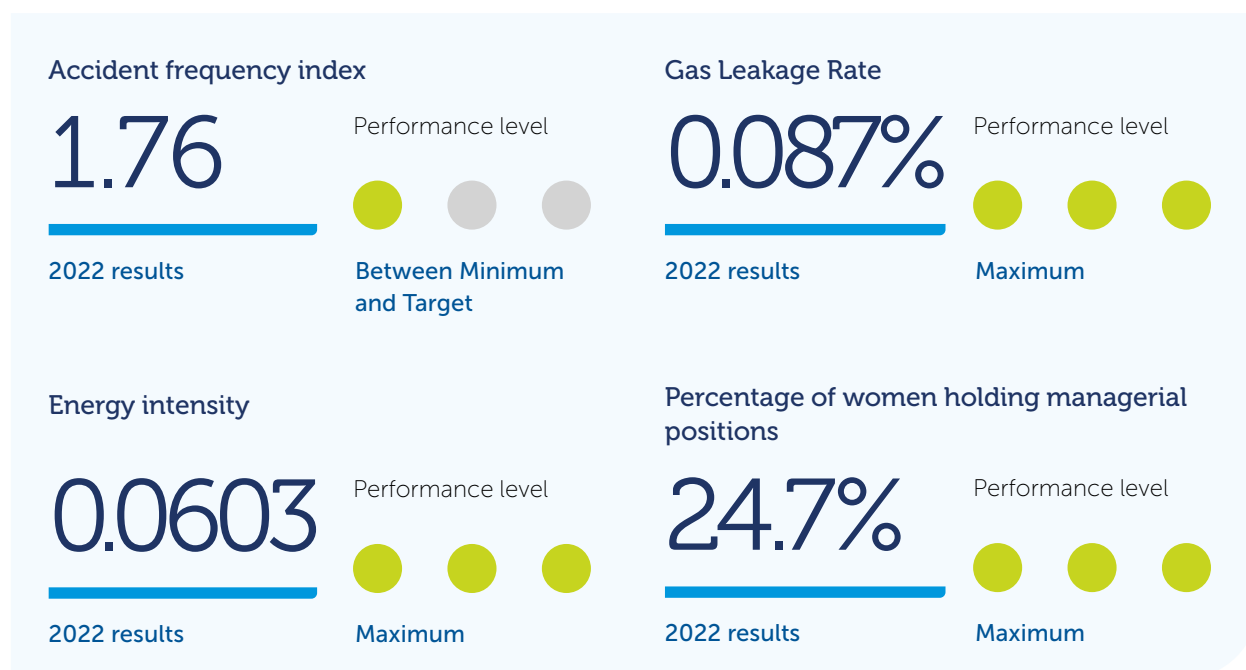
The sustainability issues are structured into specific objectives that become an integral part of the company's operational management. These objectives are monitored constantly through the Sustainable Value Creation Plan developed, in line with the United Nations SDGs and with the Global Reporting Initiative (GRI) standards, in the Business Plan.

4.2.1. Key results in 2022

Throughout 2022, Italgas' commitment to ESG remained high and constant. For the company balanced scorecard, the structure that provides for one quarter of the overall weight on ESG objectives was confirmed, thus aligning the weight of sustainability KPIs with that of key economic and financial metrics. Moreover, structured and measurable multi-year targets have been defined in the new Long-Term Incentive Plan, consistent with the Group's Sustainable Value Creation Plan, increasing their weight in the final measurement of overall performance.

Italgas' sustainability ratings were reconfirmed or improved and its stock was included in an increasing number of primary SRI indexes, in recognition of the sustainable approach of the company's strategies and activities, as well as the transparent information provided to all its stakeholders.

Summary of 2022 ESG results



Positioning in the sustainability indexes/ratings

Index/rating	2022 results		
Dow Jones Sustainability Index World	91/100	↑	Improved on the 90/100 score in 2021
Carbon Disclosure Project	A	↑	Improved on the A- rating in 2021
FTSE4GOOD	4.0/5	↑	Improved on the 3.9/5 score in 2021

Italgas shares are also included in the MIB ESG Index, ECPI Euro ESG Equity, ECPI World ESG Equity indexes, in MCSI's ESG indexes, as well as those of other operators. Italgas was also included for the fourth consecutive year in the Sustainability Yearbook and for the second time in the Dow Jones Sustainability Index Europe.

4.2.2. Diversity and inclusion

In the ESG area, Italgas pays particular attention to people and diversity and inclusion issues, striving daily to respect all forms of diversity and to support gender equality first and foremost. The initiatives undertaken in 2022 were mainly aimed at further reducing the staffing and pay gap between women and men in the Group, with the aim of making gender representation an increasingly integral element of the corporate culture, and strengthening the D&I culture in terms of gender, ageing and disability.

Italgas' commitment to Diversity & Inclusion



Remuneration women vs men


Fixed remuneration				Total remuneration			
Average fixed remuneration ratio women vs men				Average total remuneration ratio women vs men			
Cluster	2020	2021	2022	Cluster	2020	2021	2022
Executives	91.6%	96.1%	110.4%	Executives	80.5%	88.6%	94.6%
Middle Managers	93.8%	95.6%	96.4%	Middle Managers	91.2%	91.3%	93.6%
Office workers	97.2%	97.7%	98.4%	Office workers	91.3%	92.5%	92.0%
Total	92.7%	93.8%	96.3%	Total	86.0%	88.2%	88.8%

Data based on the total population of Italgas, net of the Chief Executive Officer, part-time employees and workers.


4.2.3. The link between Human Capital Strategy and ESG

Italgas' 2022-2028 Sustainable Value Creation Plan is formed of the 3 supporting pillars indicated below, which are then integrated into the Human Capital Strategy and structured at company management incentive system level, further indicating their relevance, and in several initiatives pursued by Italgas.

Italgas for the future of the planet

Our objectives	<ul style="list-style-type: none">– Digitise to enable the energy transition and decarbonisation– Contribute to the fight for climate change– Protect ecosystems and promote the circular economy	
Human Capital Strategy	<ul style="list-style-type: none">– LTI Plan: targets linked to CO₂ emission reduction - Scope 1 and 2 and energy efficiency– MBO Plan: targets linked to the reduction of fugitive emissions, the reduction of energy intensity, digitisation of the distribution network, innovation and integration of distribution processes through investments in the network with a view to innovation– "Sustainability starts with you" campaign and creation and dissemination of the "Guide to Sustainable Behaviour" with the aim of raising awareness in the fight against climate change– "Ideas4Italgas: Innovating together": collection of ideas/projects from employees to foster innovation development– Projects on the digitisation of key HR processes	

Italgas for the future of people

Our objectives	<ul style="list-style-type: none">– Improving the quality of life and ensuring the safety of employees, citizens and the national energy system– Developing and disseminating skills for the future– Valuing diversity and supporting equal opportunities and inclusion	
	<ul style="list-style-type: none">– Creation and development of a plan of HR initiatives presented to the Sustainable Value Creation Committee for the promotion of the ESG culture at Italgas– MBO plan: objectives linked to respect for diversity and inclusion, with specific reference to gender equality and accident reduction, and the identification of objectives related to network security among the relevant departments (e.g. implementation of digitisation for network security, Picarro technology)– Smart working: creation of smart working etiquette and flexibility for all workers (including technicians in the field) with an additional 40 days/year to support parenting, frail persons and care for relatives– Creation of training courses through partnerships with universities intended to protect Italgas know-how and ensure innovation (MIP, "Italgas School" programme)– "Digital Ambassador" programmes for digital re-skilling and "D&I Ambassador" programmes to develop a culture of inclusion– Definition of events and initiatives (e.g. hackathons) dedicated to female STEM students at universities throughout Italy– "Technician 2.0" Project: aimed at developing skills and resources for a digital network– 2022 Climate survey: aimed at assessing the level of engagement and listening to the voice of Italgas' people– Welfare e Well-being: Wellgas platform created with the contribution of Italgas people collected through surveys and campaigns on Health, Prevention, Wellbeing, Mindfulness, Sport, Nutrition– "A look at the future" initiative, a job orientation meeting for parents and children of Italgas people with the Head of HRO and other Group managers– Promotion of the culture of respect for diversity and inclusion through the establishment of a dedicated organisational department and the development of related initiatives: STEM project, D&I survey, "Women's Leadership" Initiative, partnership with Valore D– Smart Rotation: the Group's internal job posting system to foster internal development and growth– ItalGo: the new corporate Intranet for the best experience and active engagement of Italgas' people, with particular attention to the best use of the tool for people with recognised frailty– Creation of modern and person-oriented workspaces	
Human Capital Strategy		

Italgas for a sustainable future together	
Our objectives	<ul style="list-style-type: none"> Promoting innovation and dialogue through partnerships Promoting sustainability principles in the supply chain Taking care of the territory
Human Capital Strategy	<ul style="list-style-type: none"> Definition of dedicated programmes and initiatives for internal and external support such as “Sustainable Mobility” Heritage Lab: collaboration with the cooperative Il Margine and Agenzia Piemonte Lavoro in order to actively involve people with recognised weaknesses in the labour market



5. Engagement activities

5.1. Employee engagement and initiatives for people

Italgas pays great attention to the opinion of its employees and constantly monitors their working conditions and remuneration in order to promote a consistent Remuneration Policy for the general company population. Each year Italgas carries out a structured process to analyse and review the fixed salaries of its employees in order to recognise the merit and growth of individuals. This process considers both principles of internal fairness and competitiveness towards the external market, and the assessment of role performance and compliance with the Italgas leadership model and values, renewed in 2022, through a structured process involving the Human Resources & Organisation Department in close collaboration with all company departments.

In 2022, the Human Resources & Organisation department carried out numerous initiatives aimed at gathering ideas and proposals for improvement from employees, with the aim of always ensuring continuous listening and implementing actions that are truly effective for the Group's people.

The most significant initiatives include the renewal and updating of the “Your Voice Counts” climate survey aimed at the entire company population, which once again recorded a high response rate of 86% from Company employees (in continuity with the previous survey and higher than national benchmarks). The survey was designed to measure engagement levels, identify organisational conditions that encourage or hinder a positive internal atmosphere and the engagement of people, highlight possible areas of intervention and initiate an action plan to benefit all of the Group's people.

Highlights of the 2022 “Your Voice Counts” climate survey

86%

Attendance

71%

Level of engagement

Thematic areas

Engagement

Resources and Tools (Enablement)

My Work (Energy)

Goals, Confidence and Strategy

My Manager

Performance Management and Reward

Education and Training

Inclusion, Diversity and Ethics

Innovation and Change

Identity and Values

In order to better understand the needs of the Group's people and offer them the full support they require, in 2022 Italgas once again conducted a specific survey on welfare topics aimed at all employees. The main topics covered by the survey were work-life balance, health, leisure and culture, support for children and family members, and mental and physical well-being. The results obtained allowed the Company to continuously update the welfare plan (Wellgas) to complete the employees' remuneration package: the offer includes services dedicated to the Group's people and their families, divided into 4 main areas relating to the family, sustainability and mobility, health and prevention, and savings and leisure.

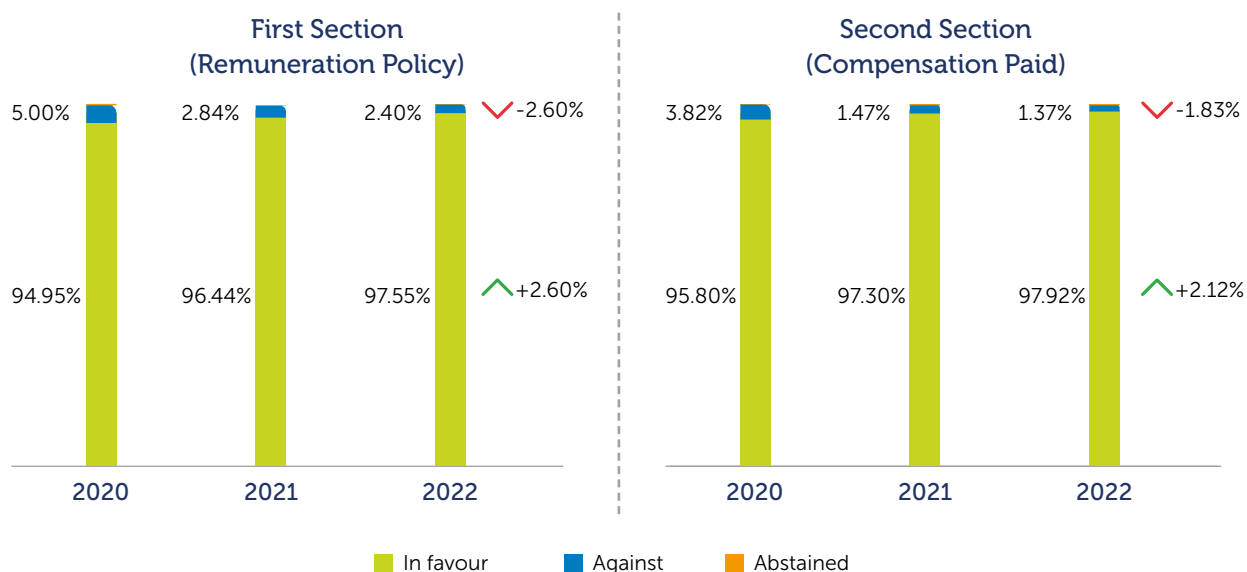
Moreover, as part of Italgas' initiatives to improve the quality of life of its people by supporting them in finding the right balance between their private life and work life, the Company has initiated further *ad hoc* campaigns such as services to support families (such as free vouchers for school tutoring, baby-sitting services, personalised socio-assistance consultancy and assistance to elderly family members, reimbursement of nursery schools) and initiatives linked to health, prevention, well-being, mindfulness, sport and nutrition for employees (such as "ItalGym", "Italgas Out Of Office" and "I-Care", a programme providing free check-ups for all employees in over 65 sites throughout the country).

5.2. Shareholder Engagement and analysis of the shareholders' voting results

Italgas considers dialogue with its shareholders and institutional investors on issues relating to the Remuneration Policy as a fundamentally important element, encouraging the long-term commitment of shareholders in the process to define and analyse how to implement the Remuneration Policy. In 2022 and the early months of 2023, in continuity with previous years, the Company further strengthened dialogue with investors, with the aim of representing the initiatives implemented with regard to remuneration to the best of its ability, and above all ensuring that all shareholder expectations were taken on board.

In relation to the continuous dialogue and listening around the indications received from shareholders and investors, as usual, Italgas carried out an in-depth analysis of the shareholders' voting results regarding the binding vote on the First Section of the Report on the 2022 Remuneration Policy and on the 2021 Compensation Paid and the advisory vote on the Second Section. The amendments and new elements introduced to the Remuneration Policy and presented as part of this Report therefore take account of the underlying reasons for the votes obtained during the 2022 Shareholders' Meeting and the dialogue with institutional investors carried out in preparation for the Shareholders' Meeting of 2023.

The trend of the voting results on the annual Remuneration Reports published by Italgas from 2020 to 2022 is set out below, highlighting the change in terms of percentage points of votes in 2022 compared to 2020. It should be noted, in particular, that in the last three years there has been a continuous increase in votes in favour of both the First Section and the Second Section of the Report, with a significant reduction in votes against.



5.3. Risk mitigation factors

The Remuneration Policy is also designed to ensure complete alignment of the risk profile between the Group and Management, through instruments and oversights defined to mitigate the assumption of risks by Management and to ensure sustainable value creation over the medium to long-term. The following table sets out the main risk mitigation initiatives put in place:

Remuneration policy and risk mitigation factors

Risk mitigation factors	STI	Co-investment	LTI
Use of various performance objectives consistent with the corporate strategy	✓	✓	✓
Use of incentive curves for each objective with predefined performance levels and linear interpolation of results	✓	✓	✓
Deferral of a portion of the short-term incentive subject to performance conditions	✓	✓	
Significant portion of comprehensive remuneration subject to performance conditions over a multi-year time frame		✓	✓
Presence of a maximum cap for incentive systems	✓	✓	✓
Presence of a share portion for the variable remuneration		✓	
Use of claw back clauses	✓	✓	✓

Foreword

Italgas' Remuneration Policy, approved by the Board of Directors at the proposal of the Appointments and Compensation Committee, on 9 March 2023, in accordance with current legislative and regulatory requirements³, defines and describes:

- in the First Section, the Policy adopted by Italgas S.p.A. for 2023 for the remuneration of Directors, Executives with Strategic Responsibilities⁴, members of the Board of Statutory Auditors and the Head of Internal Audit, specifying the general goals pursued, the bodies involved and the procedures utilised to adopt and implement the Policy. The general principles and guidelines defined in the Italgas Policy also apply for the purposes of determining the compensation policies for companies directly and indirectly controlled by Italgas;
- in the Second Section, the compensation related to 2022 paid or payable to Directors, Statutory Auditors, individually and, on aggregate, Italgas Executives with Strategic Responsibilities.

The Remuneration Policy outlined in this document has also been adopted by the Company, as provided by Consob Regulation No.17221/2010 on the subject of related-party transactions, and pursuant to Article 3.7 of the Procedure "Transactions with the interests of Directors and Statutory Auditors and Related-Party Transactions" ("Procedure for Related Parties" or "RPT Procedure") most recently revised by the Board of Directors on 30 June 2021.

The Policy described in the First Section of the document was prepared in line with the recommendations on remuneration of the new Corporate Governance Code promoted by Borsa Italiana S.p.A. (hereinafter "Corporate Governance Code"), in the version approved in January 2020, which Italgas has adopted⁵. The Policy

also takes into account the developments introduced regarding remuneration: by Legislative Decree no. 49 of 10 May 2019, implementing Directive 2017/828 of the European Parliament and of the Council of 17 May 2017 (Shareholder Rights Directive II, "SHRD 2"), which amends Directive 2007/36/EC ("SHRD") as regards the encouragement of long-term shareholder engagement; and the related adaptations to secondary level national legislation on disclosure of remuneration policies and compensation paid (Issuers' Regulations, amended in December 2020 in implementation of the SHRD II). Lastly, the Remuneration Policy has been prepared in consideration of the remuneration studies carried out with the support of a highly specialised independent advisor and national and international best practices.

The text of the Report on the Remuneration Policy and Compensation Paid is available to the public at the registered office, on the Company's website and on the website⁶ of Borsa Italiana up to the twenty-first day preceding the date of the Shareholders' Meeting called to approve the Financial Statements for 2022 and to pass a binding resolution on the First Section of the Report, as well as a non-binding resolution on the Second Section, in accordance with current legislation⁷.

Documents on the following are considered as attached to this Report: the 2021-2023 Co-investment Plan approved by the Ordinary Shareholders' Meeting of 20 April 2021, the 2020-2022 Long-Term Monetary Incentive Plan approved by the Ordinary Shareholders' Meeting of 12 May 2020 and the 2023-2025 Long-Term Incentive Plan submitted for approval by the Ordinary Shareholders' Meeting of 20 April 2023, which are published in the "Governance - Remuneration" section of the website Italgas.it/en.

3 Article 123-ter of Legislative Decree No. 58/98 and article 84-quater of the Consob Issuers' Regulations (Resolution no.11971/99, as subsequently amended and supplemented) and subsequent amendments introduced by Legislative Decree 49/2019 in Part IV, Heading III, Section II of Legislative Decree 58/98.

4 The definition of "Executives with Strategic Responsibilities" as per Article 65, paragraph 1-quater of the Issuers' Regulations, covers persons who have the power and responsibility, directly and indirectly, for planning, management and control of Italgas. Italgas Executives with Strategic Responsibilities, other than Directors and Statutory Auditors, are: General Counsel, Head of Human Resources & Organisation, Head of External Relations and Sustainability, Head of Institutional Relations and Regulatory Affairs, Head of Procurement and Material Management, Chief Executive Officer of Italgas Reti, Chief Executive Officer of Toscana Energia, Chief Executive Officer of Bludigit, Chief Financial Officer, Head of Corporate Strategy, Chief Security Officer.

5 The new Code is expected to be applied as of the first financial year starting after 31 December 2020, with disclosure to the market starting in the corporate governance reports published in 2022.

6 The text is published in the "Governance - Remuneration" section of the Company's website (www.italgas.it/en).

7 Changes introduced by Legislative Decree 49/2019, Article 3, paragraph 1, letters e) and g) which supplement subsection 3 and replace subsection 6 of article 123-ter of Legislative Decree no. 58/98.

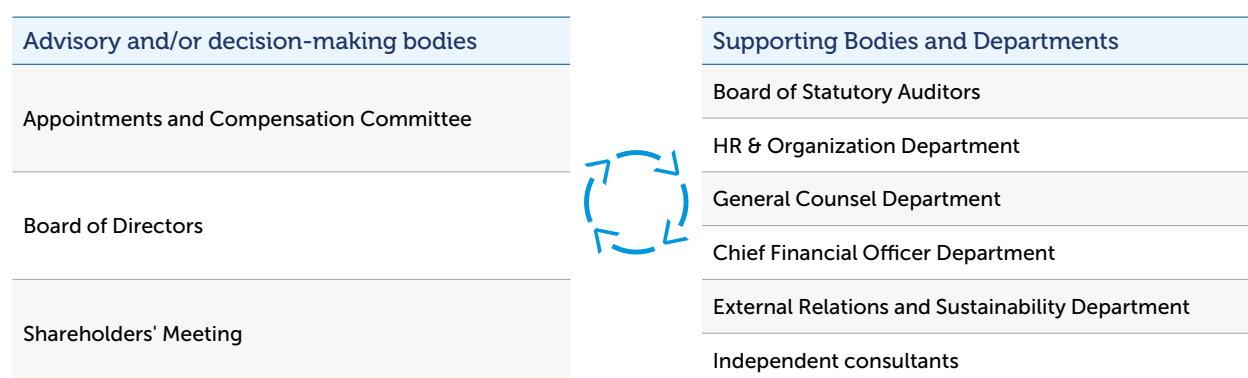
First Section 2023 Remuneration Policy



1. Governance of the remuneration process

1.1. Bodies and parties involved

The Policy on the remuneration of the Italgas Board of Directors members is defined in accordance with statutory and regulatory provisions and involves several company Bodies and Departments:



1.1.1. Shareholders' Meeting

The duties of the Shareholders' Meeting by law and the Bylaws, limited to the topics of interest in this Report, are:

- to appoint and dismiss the Board of Directors;
- to appoint the Chairman and members of the Board of Statutory Auditors;
- to establish the remuneration of the members of the Board of Directors and of the Board of Statutory Auditors, at the time of their appointment and for the full duration of their term of office;
- to resolve, on the proposal of the Board of Directors, on compensation plans based on the allocation of financial instruments;
- to express a binding vote on the approval of the First Section of the Company's Report on the Remuneration Policy and Compensation Paid, pursuant to Article 123-ter of the CLF;
- to cast an advisory vote on the approval of the Second Section of the Company's Report on the Remuneration Policy and Compensation Paid, pursuant to Article 123-ter of the CLF.

1.1.2. Board of Directors

With regard to remuneration, the Board of Directors, as proposed by the Appointments and Compensation Committee, and after consulting the Board of Statutory Auditors, determines the remuneration of the Directors vested with specific duties and the compensation of the non-executive Directors for their participation in Board Committees.

The Italgas' Board of Directors currently in office was appointed by the Shareholders' Meeting of 26 April 2022 and will remain in office for 3 financial years, until its term of office expires with the Shareholders' Meeting called to approve the Financial Statements for FY 2024. It is made up of the following 9 members, 5 of whom qualify as independent⁸:

CHAIRMAN

Benedetta Navarra

Independent non-executive director

CHIEF EXECUTIVE OFFICER

Paolo Gallo

Executive director

MEMBER

Manuela Sabbatini

Non-executive director

MEMBER

Maria Sferruzza

Non-executive director

MEMBER

Qinjing Shen

Non-executive director

MEMBER

Claudio De Marco

Independent non-executive director

MEMBER

Fabiola Mascardi

Independent non-executive director

MEMBER

Gianmarco Montanari

Independent non-executive director

MEMBER

Lorenzo Parola

Independent non-executive director

⁸ Specifically, 4 non-executive directors qualify as independent pursuant to Articles 147-ter, subsection 4, and 148, paragraph 3, of the CLF and Article 2 of the Corporate Governance Code, and one non-executive director qualifies as independent pursuant to Articles 147-ter, subsection 4, and 148, paragraph 3, of the CLF. The verification of the independence requirements carried out on 26 April 2022 showed that the Chairman is also independent pursuant to both the CLF and the Corporate Governance Code.

Two-fifths of the members of the new Board of Directors (4 out of 9) belong to the least represented gender (female) in accordance with current gender balance legislation.

In addition, the members of the Company's Board of Directors possess specific skills, knowledge and experience to ensure alignment with the goals of the Company's Strategic Plan and an adequate diversification and complementarity of professional profiles, as set out below:

	Scope of skills, knowledge and experience							
	Financial	Service	ESG / Climate Change	Cybersecurity	Audit	ERM / Risks	HR / People / HS&Q	Legal and Governance
Benedetta Navarra	✓				✓	✓		✓
Paolo Gallo	✓	✓	✓	✓		✓	✓	
Manuela Sabbatini	✓				✓	✓		
Maria Sferruzza	✓	✓	✓					
Qinjing Shen	✓	✓	✓					
Claudio De Marco	✓	✓	✓		✓		✓	
Fabiola Mascardi		✓	✓			✓	✓	✓
Gianmarco Montanari	✓	✓	✓	✓			✓	
Lorenzo Parola		✓	✓					✓

The Board of Directors in office until 26 April 2022 instead consisted of: Alberto Dell'Acqua (Chairman), Paolo Gallo (Chief Executive Officer), Qinjing Shen (Non-Executive Director), Paola Annamaria Petrone (Non-Executive and Independent Director), Maurizio Dainelli (Non-Executive Director), Giandomenico Magliano (Non-Executive and Independent Director), Veronica Vecchi (Non-Executive and Independent Director), Andrea Mascetti (Non-Executive and Independent Director), Silvia Stefini (Non-Executive and Independent Director).

In line with the Italgas⁹ corporate governance rules, the Board:

- after reviewing the proposals of the Appointments and Compensation Committee, defines the Remuneration Policy for the Directors, General Managers and Executives with Strategic Responsibilities and, without prejudice to the provisions of art. 2402 of the Italian Civil Code, the Statutory Auditors of the Company and its subsidiaries and the compensation systems;
- defines, having consulted the Appointments and Compensation Committee, the remuneration of the Head of Internal Audit coherently with the Company's compensation Policies;
- implements the compensation plans based on shares or financial instruments that have been approved by the Shareholders' Meeting;

⁹ For further information on Italgas' governance structure see the "Report on Corporate Governance and Ownership Structure" published in the "Governance" section of the Company's website.

- approves the Remuneration Policy drafted and presented by the Appointments and Compensation Committee, to be submitted to the Shareholders' Meeting;
- assesses, having received the necessary opinion from the Appointments and Compensation Committee, the content of the vote on the Report on the Remuneration Policy and Compensation Paid taken by the Shareholders' Meeting and the Committee's proposals concerning the adequacy, overall coherence and application of the Compensation Policy adopted.

In complying with the recommendations contained in the Corporate Governance Code, the Board of Directors is assisted in remuneration matters by an Appointments and Compensation Committee made up of Non-Executive Directors, the majority of whom are independent, having both a consulting and advisory function in this regard.

The Appointments and Compensation Committee can request support from other company bodies and departments in activities pertaining to remuneration issues, including:

- The Board of Statutory Auditors: can attend Appointments and Compensation Committee meetings and expresses the opinions required by the legislation in force, verifying consistency with the Remuneration Policy adopted by the Company.
- Management team of the Human Resources & Organisation Department: provides technical and specialist support on compensation issues in addition to the preparation of detailed analyses, such as monitoring of the internal and market compensation dynamics; studies and benchmarking of market practice and trends; analyses of the compensation levels in terms of internal fairness and competitiveness with respect to the markets chosen as reference.
- Management team of the Legal and Corporate Affairs Department: provides technical and specialist support regarding the governance of the Group's corporate bodies; supports the Human Resources & Organisation

Department in the preparation of public information relating to the Group's remuneration and incentive systems, in collaboration with other competent company Departments; identifies the most Relevant Personnel to ensure consistency with the corporate governance structure at consolidated level.

- Management team of the Chief Financial Officer Department: provides support in identifying and evaluating the quantitative parameters on which the variable incentive systems are based and in determining ex-post their level of achievement.
- Management team of the External Relations and Sustainability Department: provides support in identifying and evaluating the sustainability parameters included in the variable incentive systems and in determining ex-post their level of achievement.

1.1.3. Appointments and Compensation Committee

1.1.3.1. Composition, appointment and tasks

The Appointments and Compensation Committee was established by the Board of Directors on 23 October 2017¹⁰ and, in line with the recommendations of the Corporate Governance Code, consists of three non-executive Directors, the majority of whom are independent¹¹, with the Chairman elected from among the Independent Directors. All Committee members have adequate knowledge and experience in financial or compensation policies, as assessed by the Board at the time of appointment.

The Appointments and Compensation Committee in office on the date of this Report was appointed by the Board of Directors on 2 May 2022 and subsequently updated by the Board of Directors on 22 February 2023. It will hold office for 3 financial years, until expiry of the term of office scheduled with the Shareholders' Meeting convened to approve the Financial Statements for FY 2024, and is composed of the following non-executive Directors:

Composition of the Appointments and Compensation Committee

CHAIRMAN

Fabiola Mascardi

Independent non-executive director

MEMBER

Claudio De Marco

Independent non-executive director

MEMBER

Manuela Sabbatini

Non-executive director

¹⁰ The Compensation Committee was previously operational from 5 September 2016 to 23 October 2017.

¹¹ Pursuant to Articles 147-ter, paragraph 4 and 148, paragraph 3, of CLF and Article 2 of the Corporate Governance Code.

Until 22 February 2023, the role of Chairman of the Appointments and Compensation Committee was held by the non-executive and independent Director¹² Lorenzo Parola.

The Appointments and Compensation Committee in office until 26 April 2022 was instead composed as follows: Andrea Mascetti (Chairman, non-executive and independent Director), Silvia Stefini (member, non-executive and independent Director), Maurizio Dainelli (member, non-executive Director).

The Head of Human Resources & Organisation of Italgas serves, for matters connected with remuneration, as Secretary of the Committee.

The composition, tasks, and operating methods of the Committee are governed by specific regulations¹³, updated and approved by the Board of Directors on 18 December 2020.

With regard to remuneration, the Committee has the following consulting and advisory functions with regard to the Board of Directors:

- it submits for approval by the Board of Directors the Report on the Remuneration Policy and Compensation Paid pursuant to Article 123-ter of the CLF and, in particular, the remuneration Policy for the administrative body members, General Managers, Executives with Strategic Responsibilities and the Board of Statutory Auditors, to be presented at the Shareholders' Meeting called to approve the financial statements for the year, within the timeframe established by law;
- it assesses the content of the vote on the two sections of the Report on the Remuneration Policy and Compensation Paid cast by the Shareholders' Meeting in the previous financial year, and provides the Board of Directors with an opinion thereon;
- it periodically assesses the adequacy, overall consistency and practical application of the Policy adopted, using, in this latter regard, the information provided by the Chief Executive Officer, submitting proposals to the Board on the subject;
- it prepares proposals on the remuneration of the Chairman and the Chief Executive Officer, with regard to the various forms of compensation and economic treatment;
- it makes proposals or expresses opinions on the remuneration of members of the Committees established by the Board;
- it examines opinions and formulates proposals, 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 Executives of the Company and its subsidiaries;

- annual and long-term incentive plans, including share-based plans;
- 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;
- 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;
- it monitors the implementation of decisions made by the Board;
- 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;
- it reports to the Board on the activities it has carried out, at least every six months and before the deadline for approval of the Financial Statements and the half-yearly report, at the Board meeting indicated by the Chairman of the Board of Directors;
- at each of its meetings, updates the Board of Directors with a communication at the first available meeting, on the topics discussed and on the comments, recommendations, opinions formulated therein.

No Director takes part in the meetings of the Committee at which proposals to the Board are submitted in relation to their own remuneration.

In exercising these functions, the Committee presents any opinions that may be required by the current company procedure concerning related-party transactions, within the time-frame set out by that procedure.

In accordance with the decisions made by the Board of Directors, furthermore, the Appointments and Compensation Committee annually examines the compensation structure for the Head of Internal Audit, while ensuring its compliance with the general criteria approved by the Board for executives and informing the Chairman of the Control, Risk and Related Party Transactions Committee thereof, according to its opinion which it is required to give to the Board.

For the effective performance of its analysis and investigatory function, the Appointments and Compensation Committee utilises the relevant Company departments and through these structures, may make use of the support of external consultants who are not in a position that would compromise their independence of judgement.

In 2022, the Chairman of the Board of Statutory Auditors was regularly invited to the Committee meetings.

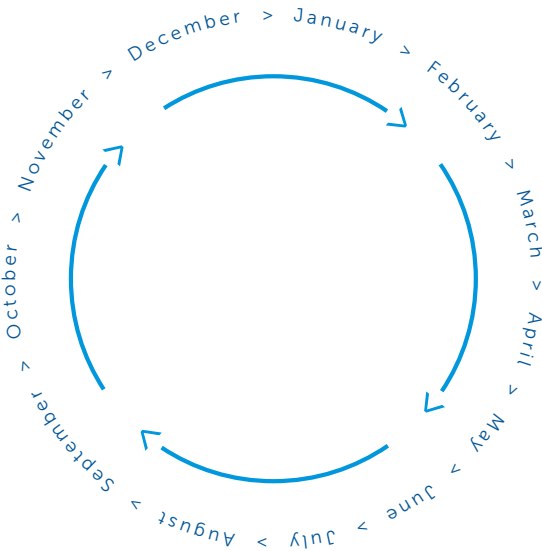
¹² Pursuant to Articles 147-ter, paragraph 4, and 148, paragraph 3, of the CLF.

¹³ The rules governing the Appointments and Compensation Committee are available in the "Governance - Committees" section of the Company's website.

1.1.3.2. Activity cycle for the Appointments and Compensation Committee

The Committee’s activities pertaining to remuneration are conducted through the implementation of an annual programme that usually involves the following steps:

Activity cycle for the Appointments and Compensation Committee and thematic areas



January - March

- Periodic evaluation of the Policies adopted in the previous year
- Remuneration Policy set up
- Assessment and evaluation of the actual results for the variable incentive plans
- Preparation of the Report on the Remuneration Policy and Compensation Paid

March - May

- Presentation of the Report on the Remuneration Policy and Compensation Paid at the Shareholders' Meeting
- Implementation of the Short-Term Incentive Plan (STI)
- Implementation of the Co-investment Plan

June - September

- Analysis of the main results of the Shareholder's Meeting on the Report on the Remuneration Policy and Compensation Paid

October - December

- Implementation of the Long-Term Incentive Plan (LTI)
- Monitoring of the regulatory framework and of the voting policies of proxy advisors

The Committee reports on the procedures for carrying out its functions to the Shareholders' Meeting called to approve the year's Financial Statements, via the Committee Chairman, in accordance with its own Regulations, complying with the Corporate Governance Code and with the aim of establishing an appropriate channel for dialogue with shareholders and investors.

The disclosure on the remuneration for Directors and Management is further ensured by updating the pages specifically dedicated to these topics under the "Governance - Remuneration" section on the Company's website.

1.1.3.3. Activities undertaken in 2022

In 2022 the Appointments and Compensation Committee met 13 times. The main remuneration issues addressed are shown below:

Meeting	Main activities carried out with regard to remuneration
January	<ul style="list-style-type: none"> – Analysis of the remuneration positioning of the Chief Executive Officer on the basis of the Italian panel, and of the Chairman of the Board of Directors, non-executive directors, members of the Board Committees and members of the Board of Statutory Auditors
February	<ul style="list-style-type: none"> – Positioning analysis of the remuneration of the Chief Executive Officer based on a European panel – Final accounting of the 2021 corporate targets for the variable incentive systems – Determination of the 2022 corporate targets for the variable incentive systems – Analysis of the Report on the 2022 Remuneration Policy and 2021 Compensation Paid
March	<ul style="list-style-type: none"> – Approval of the Report on the 2022 Remuneration Policy and 2021 Compensation Paid
May	<ul style="list-style-type: none"> – Review of the remuneration for participation in Board Committees and formulation of the proposal for the new remuneration for the three-year period 2022-2024, to be submitted to the Board of Directors for approval
June	<ul style="list-style-type: none"> – Review of the analysis of the remuneration positions of the Chief Executive Officer and the Chairman of the Board of Directors and request for further details
July	<ul style="list-style-type: none"> – Update of the analysis of the remuneration positions of the Chief Executive Officer and the Chairman of the Board of Directors
September	<ul style="list-style-type: none"> – Review of the annual fixed remuneration of the Chief Executive Officer and of the Chairman of the Board of Directors and formulation of the proposal for the new remuneration for the three-year period 2022-2024, to be submitted to the Board of Directors for approval
October	<ul style="list-style-type: none"> – Analysis of the Company's medium- to long-term incentive schemes currently in place – Progress analysis of the 2022 company objectives
November	<ul style="list-style-type: none"> – Analysis of market benchmarks for medium- to long-term incentive schemes – Definition of the preliminary framework of the new long-term incentive plan
December	<ul style="list-style-type: none"> – Analysis of the results of the Shareholders' Meeting vote on the Report on the 2022 Remuneration Policy and 2021 Compensation Paid – Analysis of the changes to the Report on the 2023 Remuneration Policy and 2022 Compensation Paid – Preliminary proposal on the structure of the new long-term incentive plan

1.2. Approval procedure for the 2023 Remuneration Policy

The definition and approval of Italgas' Remuneration Policy involves a number of Corporate Bodies and Departments, in accordance with the provisions of the Bylaws and current regulations:

<p>The Appointments and Compensation Committee, in exercising its powers, defined the structures and the contents of the Remuneration Policy, for the purposes of preparing this document, in particular at its meetings of 5 December 2022, 23 February 2023, 1 March 2023, 2 March 2023, and 7 March 2023, consistently with the recommendations of the Corporate Governance Code. In making its decisions, the Committee took account of the outcomes of the periodic assessment carried out on the adequacy, overall consistency and practical application of the Policy guidelines decided for 2022.</p>	1
<p>Italgas' 2023 Remuneration Policy for Directors and Executives with Strategic Responsibilities was consequently approved by the Board of Directors, at the recommendation of the Appointments and Compensation Committee, at its meeting on 9 March 2023, concurrently with the approval of this document.</p>	2
<p>The Board of Directors then submitted the Report on the Remuneration Policy and Compensation Paid to the vote of the Shareholders' Meeting of 20 April 2023, which cast a binding vote on the First Section and an advisory vote on the Second Section.</p>	3
<p>The compensation Policies, defined in line with the instructions of the Board of Directors, are implemented by the delegated Bodies, supported by the relevant company Departments.</p>	4

With reference to remuneration, the Committee also made use of the support of a specialist consultancy firm to monitor the market trend and to check the compensation competitiveness of Italgas against Italian, European and sector market practices. Furthermore, for the purposes of this Report, the Committee evaluated the practices observed at national level for the preparation of remuneration reports.

2. Purpose and general principles of the Remuneration Policy

2.1. Purpose

The Italgas Remuneration Policy is consistent with the pursuit of the Company's sustainable success and takes into account the need to attract, retain and motivate people with the skills and professionalism required by the role held in the Company.

Italgas' Remuneration Policy contributes to the accomplishment of the mission and the corporate strategies, by:

- promoting actions and conducts in line with the vision, the mission, the values and culture of the Company, in compliance with the principles of plurality, equal opportunity, enhancement of people's knowledge and professionalism, fairness, non-discrimination and integrity required by the Italgas Code of Ethics, by the relevant diversity and inclusion policy and by the Italgas Enterprise System;
- recognising the responsibilities assigned, the achievements and quality of the professional contribution made, while taking account of the reference context and the compensation markets;
- defining incentive systems connected to the achievement of economic/financial, business development and sustainability objectives, both operational and individual, defined with a view to ensuring the Company's sustainable success and improvement of long-term results, in line with the aims of the Company's Strategic Plan and the responsibilities assigned.

2.2. General Principles

In accordance with the aforesaid purposes, the Remuneration Policy is defined in line with the following principles and criteria:

- a compensation structure that will **attract, retain and motivate** people with high professional qualities;
- a compensation structure, for the **Chairman**, consisting of a fixed fee consistent with the position held;
- non-executive Directors' salaries commensurate with the effort required from them in relation to participating on Board Committees, with different compensation for the Chairman than the members of each

Committee, with respect to the position allocated thereto, for coordinating the work and liaising with the corporate bodies and corporate Departments;

- a compensation structure, for the **Chief Executive Officer and Executives with Strategic Responsibilities**, with a suitable balance between a fixed component in line with the powers and/or responsibilities assigned and a variable component defined within maximum limits and aimed at linking remuneration to actual performance;
- consistency of overall remuneration with respect to applicable **market benchmarks** for comparable responsibilities or for positions at a similar level in terms of responsibility and complexity, as part of the corporate panel comparable to Italgas, using specific compensation benchmarks applied with the support of institutional providers of compensation information;
- **variable remuneration** of executive roles having greater influence over company results featuring a **significant percentage of incentive components, in particular long term**, including based on **equity instruments**;
- adequate **periods of deferral and/or accrual of the incentives** over a time scale of at least three years, in line with the long-term nature of the business and with the connected risk profiles;
- **predetermined, measurable and definite targets, also based on shares**, linked with the variable remuneration, so as to ensure remuneration for performance over the short or medium term by:
 - i. setting targets for short-term incentive plans based on a balanced scorecard that enhances the performance of the business and of the individual, in relation to the specific targets in their area of responsibility and, as regards those that are responsible for internal control functions, consistent with the tasks assigned to them;
 - ii. setting targets for long-term incentive plans based in ways that allow an assessment of company performance in absolute terms, with reference to the ability to generate increasing and sustainable levels of profitability, both in relative terms compared to a peer group of listed companies in the European utilities sector, and with reference to the ability to generate value;

- iii. systematic inclusion among the objectives of the short- and long-term incentive plan of indicators representing the priority goals of the Company's Sustainable Value Creation Plan (reduction of accident rates, reduction of emissions, diversity, digitalisation, innovation, etc.);
- **evaluation of** assigned performance **targets**, excluding the effects of external impacts stemming from the development of the benchmark scenario, in order to make the most of the actual contribution to the results achieved;
- adoption of **claw-back mechanisms** aimed at recovering the variable part of the compensation that is not payable since it was received on the basis of targets achieved as a result of intentional misconduct or gross negligence or on data that have proven to be manifestly incorrect;
- **benefits** in line with market benchmark compensation practices and consistent with current regulations, so as to supplement and enhance the total compensation package, taking into account the position and/or responsibilities assigned, while focusing on the social security and insurance components;
- any **indemnities** in severance pay for termination of employment and/or executive positions known to be of a "temporary" nature, or with increased risks of competitive recruitment defined within a given amount or a given number of years of remuneration;
- any retention bonuses or use of **non-compete agreements** pursuant to art. 2125 of the Italian Civil Code for roles involving specific knowledge of the business intended to protect corporate and all shareholder interests in the event of terminating employment with the company, with the provision of appropriate penalties in the event of their non-compliance.

2.3. Derogations to the Remuneration Policy

On an exceptional and non-recurring basis, pursuant to paragraph 3-bis of Article 123-ter of the CLF updated in 2019 and Article 84-quater of the Issuers' Regulations updated in 2020, Italgas' Board of Directors, always in compliance with the rules governing Related Party Transactions and having heard the opinion of the Board of Statutory Auditors, may permit possible exceptions to the Remuneration Policy described in the First Section of this Report with regard to the provisions for the Chief Executive Officer and the other Executives with Strategic Responsibilities, in order to ensure pursuit of the long-term interests and sustainability of the Group as a whole, or to ensure its ability to compete on the market. In particular, the exceptional circumstances considered may include extraordinary transactions not previously planned (e.g. restructuring, reorganisation or reconversion), exogenous shocks that are unforeseeable or of an extraordinary amount and/or regulatory/legislative in nature, changes in the organisational, managerial and administrative structure of the company that impact the

economic and financial results and the creation of value in the long term, the rotation in the appointed bodies due to unforeseen events, actions intended to attract/retain the best talent.

In these cases, the Appointments and Compensation Committee, in accordance with the procedure envisaged for Related-Party Transactions, and with possible support from the Human Resources & Organization Department, will assess any impact on the Remuneration Policy for the purpose of submitting a proposal for amendment and derogation from said Policy for the approval of the Board of Directors, without prejudice to compliance with its philosophy and principles expressly referred to herein. Approval of such a derogation by the Board necessitates abstention from Board discussions and related resolutions by any interested parties.

All detailed information on the possible application of exceptions to this Remuneration Policy will be reported in the Second Section of the Report on the Remuneration Policy and Compensation Paid for the year following the application of the derogation.

The elements of the 2023 Remuneration Policy for which, under exceptional circumstances, a derogation may be permitted include: fixed remuneration, the short-term variable component (STI), the medium- to long-term variable component (Co-Investment and Long-Term Incentive Plan).

2.4. Market benchmarks

Italgas constantly monitors the main market practices so that the relevant Company Bodies are able to submit remuneration policies to the shareholders that are increasingly more appropriate for the professionalism, expertise and commitment required.

In keeping with previous years, the 2023 remuneration policies were evaluated considering the market benchmarks, with support from independent and highly specialised advisors, using specific compensation benchmarks. The chosen market positioning for the Remuneration Policy is defined as below the market median considered for the fixed component, with greater emphasis placed on the variable components with a view to the overall competitiveness of the compensation package. It is believed that this is the best approach to guarantee a direct connection between remuneration and performance, ensuring at the same time a correct alignment with the company's risk profile.

The analysis of the Chief Executive Officer's remuneration position was carried out, in continuity with the previous financial year, with respect to a panel of companies identified with the support of EY as independent consultant, which also included, in addition to the Italian companies already analysed in the past, a set of European companies operating in businesses comparable to that of Italgas and therefore representative of the sector's international market. The companies were identified mainly considering specific size and business criteria in order to ensure their significance. Specifically,

Italgas' positioning in terms of size with respect to the panel identified is between the first quartile and the median for capitalisation, net profit, EBITDA and number of employees, and below the first quartile for revenues, and therefore consistent with the remuneration positioning chosen for the fixed component.

The remuneration benchmarking analyses show that the Chief Executive Officer's fixed remuneration is positioned between the first quartile and the market median, in line with the Company's Remuneration Policy.

The analysis of the Chairman's remuneration positioning, on the other hand, was carried out in relation to only the Italian companies of the panel identified for the Chief Executive Officer and showed a remuneration positioning below the first quartile of the market.

Moreover, in the second half of 2022, the Appointments and Compensation Committee carried out a further in-depth review and update of the remuneration positioning of the Chief Executive Officer and the Chairman, considering a narrower panel made up of Italian companies comparable with Italgas, primarily belonging to the Energy & Utilities sector and infrastructure opera-

tors. Italgas' positioning in terms of size compared to the panel thus identified was between the first quartile and the median for capitalisation and net profit, and below the first quartile for revenues, EBITDA and number of employees.

The analysis, again conducted with the support of EY as an independent consultant, confirmed the positioning of the Chief Executive Officer's fixed remuneration between the first quartile and the market median and the positioning of the Chairman's remuneration below the first market quartile.

On the other hand, with regard to Executives with Strategic Responsibilities and Top Management, the analysis of the remuneration positioning was carried out in relation to the annual EY Top Executive study, with reference to roles in companies comparable in size and sector. This analysis revealed an average fixed remuneration positioning also in line with the Company's chosen positioning.

The compensation references used for the various types of roles are shown in the table below¹⁴:

Panels used for compensation benchmarks

Role analysed	Comparison panel	Italian companies																		
<ul style="list-style-type: none"> Chief Executive Officer 	<ul style="list-style-type: none"> Italian and European companies Italian companies in the Energy, Utilities and Infrastructure sectors 	<table> <tr><td>A2A</td><td>Interpump</td><td>Recordati</td></tr> <tr><td>Acea</td><td>Iren</td><td>Saipem</td></tr> <tr><td>Amplifon</td><td>Leonardo</td><td>Snam</td></tr> <tr><td>Atlantia</td><td>Maire Tecnimont</td><td>Telecom</td></tr> <tr><td>DiaSorin</td><td>Moncler</td><td>Terna</td></tr> <tr><td>Hera</td><td>Prysmian</td><td></td></tr> </table>	A2A	Interpump	Recordati	Acea	Iren	Saipem	Amplifon	Leonardo	Snam	Atlantia	Maire Tecnimont	Telecom	DiaSorin	Moncler	Terna	Hera	Prysmian	
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Hera	Prysmian																			
<ul style="list-style-type: none"> Non-executive Chairman Non-executive Directors Board Committees Board of Statutory Auditors 	<ul style="list-style-type: none"> Italian companies 	<table> <tr><td>A2A</td><td>Eni</td><td>Maire Tecnimont</td></tr> <tr><td>Acea</td><td>Hera</td><td>Saipem</td></tr> <tr><td>Atlantia</td><td>Iren</td><td>Snam</td></tr> <tr><td>Enel</td><td>Leonardo</td><td>Terna</td></tr> </table>	A2A	Eni	Maire Tecnimont	Acea	Hera	Saipem	Atlantia	Iren	Snam	Enel	Leonardo	Terna						
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<ul style="list-style-type: none"> Executives with Strategic Responsibilities Top Management 	<ul style="list-style-type: none"> EY Top Executive <p><i>With reference to roles in comparable companies in terms of size and sector</i></p>	<table> <tr><td>EDP Group</td><td>Galp</td><td>Red Eléctrica</td></tr> <tr><td>Elia Group</td><td>National Grid</td><td>RWE</td></tr> <tr><td>Enagas</td><td>Neste</td><td>Verbio</td></tr> <tr><td>EnBW</td><td>Orsted</td><td>Verbund</td></tr> <tr><td>Eneco</td><td>Pennon Group</td><td>Vopak</td></tr> </table>	EDP Group	Galp	Red Eléctrica	Elia Group	National Grid	RWE	Enagas	Neste	Verbio	EnBW	Orsted	Verbund	Eneco	Pennon Group	Vopak			
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¹⁴ The compensation surveys were conducted on an aggregate panel or on specific sub-clusters identified for consistency with the Italgas governance.

3. 2023 Remuneration Policy

The guidelines for the 2023 Remuneration Policy are in line with what has been outlined and pursued by Italgas in recent years, therefore aiming to simplify the overall architecture of the incentive system and align the performance targets with shareholders' expectations. Particular attention was again paid to ESG matters and the related objectives used in the management incentive schemes, in both the short-term and the long-term, in order to further strengthen the link with the Sustainable Value Creation Plan developed by the Company.

The 2023 Remuneration Policy guidelines were evaluated by the Appointments and Compensation Committee as being consistent with the applicable market benchmarks.

3.1. Chairman

3.1.1. Compensation for the office and powers and other indemnities

According to the provisions of the Board of Directors as proposed by the Appointments and Compensation Committee at the meeting of 15 September 2022, the remuneration of the Chairman of the Board of Directors for the three-year period 2022-2024 provides for a gross annual fixed salary for the position of 300,000 euros effective as of the date of appointment, including the fixed annual remuneration for Directors established by the Shareholders' Meeting, in addition to reimbursement of the costs incurred in connection with the position. The envisaged remuneration has been slightly increased compared to the previous three-year term of office in order to align it with market practices, following the analyses conducted by a specialised external company, and to ensure full consistency with the complexities that the role entails for Italgas.

In view of the nature of this position, there are no: i) short or long-term variable incentive components; ii) agreements on end-of-mandate settlement and compensation.

3.2. Non-executive Directors

3.2.1. Shareholders' meeting remuneration

On 26 April 2022, the Shareholders' Meeting approved the Directors' remuneration, for the three-year period 2022-2024, as gross annual fixed remuneration for the office of 50,000 euros, in line with the previous three-year period, in addition to the reimbursement of costs incurred in connection with the position.

In light of the recommendations of the Corporate Governance Code, the remuneration of non-executive Directors is not linked to the economic results achieved by the Company, nor are they the beneficiaries of share-based incentive plans.

No distinction is provided for in terms of the remuneration for independent Directors.

3.2.2. Compensation for participating in Board Committees

The Non-Executive Directors' fees for participation in the Board Committees for the three-year period 2022-2024 were resolved on by the Board of Directors on 18 May 2022 effective as of the date of appointment on 2 May 2022 and are equal to:

Committee	Chairman compensation	Member compensation
Control, Risk and Related-Party Transactions Committee	€ 40,000	€ 20,000
Appointments and Compensation Committee	€ 40,000	€ 20,000
Sustainable Value Creation Committee	€ 40,000	€ 20,000

3.2.3. End-of-mandate settlement and compensation

For non-executive Directors, no specific end-of-mandate settlements or agreements calling for payment of compensation in the event of early termination of employment are provided.

3.3. Chief Executive Officer¹⁵

3.3.1. Fixed remuneration

The Chief Executive Officer's fixed remuneration was determined, at the proposal of the Appointments and Compensation Committee and with the approval of the Board of Statutory Auditors, by the Board of Directors on 15 September 2022, as a gross annual amount of 850,000 euros effective as of the Shareholders' Meeting of 26 April 2022, including the remuneration provided by the Shareholders' Meeting for Directors. Furthermore, the gross-up for the car is expected to be maintained. The fixed remuneration envisaged for the office of Chief Executive Officer was slightly increased compared to the previous three-year term of office by the Board of Directors on the proposal of the Appointments and Remuneration Committee and subject to the favourable opinion of the Board of Statutory Auditors. In particular, consideration was given to the significant change in the Italgas Group compared to the previous mandate, with an increase in the importance of non-regulated businesses related to energy efficiency and the expansion of the scope of operations with the acquisition of Depa Infrastructure in Greece, which lead to a significant increase in business and management complexity. This change is also underpinned by significant results from both a financial-economic and a sustainability point of view. Moreover, the Board of Direc-

tors carefully evaluated the market analyses provided by specialised providers in order to ensure that the positioning is fully consistent with the canons of the Remuneration Policy.

As an Italgas executive, the Chief Executive Officer is the recipient of allowance for work-related travel, domestically and abroad, in line with the provisions of the National Collective Labour Agreement [CCNL] and supplementary corporate agreements.

3.3.2. Variable incentive plans

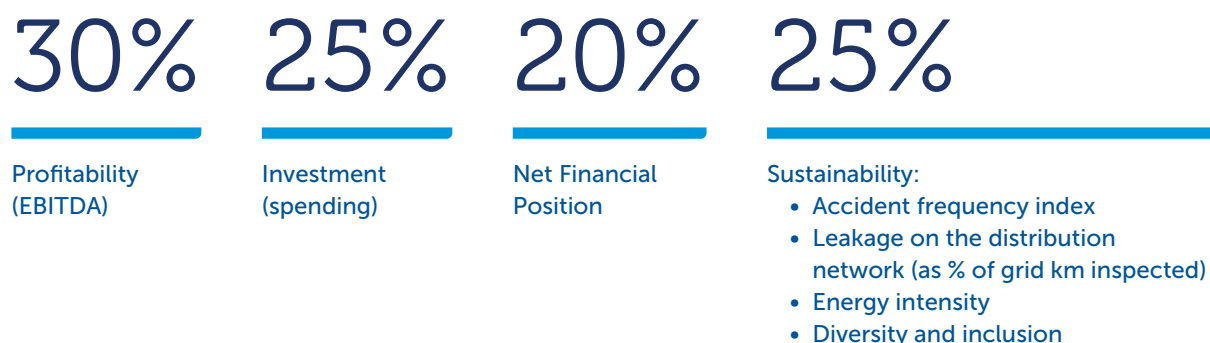
3.3.2.1. Short-Term Incentive

In order to ensure the strong alignment with the interests of shareholders and the creation of long-term value, a short-term incentive plan has been in existence since 2018 which is connected with a system of deferment and co-investment in Company shares (2021-2023 Co-Investment Plan approved by the Shareholders' Meeting on 20 April 2021). Using shares as an incentive instrument allows for strengthening of the connection between incentive and long-term value creation, in alignment with all shareholders expectations.

The Short-Term Incentive Plan, together with the related Co-investment Plan, provides for a portion of the incentive to be paid out annually, while a portion is deferred for three years and transformed into an equivalent number of shares as illustrated below.

The 2023 Short-Term Incentive Plan (STI) is connected with the attainment of the 2023 corporate objectives set by the Board of Directors of 09 March 2023. These objectives maintain a structure that is focused on essential targets, consistent with the guidelines defined in the Strategic Plan and in the Sustainable Value Creation Plan, in order to ensure they are balanced with respect to the perspectives of interest of different stakeholders. The structure and the weight of the different objectives, in recent years, have seen a growth in the weight of sustainability in particular and, in 2023, are structured as follows:

Chief Executive Officer - Objectives of the 2023 Short-Term Incentive Plan



¹⁵ The Chief Executive Officer, Mr Paolo Gallo, is also an Executive [Dirigente] of Italgas. The short and long term fixed and variable compensation referred to him and described herein are understood to be comprehensive of all roles and positions.

With reference to the objectives identified above, the metrics and main performance indicators¹⁶ are described below:

Objective	Description	Weight	Scenarios	Performance	Score
Profitability (EBITDA)	Indicator representing the profitability of the operating performance, calculated by subtracting operating costs from revenue ¹⁷	30%	Minimum Target Maximum	Budget -5% Budget Budget +5%	70% 100% 130%
Investment (spending)	Technical investments made in the year, excluding investments resulting from the adoption of IFRS 16.	25%	Minimum Target Maximum	Budget +/-10% Budget +/-7.5% Budget +/-5%	70% 100% 130%
Net Financial Position	Determined as the sum of short- and long-term financial debt (gross financial debt) and cash and cash equivalents. The net financial position of the company objectives does not include financial debts for operating leases pursuant to IFRS 16. ¹⁸	20%	Minimum Target Maximum	Budget +2% Budget Budget -2%	70% 100% 130%
Sustainability	Frequency rate of accidents suffered by employees and contractors: measured in terms of the number of accidents that occurred for every million hours worked during the year;	5%	Minimum Target Maximum	2 1.5 1	70% 100% 130%
	Leakage on the distribution network: expressed in terms of the percentage of grid km inspected during the year 2023 out of the total grid km managed. The target set is significantly higher than the ARERA targets, which indicate: the distributor is required to comply with service obligations relating to the frequency of grid inspection, equal respectively to 100% in the 3 mobile years for high and medium pressure and 100% in the 4 mobile years for low pressure network.	7.5%	Minimum Target Maximum	80% 100% 120%	70% 100% 130%
	Energy intensity: reduction of the energy intensity calculated by comparing the total Group energy consumption with the gas distributed. This parameter offers an indication of the quantity of energy used to supply 10 ⁶ Sm ³ of gas.	7.5%	Minimum Target Maximum	0.0602 0.0590 0.0578	70% 100% 130%
	Diversity and Inclusion: percentage of women in managerial positions at 31/12/2023.	5%	Minimum Target Maximum	24% 25.5% 26%	70% 100% 130%
PERFORMANCE GATE		Overall score >= 85%			

16 With reference to the economic/financial performance indicators, considering the sensitivity of the data and its strategic relevance, reference is made to performance levels determined in comparison with budget values without explicitly providing individual numbers.

17 In the final balance, the effects of changes with respect to the 2023 Budget will be sterilised, with the approval of the Appointments and Compensation Committee and the Board of Directors, deriving from: extraordinary M&A transactions, Authority/regulatory measures, net provisions made including provisions for environmental reclamations, charges for redundancy incentives, capital gains/losses, write-downs, changes in the EEC acquisition strategy.

18 In the final balance, the effects of changes to the debt between the Second Forecast and the 2022 Final Figures, net of specific changes in monetary working capital and changes to the 2023 dividend policy, will be sterilised with the approval of the Appointments and Compensation Committee and the Board of Directors.

Each objective is then measured according to a performance scale (minimum, target and maximum) with an associated score ranging from 70% (for minimum performance) to 130% (for maximum performance). Below the minimum performance for each objective, a score of zero is given. For intermediate values between the minimum and target and between the target and the maximum, the score is defined by linear interpolation. The weighted average of the performance of each objective by the relative weights determines the overall performance.

If the overall score is less than 85%, no incentive will be paid, irrespective of the level of achievement of the individual objectives (so-called "performance gate").

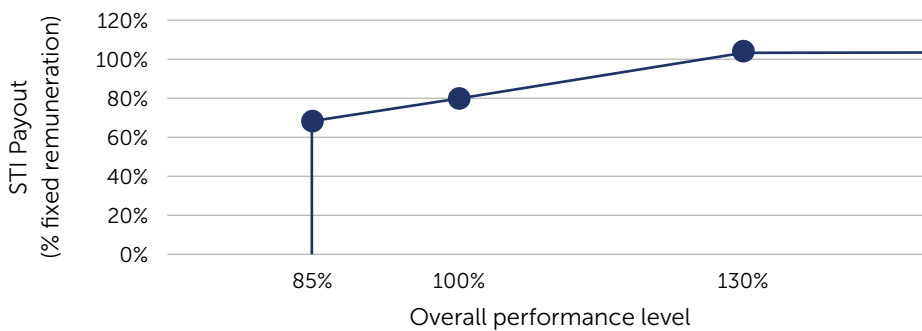
The accrued Short-term Incentive (STI) is calculated using the following formula:

$$\text{STI} = \text{STI target} \times \text{Overall score}$$

The incentive levels for the Chief Executive Officer (as a percentage of the fixed remuneration) according to the overall performance level achieved are shown below:

Chief Executive Officer - Short-term incentive performance-payout curve

	Overall performance level	Payout (% fixed rem.)
Minimum	< 85%	0
	= 85%	68%
Target	= 100%	80%
Maximum	>= 130%	104%



For intermediate values, the value of the monetary incentive to be paid out is determined by means of linear interpolation.

The accrued Short-term Incentive (STI) is then divided in two portions:

1. a portion paid out annually (I_{Year}) amounting to 65% of the total amount:

$$I_{\text{Year}} = \text{STI} \times 65\%$$

Consequently, the pay-out relating to the short-term incentive that can be paid out in the year according to the attained performance levels is as follows:

	Overall performance level	Up-front STI payout (% fixed rem.)
Minimum	< 85%	0
	= 85%	44%
Target	= 100%	52%
Maximum	>= 130%	68%

For intermediate values, the value of the monetary incentive to be paid out is determined by means of linear interpolation.

2. a deferred pay-out in the Co-investment Plan, equal to the remaining 35% of the total amount:

$$I_{\text{Deferred}} = \text{STI} \times 35\%$$

3.3.2.2. Co-Investment Plan

The 2021-2023 Co-Investment Plan, approved by the Shareholders' Meeting on 20 April 2021, is one of the components of the long-term incentive plan, together with the 2023-2025 Long-Term Incentive Plan submitted for approval by the Shareholders' Meeting of 20 April 2023 and described in the following paragraph.

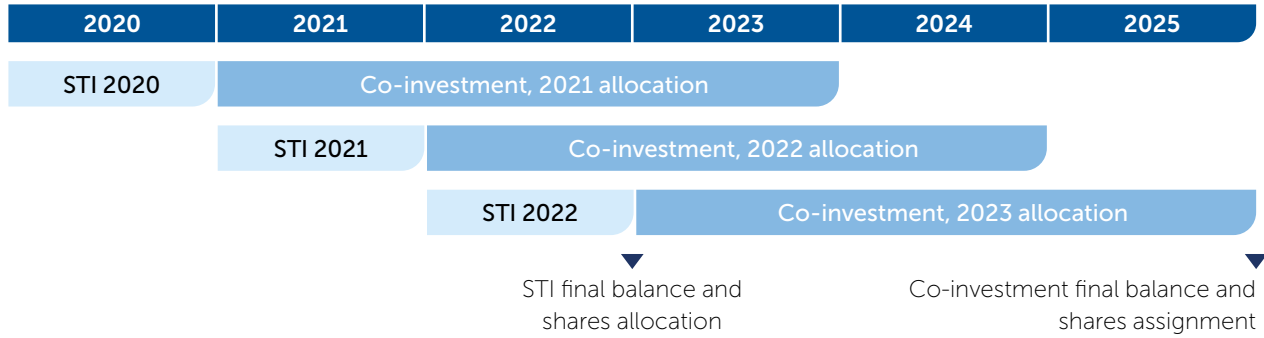
The deferred portion of the STI (I_{Deferred}) is transformed into Italgas shares according to the following formula:

$$\text{Shares}_{\text{Allocated}} = \frac{I_{\text{Deferred}}}{\text{Price}_{\text{Allocation}}}$$

in which the allocation price ($\text{Price}_{\text{Allocation}}$) is calculated as the average of the official daily prices recorded in the thirty calendar days prior to the date of the Board of Directors meeting that approves the reported results pertaining to the short-term incentive.

The shares shall be assigned after the three-year vesting period according to the following timeline:

Co-Investment Plan - Timeline



The actual assignment of the shares is subject to a performance condition represented by the EBITDA accumulated in the reference three-year period, based on the values in the budget and strategic plan.

Based on the performance level achieved, a Matching by the Company is also envisaged, which consists of a predefined number of shares in addition to those initially allocated. This component ranges from a ratio of 0.6 shares for every share allocated in the event of minimum performance level to a ratio of 1 share for every share allocated in the event of maximum performance level.

The following table summarises the number of shares that can be accrued (Multiplier and Matching) based on the level of performance achieved:

	EBITDA accrued in the three-year reference period	Multiplier (% shares vs those allocated)	Matching (ratio with respect to shares allocated)
Minimum	EBITDA < Target -5%	0	0
	EBITDA = Target -5%	70%	0.6:1
Target	EBITDA = Target	130%	0.8:1
Maximum	EBITDA >= Target +5%	170%	1:1

For intermediate values, the number of shares to be assigned is determined by means of linear interpolation.

For EBITDA results of less than 5% of the target value fixed for the three years (minimum level), the number of shares assigned will be 0 and, therefore, the deferred portion of the annual incentive will not be disbursed either.

The total number of shares assigned will therefore be determined by the following formula:

$$\text{Shares}_{\text{Assigned}} = [\text{Shares}_{\text{Allocated}} \times \text{Multiplier}] + \text{Matching}$$

There is also provision for an additional number of shares to be assigned (so-called “Dividend Equivalent”) on the actually accrued shares in an amount equivalent to the ordinary and extraordinary dividends distributed by Italgas during each three-year performance period and which would be due to the beneficiary during this period. The number of additional shares to be assigned is determined as the ratio between the sum of the dividends distributed in each three-year period and the average price of the share recorded in the 30 calendar days before the Board of Directors’ meeting that approves the final accounting of the performance conditions to which the plan is connected.

3.3.2.3. Long-term incentive

The long-term variable component aims to ensure the sustainability of shareholder value creation in the medium-long term and it is made up, together with the 2021-2023 Co-investment Plan, by the new 2023-2025 Long-Term Incentive Plan (LTI) submitted to the Shareholders’ Meeting for approval on 20 April 2023, developed in continuity with the previous 2020-2022 Long-Term Monetary Incentive Plan but with a strong orientation and evolution in terms of sustainability objectives.

The LTI plan applies to managerial roles with the greatest impact on company results and provides for the annual allocation to the Chief Executive Officer of an amount equal to 65.5% of the fixed remuneration and the disbursement of the incentive after three years (vesting period) as a percentage of between 0 and 130% based on the weighted variation of the following parameters:

Objectives of the 2023-2022 Long-Term Incentive Plan (2023 allocation)



With reference to the objectives identified above, the metrics and main performance indicators for the 2023-2025 allocation¹⁹ are described below:

Objective	Description	Weight	Scenarios	Performance	Score
Accumulated adjusted net profit	Operating performance indicator, calculated by subtracting from earnings the operating costs (EBITDA), depreciation and amortisation, net financial expenses, adding income from equity investments and subtracting income tax, excluding the income components classified as "special items" (agreed and approved annually by the BoD, upon the proposal of the Appointments and Compensation Committee).	50%	Minimum	Budget/Piano -5%	70%
			Target	Budget/Piano	100%
			Maximum	Budget/Piano +5%	130%
Relative TSR	Measured in relation to the positioning of Italgas in a select peer group formed of the following European companies listed on markets in the euro zone (also relevant for the purposes of the P4P methodology) belonging to the EURO STOXX TMI Utilities index: Snam, Terna, A2A (Italy), Red Eléctrica, Enagas (Spain), Elia System Operator (Belgium). ²⁰	30%		1 st place	130%
				2 nd place	120%
				3 rd place	110%
				4 th place	100%
				5 th place	0%
				6 th place	0%
				7 th place	0%
Sustainability	Reduction of CO ₂ emissions - Scope 1 and 2 compared with 2020 at constant scope.	10%	Minimum	-25.4%	70%
			Target	-26%	100%
			Maximum	-26.6%	130%
	Energy efficiency: reduction of net energy consumption compared with 2020 at constant scope.	10%	Minimum	-26.4%	70%
			Target	-27%	100%
			Maximum	-27.6%	130%

Each objective is then measured according to a performance scale (minimum, target and maximum) with an associated score ranging from 70% (for minimum performance) to 130% (for maximum performance). Below the minimum performance for each objective, a score of zero is given. For intermediate values between the minimum and target and between the target and the maximum, the score is defined by linear interpolation. The weighted average of the performance of each objective by the relative weights determines the overall performance.

The accrued Long-term Incentive (LTI) is calculated using the following formula:

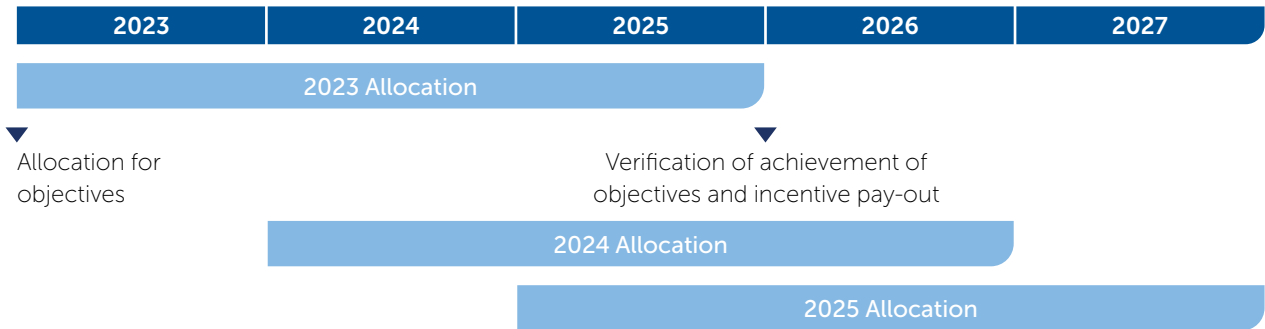
$$LTI_{\text{accrued}} = LTI \text{ target} \times \text{Overall score}$$

¹⁹ With reference to the economic/financial performance indicators, considering the sensitivity of the data and its strategic relevance, reference is made to performance levels determined in comparison with budget values and strategic plan without explicitly providing individual numbers.

²⁰ The peer group was identified by considering, among the companies belonging to the EURO STOXX TMI Utilities index, those with similar characteristics to Italgas in terms of business (managers of gas/electricity distribution infrastructures), regulation (therefore operating mainly in regulated businesses) and guided by a "dividend-driven" policy, and therefore also comparable from an investor's point of view.

The LTI Plan involves a three-year vesting period for each allocation cycle, as shown below.

Long-Term Monetary Incentive Plan - Timeline



3.3.3. Severance agreement and pay

The Chief Executive Officer is entitled to compensation for termination of his administration and management employment contract, in line with the practice of the reference markets.

Upon termination of the contract, in the event of non-renewal of the mandate on expiry or early termination of the mandate, there is provision for two annual payments to be made amounting to the annual fixed remuneration plus the average of the variable incentive paid over the previous three years.

The compensation is not payable if the employment contract is terminated for just cause or dismissal with a notice period for subjective reasons but with justification pursuant to the collective agreement or in the event of resignation.

The effects of any termination of the Chief Executive Officer’s contract on the rights allocated under the Co-Investment Plan and the Long-Term Incentive Plan (LTI) in place are described in the relevant Informative Documents and Grant Regulations. In particular, for all Plans that provide for a three-year vesting period, in the event of termination of the employment contract (agreed by mutual consensus or under good leaver conditions) during the vesting period, the beneficiary shall retain the right to a smaller incentive based on the period elapsed between the allocation of the incentive and the occurrence of this event. In the event of termination of the contract for cases other than those stated above, all rights are forfeited.

3.3.4. Non-compete agreements

A non-compete agreement exists to protect the company’s interests. Based on the standards used by companies of equivalent standing and in accordance with Article 2125 of the Italian Civil Code, in relation to requirement for the Chief Executive Officer not to engage, for a period of one year after termination of the employment contract, in any kind of activity that might compete with that of Italgas, this provides for a payment equivalent to one annual salary to be made. To protect the Company, penalties are applicable for infringements, subject to compensation for further loss.

3.3.5. Benefit

In accordance with national collective labour agreements and supplementary company agreements for Italgas executives, the Chief Executive Officer is also entitled to enrolment in the Supplementary Pension Fund (AZIMUT PREVIDENZA)²¹, enrolment in the Supplementary Health Care Funds (FISDE and Cassa Prevint)²² and insurance cover against the risk of death and disability, as well as a car for personal and business use.

3.3.6. Shareholding guidelines

At the proposal of the Appointments and Compensation Committee, with the 2023 Remuneration Policy the Board of Directors introduced specific shareholding guidelines for the Chief Executive Officer, in order to further strengthen the alignment of interests with shareholders in the long term.

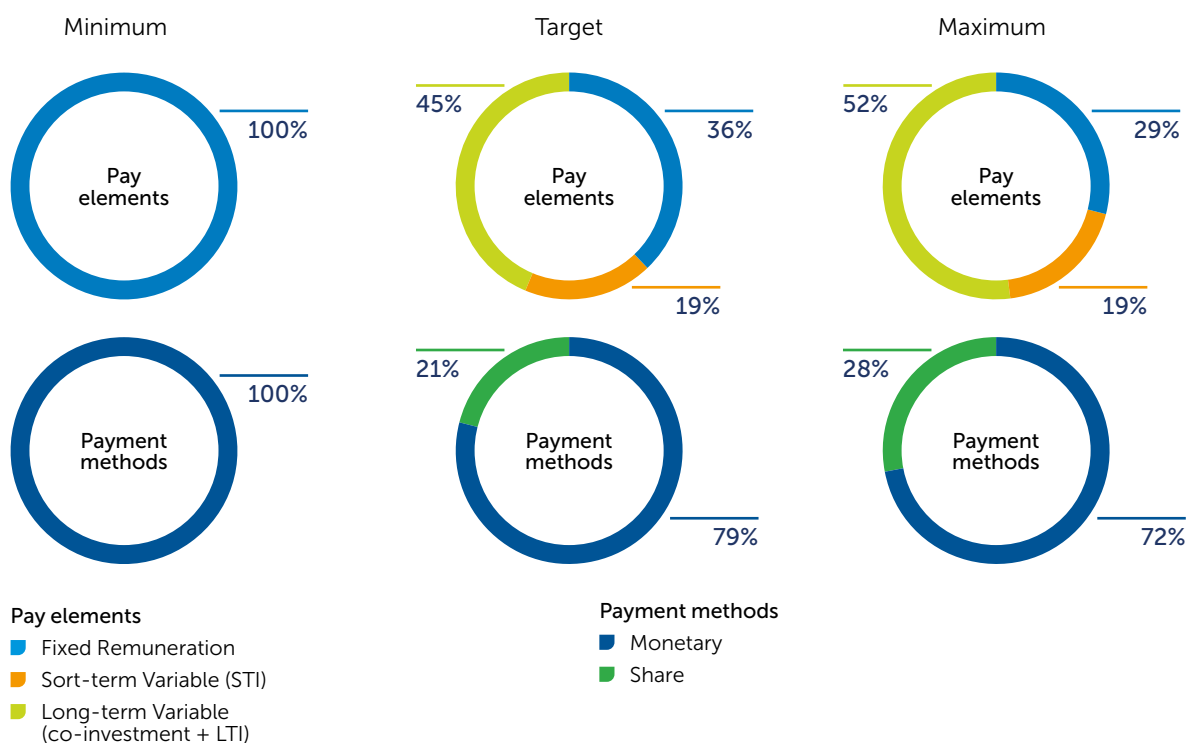
Specifically, these guidelines require the Chief Executive Officer to hold, on a recurring basis, a number of Italgas shares equal to a minimum of one year's fixed remuneration. This level may be reached within 3 years of appointment and must be maintained for the full duration of the appointment.

3.3.7. Pay-mix

The pay-mix of the Chief Executive Officer has a prevalent variable component (short and long term) compared to the fixed component (target scenario: 64% vs 36%), thus significantly emphasising the link between remuneration and company performance. In relation to the benchmark analyses carried out in 2022 with the support of an independent specialist advisor (EY), the impact of the variable component on the total remuneration of the Chief Executive Officer is above the average of the market analysed.

Chief Executive Officer

Theoretical pay mix²³ and form of remuneration for the minimum, target and maximum performance results



²¹ www.azimutprevidenza.it

²² Funds that issue refunds for health care costs to executives, whether in service or retired, and their family members, www.fisde-eni.it; www.cassaprevint.it

²³ The theoretical pay-mix does not consider the Dividend Equivalent component (available only when defining the final results) and any share price variation.

3.4. Control Bodies

3.4.1. Board of Statutory Auditors

The remuneration for members of the Board of Statutory Auditors for the three-year period 2022-2024 was resolved on by the Ordinary Shareholders' Meeting of 26 April 2022 and is equal, in continuity with the previous three-year period, to:

Role	Remuneration
Chairman of the Board of Statutory Auditors	€ 70,000
Member of the Board of Statutory Auditors	€ 45,000

Members of the Board of Statutory Auditors are also entitled to the reimbursement of expenses incurred in the performance of their duties.

In view of the nature of this position, there are no: i) short or long-term variable incentive components; ii) agreements on end-of-mandate settlement and compensation.

3.4.2. Head of Internal Audit

The remuneration of the Head of Internal Audit of Italgas consists of a fixed component and a variable component, in line with that provided for the company's Top Management.

The Appointments and Compensation Committee has defined the guidelines for the variable incentive systems and, in agreement with the Control, Risk and Related Party Transactions Committee, has provided the following indications for the Head of Internal Audit:

- an MBO (Management by Objective) scorecard, with exclusively functional measurable objectives, excluding economic and financial targets and on which determination of the annual monetary incentive depends;
- provision of an evaluation scale with minimum, target and maximum performance levels for each objective allocated;
- direct assessment of specific objectives by the Control, Risk and Related Party Transactions Committee;
- standardisation of other forms of deferred and long-term monetary incentives for all managers.

3.5. Executives with Strategic Responsibilities

3.5.1. Fixed remuneration

For Executives with Strategic Responsibilities, the fixed remuneration is determined based on the role and responsibilities assigned, considering the compensation levels found on the market for roles with a similar level of responsibility and managerial complexity in companies on the FTSE MIB index and comparable companies in terms of business type, and can be adjusted periodically as part of the annual salary review process carried out in respect of all managers. Similarly to what is envisaged for the Chief Executive Officer, the average market positioning chosen for Executives with Strategic Responsibilities is defined below the median of the market considered for the fixed component, providing for a recovery of competitiveness with the variable components. The guidelines for 2023, considering the reference context and current market trends, provide for selective criteria while maintaining high levels of competitiveness and motivation. In particular, the actions proposed involve adjustments addressed selectively at the holders of positions whose Scope of responsibilities has increased or whose position is significantly below the median market references.

In their capacity as Italgas executives, Executives with Strategic Responsibilities also receive reimbursements for national and international travel, in accordance with the provisions of the relevant national collective agreement and supplementary Company agreements.

3.5.2. Variable incentive plans

The Short-Term Incentive Plan (STI), for Executives with Strategic Responsibilities who are not members of the Independent Operator / Compliance Manager, in line with what is envisaged for the Chief Executive Officer, provides for compensation determined on the basis of the Italgas and individual performance results with a target (performance = 100%) and maximum (performance = 130%) incentive level of 51% and 67% of the fixed remuneration respectively. A threshold level (overall performance = 85%) is set, below which the incentive is not paid.

For other Executives with Strategic Responsibilities the variable annual incentive for 2023 is determined partly (40%) by the company results compared to the targets assigned to the Chief Executive Officer by the Board of Directors on 9 March 2023 and partly (60%) by a series of individual targets (focused on economic/financial, operational and industrial performance, internal efficiency and sustainability matters) assigned in relation to the responsibility held, in accordance with the provisions of the Company's Strategic Plan and Sustainable Value Plan.

The following table shows the type of objectives assigned to Executives with Strategic Responsibilities:

Executives with Strategic Responsibilities - Objectives of the 2023 Short-Term Incentive Plan

Objective	Description	Weight
Company objectives	Short-term incentive scheme for the Chief Executive Officer, with a view to alignment with the Group's performance results.	40%
Role/direction objectives	Priority and strategic objectives of an economic and financial nature closely linked to the Scope of responsibility.	60%
Project objectives	Group strategic projects led by the relevant management, focused on the operational and industrial performance, internal efficiency and sustainability issues.	

The short term incentive accrued is then divided into two portions: the annually paid portion amounts to 65% of the total amount, the deferred portion in the Co-investment Plan amounts to 35% of the total amount.

In accordance with the provisions made for the CEO, Executives with Strategic Responsibilities also participate in the long-term incentive plans as follows:

- 2021-2023 Co-investment Plan, in relation to the Company's performance measured in terms of EBITDA, under the same performance conditions and with the same characteristics as described in the paragraph dedicated to the Chief Executive Officer's remuneration;
- 2023-2025 Long-Term Incentive Plan (LTI) provided for managerial roles with the greatest impact on the company's results. This plan has the same performance conditions and characteristics as the LTI Plan envisaged for the CEO. For Executives with Strategic Responsibilities the target incentive is 34% of fixed remuneration. The incentive payable at the end of the three-year vesting period is determined as a percentage of between 0% and 130% of the value attributed, based on the results achieved.

3.5.3. Payments made in the event of termination of office or termination of the employment contract

Executives with Strategic Responsibilities are entitled to receive the severance pay provided for in the relevant national collective labour agreement and any supplementary payments individually agreed on termination according to the criteria established by Italgas in cases of facilitated redundancy, in any case not exceeding two years of total remuneration.

On the date on which this Report was drawn up there were no supplementary individual agreements in the event of termination of the employment contract.

The effects of any termination of the employment contract of Executives with Strategic Responsibilities on the rights attributed under the long-term incentive plans are described in the relevant Informative Documents and Grant Regulations. In particular, for all plans that provide for a three-year vesting period, in the event of termination of the employment contract (agreed by mutual consensus or under good leaver conditions) during the vesting period, the beneficiary shall retain the right to a smaller incentive based on the period elapsed between the allocation of the incentive and the occurrence of this event. In the event of termination of the contract for cases other than those stated above, all rights are forfeited.

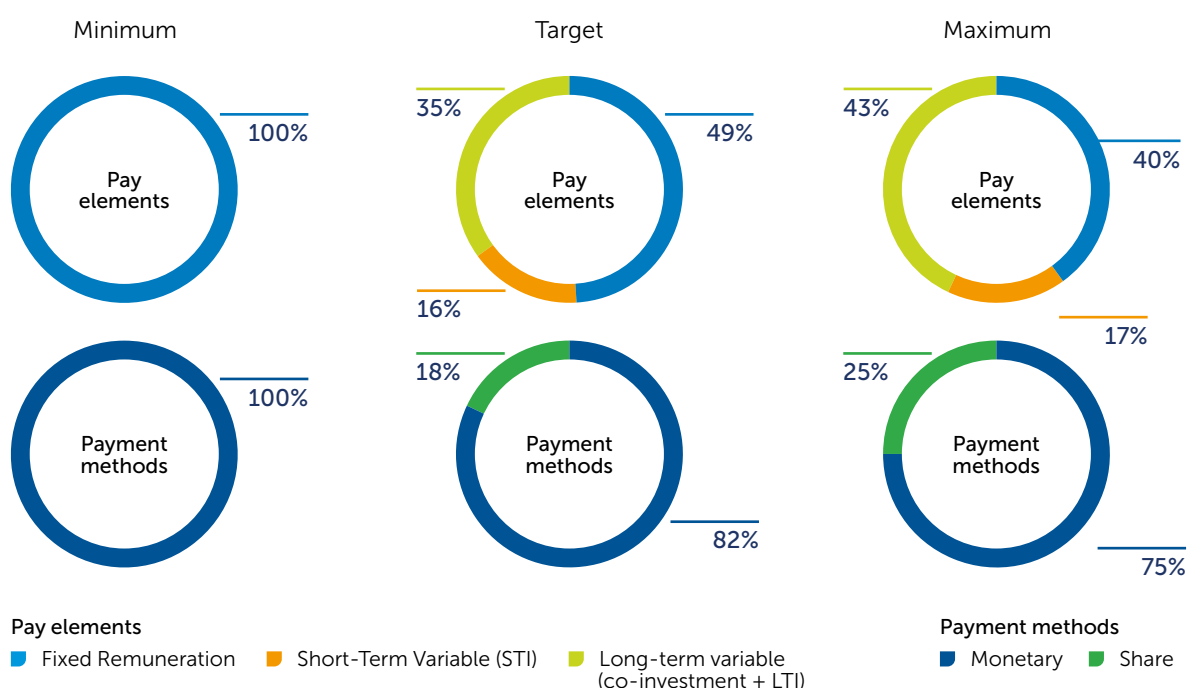
3.5.4. Benefits

In accordance with national collective labour agreements and supplementary company agreements for Italgas executive, Executives with Strategic Responsibilities are also entitled to enrolment in the Supplementary Pension Fund (FOPDIRE or PREVINDAI or AZIMUT), enrolment in the Supplementary Health Care Fund (FISDE and Cassa Prevint) and insurance cover against the risk of death and disability, as well as a car for personal and business use.

3.5.5. Pay-mix

Executives with Strategic Responsibilities

Theoretical pay mix²⁴ and form of remuneration for the minimum, target and maximum performance results



²⁴ The theoretical pay-mix does not consider the Dividend Equivalent component (available only when defining the final results) and any share price variation.

3.6. Independent Operators / Compliance Managers

For Managers, including two Executives with Strategic Responsibilities, who serve as members of the Independent Operator / Compliance Manager, there is a specific Policy in relation to the short and long-term variable incentive plans, in order to ensure the neutrality of management of essential infrastructure, in accordance with the reference legislation²⁵, which does not envisage the allocation of shares, but rather the disbursement of all incentives in monetary form, in addition to specific objectives linked to the distribution Scope only.

The remuneration Policy envisaged for members of the Independent Operator / Compliance Manager, albeit with the necessary specifications, is aligned with the Company's overall approach for compensation issues and is formed of a short-term variable incentive component, a medium-term component and a long-term one, in line with the structure envisaged for the Group's Managers. In particular, the following is provided for:

- a short-term incentive (STI);
- a deferment plan for the short-term incentive - "Bonus Bank" in monetary form;

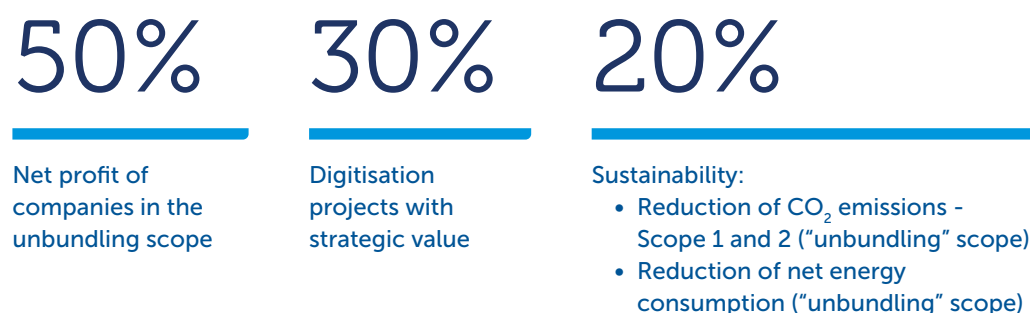
- a long-term incentive (LTI) plan.

With reference to the short-term component, an incentive system is envisaged based on an outline with individual objectives and/or objectives attributable to the specific business area. With regard to Executives with Strategic Responsibilities, the bonus opportunity is 51% of the fixed remuneration for performance at target, as envisaged for the other Executives with Strategic Responsibilities who are not part of the Independent Operator / Compliance Manager.

65% of the Short-Term Incentive (STI) is paid upfront on the basis of achievement of the annual results, whereas 35% is "invested" into a company "Bonus Bank" plan and is subject to a performance condition, tied to the EBITDA of the unbundling scope, according to the same incentive scale envisaged for other Executives with Strategic Responsibilities who are not part of the Independent Operator / Compliance Manager. This deferred component is paid in monetary form in compliance with the functional unbundling legislation.

The Long-Term Incentive (LTI) Plan has the same characteristics as those defined for other Managers of the Group, but with objectives structured according to the unbundling perimeter in line with the reference legislation. In particular, the following objectives are envisaged for the 2023-2025 LTI plan:

Independent Operator / Compliance Manager - Objectives of the 2023-2025 Long-Term Incentive Plan



3.7. Claw-back mechanisms

All the variable incentive systems include a claw-back

clause whereby, within the legal statute-barred term (ten years), the Company is able to retake possession of amounts paid in the event that it is ascertained that the achievement of the objectives is attributable to malicious or grossly negligent behaviour or, in any case, implemented in violation of the reference standards.

²⁵ Pursuant to Annex A (TIUF) to resolution 296/2015, amended and supplemented with resolution 15/2018, which, in addition to providing for specific provisions relating to the functional unbundling obligations for companies operating in the electricity and gas sectors, governs the independence requirements of the members of the Independent Operator / Compliance Manager of companies operating in the corporate unbundling of sales and production. In particular, paragraph 10.3 sets out the ban on implementing compensation policies or incentive systems directly or indirectly connected to the performance of the sales or production activity of electricity or natural gas.

Second Section - 2022 Compensation Paid and other information

Second Section 2022 Compensation Paid and other information

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1. Implementation of 2022 Remuneration Policies

Below is a description of the application of the Remuneration Policy in 2022 for the Chairman of the Board of Directors, Non-Executive Directors, Chief Executive Officer, Board of Statutory Auditors and Executives with Strategic Responsibilities.

The 2022 Compensation Policy, as verified by the Appointments and Compensation Committee during the periodic assessment required by the Corporate Governance Code, was implemented in accordance with the general principles referred to in the resolutions approved by the Board of Directors and was consistent with the 2022 Remuneration Policy, both in the market references found and in terms of overall positioning and pay mix.

Furthermore, in 2022, in compliance with the application of regulations related to functional unbundling, Italgas applied the principles of the Remuneration Policy defined for Independent Operators / Compliance Managers.

In accordance with Legislative Decree 49/2019, article 4, paragraph b, shown below are the 2022 performance results based on the targets set by Italgas' Board of Directors, which will determine or contribute to determining the incentives accrued in 2022 which will be disbursed in 2023.

The incentives disbursed in 2022 were paid on basis of the final statement of results for 2021, as accrued within the Italgas Group and approved by the Board of Directors following the verification and proposal made by the Appointments and Compensation Committee, and were already reported in the Report on the 2022 Remuneration Policy and 2021 Compensation Paid.

1.1. Historical trend of the Company's performance and remuneration of the Chief Executive Officer, Chairman and employees

The analysis conducted on the historical trend relating to the annual variation in the total remuneration of the Chief Executive Officer and the Chairman of the Board of Directors and the average remuneration of employees shows a substantial alignment with the business results shown herein by the EBITDA. Comparisons for the years 2019, 2020, 2021 and 2022 are given below:

Parameter	2019	2020	2021	2022	Δ 2022-2021
EBITDA (€ mln)	908	971	1,009	1,080	+7.0%

Change in fixed remuneration

Parameter	2019	2020	2021	2022	Δ 2022-2021
Chief Executive Officer (€) (Column 1 "Fixed compensation" of Table 1 "Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities")	800,768	811,360 (of which 1,360 are travel allowances)	813,177 (of which 3,177 are travel allowances)	844,063 (of which 5,015 are travel allowances)	+3.6% net of travel allowances
Chairman (€) ²⁶ (Column 1 "Fixed compensation" of Table 1 "Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities")	262,498	270,000	270,000	290,842	+7.7%
Employees (average - €)	39,872	39,881	39,974	40,402	+1.1%
Employees (median - €)	37,059	36,994	36,945	36,830	-0.3%
<i>Pay Ratio CEO vs Employee Average</i>	1:20	1:20	1:20	1:21	
<i>Pay Ratio CEO vs Employee Median</i>	1:22	1:22	1:22	1:23	

Change in total annual remuneration

Parameter	2019	2020	2021	2022	Δ 2022-2021
Chief Executive Officer (€) (Column 6 "Total" of Table 1 - "Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities")	1,752,309	1,791,344	1,940,556	1,919,810	-1.1%
Chairman (€) ²⁶ (Column 6 "Total" of Table 1 - "Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities")	262,498	270,000	270,000	290,842	+7.7%
Employees (average - €)	48,197	45,747	46,727	47,167	+0.9%
Employees (median - €)	43,455	41,844	42,743	41,840	-2.1%
<i>Pay Ratio CEO vs Employee Average</i>	1:36	1:39	1:42	1:41	
<i>Pay Ratio CEO vs Employee Median</i>	1:40	1:43	1:45	1:46	

26 With reference to the financial years 2019 and 2022, the years in which there was a change of mandate of the Board of Directors with the appointment of a new Chairman, the sum of the remuneration paid to the two Chairmen was taken into account.

The data shown above refer to the variation in financial years 2019, 2020, 2021 and 2022 of the fixed and total remuneration according to the accrual principle for the Chief Executive Officer and the Chairman (as shown in column 1 “Fixed compensation” and column 6 “Total” in Table 1 “Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities” of this Report), the average gross annual compensation of employees and the Company performance.

In order to ensure full comparability between the different elements of the compensation package in the years considered, for 2019 the component linked to disbursement of the last monetary cycle of the Deferred Monetary Incentive Plan was excluded (540,210 euros). This plan has not been in place since 2020, as it was replaced by the 2018-2020 Co-Investment Plan which, following finalisation of the results, assigned to the Chief Executive Officer 191,432 shares for the three-year period 2018-2020, 147,430 shares for the three-year period 2019-2021 and 160,613 shares²⁷ for the three-year period 2020-2022.

By observing the relationship between just the fixed component received by the Chief Executive Officer and the average remuneration of all employees, there is a pay ratio of 1:21, which has been substantially constant over the years analysed, demonstrating the attention paid by the Company in defining remuneration policies as a whole. The ratio of the Chief Executive Officer’s total remuneration to the average total remuneration of all employees shows a pay ratio of 1:41, which demonstrates the substantial alignment between Company performance and the Chief Executive Officer’s variable remuneration.

The data relating to Board members is not shown as it is not tied to the Company results and consistent with what is described in the Remuneration Policy.

²⁷ As per instructions from Consob, column 7 “Fair Value of equity compensation” of Table 1 “Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities” of this Report, sets out the sum of the fair value pertaining to the year of all the equity plans currently in place, therefore this value is not considered for the purposes of defining the comparison table.

2. Final record on the performance of the variable incentive plans







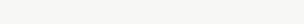
2.1. Short-Term Incentive Plan

The annual 2022 incentives are paid on the basis of the final statement of results for the targets set for 2022 in accordance with the Strategic Plan and the annual budget, determined on a constant scenario basis. In particular, the results for the targets set for 2022 were finalised by the Board of Directors as suggested by the Appointments and Compensation Committee at the

meeting on 9 March 2023 and determined a score for the company scorecard of objectives of 112.1 points on the measurement scale which provides for a minimum, target and maximum performance level of 70, 100 and 130 points respectively. This score determines the overall value of the short-term incentive for the Chief Executive Officer and is a significant component of the short-term incentive objectives for Executives with Strategic Responsibilities, with a weight of 40%.

The following table shows, for each target, the weighting assigned and the level of performance achieved.

Final record on the objectives of the 2022 Short-Term Incentive Plan - 2023 disbursement


Performance parameters		Weight	Unit of measurement	Performance			Final value	Weighted score
				Minimum (70)	Target (100)	Maximum (130)		
Economic-financial	Profitability (EBITDA)	30%	€ million				1,080	31.8
	Investments	25%	€ million				702	27.2
	Net Financial Position	20%	€ million				5,928	22.8
Sustainability	Accident frequency index	5%	Number of accidents per million hours worked during the year				1.76	4.2
	Gas Leakage Rate	7,5%	Percentage of gas leaks into the atmosphere with respect to the total gas transported in the calendar year				0.087%	9.8
	Energy intensity	7,5%	Ratio of total energy consumption and gas distributed				0.0603	9.8
	Percentage of women holding managerial positions	5%	Percentage of women holding managerial positions at 31/12/2022				24.7%	6.5
Total							112.1	

Performance gate **ON**

2.2. 2018-2020 Co-Investment Plan - Assignment for the three-year period 2020-2022

At its meeting held on 9 March 2023, following the verification and proposal of the Apointments and Compensation Committee, the Italgas Board of Directors resolved:

- an Italgas accrued EBITDA result for the 2020-2022 three-year period of 3,060 million euros which determined a multiplier of 1.36 on the measurement scale which provides for a minimum target and maximum performance level of 70, 130 and 170 points respectively, to be applied to the number of rights allocated in 2020 for the purpose of determining the number of Italgas shares to be assigned to the beneficiaries of the Plan. Furthermore, in consideration of the performance level achieved, Italgas has offered a free share matching, equal to 0.83 shares for each right allocated, as governed by the Plan, for a total multiplier of 2.19;


Performance Parameters	Unit of measurement	Performance			Final value	Multiplier
		Minimum (0.7)	Target (1.3)	Maximum (1.7)		
Accrued EBITDA	€ million				3,060	1.36
					Matching	0.83
					Multiplier	2.19

- an additional number of shares ("Dividend Equivalent") determined as the ratio between the sum of the dividends distributed in the performance period and the average of the official daily prices of the share registered in the 30 calendar days prior to assignment of said shares (9 March 2023).

2.3. 2020-2022 Long-term Monetary Incentive Plan (LTMI) - Assignment for the three-year period 2020-2022

At its meeting held on 9 March 2023, following the verification and proposal of the Apointments and Compensation Committee, the Italgas Board of Directors resolved:



- a Consolidated Net Profit result of 1,109 million euros for the three-year period 2020-2022, which resulted in a score of 101 on a measurement scale that envisages a minimum, target and maximum performance level of 70, 100 and 130 points respectively (weight 55%);

Performance Parameters	Unit of measurement	Performance			Final value	Score
		Minimum (70)	Target (100)	Maximum (130)		
Consolidated Net Profit	€ million				1,109	101

- a Total Shareholder Return result for the three-year period 2020-2022 compared to the peer group (A2A, Elia, Enagas, Red Eléctrica, Terna, Snam) which placed Italgas in 4th place, resulting in a score of 100 on a measurement scale that envisages a minimum, target and maximum performance level of 70, 100 and 130 points respectively (weight 30%);

Position	Company	Three-year TSR (diff. %)
1	Elia	+76.72%
2	Terna	+31.24%
3	Snam	+12.96%
4	Italgas	+10.45%
5	Red Eléctrica	+8.31%
6	Enagas	-11.54%
7	A2A	-12.51%

- a result for the Sustainability indicators for the three-year period 2020-2022 which overall resulted in a score of 130 on a measurement scale that envisages a minimum, target and maximum performance level of 70, 100 and 130 points respectively (weight 15%).

Performance Parameters	Weight	Unit of measurement	Performance			Final value	Score
			Minimum (70)	Target (100)	Maximum (130)		
Inclusion, over the three-year period 2020-2022, in the DJSI, FTSE4GOOD and CDP Climate Change sustainability indexes	10%	Number of inclusions				9 inclusions	130
Reduction of emissions	5%	Decrease in the quantity of gas emitted into the atmosphere through leakage				94.42%	130
Total							130

Therefore, the overall performance for the three-year period 2020-2022 was 105.05 points.

Final record on the objectives of the 2020-2022 Long-Term Monetary Incentive Plan - 2023 disbursement

Consolidated Net Profit	Relative TSR	Sustainability		Final Score
101	100	130		105.05

In addition, in relation to the cash principle, the value relating to the 2019-2021 Long-Term Monetary Incentive accrued at the end of 2021 was paid in 2022.

3. Compensation paid to the Directors

3.1. Chairman of the Board of Directors

3.1.1. Fixed compensation

The Chairman, Alberto Dell'Acqua, in office until 26 April 2022, was paid, *pro rata temporis*, the fixed compensation resolved by the Board of Directors on 23 September 2019, amounting to 86,732.87 euros gross, including the fixed annual compensation for Directors established by the Shareholders' Meeting on 4 April 2019.

The current Chairman, Benedetta Navarra, appointed by the Board of Directors on 26 April 2022, was paid, also *pro rata temporis*, the fixed remuneration approved by the Board of Directors on 15 September 2022 amounting to 204,109.59 euros gross, effective as of the date of her appointment, including the fixed remuneration for Directors established by the Shareholders' Meeting of 26 April 2022.

These amounts are shown in Table 1 under "Fixed Compensation".

3.2. Non-executive Directors

3.2.1. Fixed compensation

The Non-executive Directors were paid, *pro rata temporis*, the fixed remuneration resolved by the Shareholders' Meeting of 23 April 2019 amounting to a gross annual amount of 15,890.41 euros for the office held from 1 January 2022 to 26 April 2022 and the fixed remuneration, also *pro rata temporis*, resolved by the Shareholders' Meeting of 26 April 2022 amounting to a gross annual amount of 34,246.58 euros for the office held from 26 April 2022 to 31 December 2022. These amounts are shown in Table 1 under "Fixed Compensation".

The Directors were also paid, *pro rata temporis*, the additional remuneration due for participation in the Board Committees resolved by the Board of Directors on 13 May 2019 for the office held from 1 January 2022 to 26 April 2022 and the additional remuneration due for participation in the Board Committees, also *pro rata temporis*, resolved by the Board of Directors on 18 May 2022 for the office held from 2 May 2022 to 31 December 2022. Details of these values are set out in Table 1

under "Compensation for participation in Committees".

3.3. Chief Executive Officer

3.3.1. Fixed compensation

The Chief Executive Officer was paid:

- the fixed remuneration, *pro rata temporis*, resolved by the Board of Directors on 23 September 2019 for the office held from 1 January 2022 to 26 April 2022, including the fixed annual remuneration for Directors established by the Shareholders' Meeting of 4 April 2019;
- the fixed remuneration, *pro rata temporis*, resolved by the Board of Directors on 15 September 2022 for the office held from 26 April 2022 to 31 December 2022, including the fixed annual remuneration for Directors established by the Shareholders' Meeting of 26 April 2022;
- travel allowances due, amounting to 5,015 euros.

Therefore, the Chief Executive Officer was paid fixed remuneration for a total gross annual amount of 844,062.70 euros. This value is shown in Table 1 under "Fixed Compensation".

Also disbursed and shown in Table 1 under "Other compensation" is the gross-up for the car, amounting to 8,509 euros gross.

3.3.2. Short-Term Incentive (STI)

The final record on the objectives of the Short-Term Incentive Plan for 2022 determined, as shown in paragraph "2.1. Short-Term Incentive Plan" in the Second Section of this Report, an overall performance of 112.1 points. This resulted in the Chief Executive Officer accruing a total of 762,280 euros as a short-term incentive. 65% of this amount will be paid upfront, while the remaining 35% will be deferred in the 2021-2023 Co-Investment Plan.

The Chief Executive Officer will therefore be paid a Short-Term Incentive (STI) of 495,482 euros gross in 2023 as an upfront component. This value is shown in Table 3.B under "Bonus for the year - Payable/paid".

In addition, in 2022, the bonus relating to the Short-Term Incentive of 472,165.20 euros (upfront portion) was paid, in accordance with the cash principle, the ac-

cruel of which relates to FY 2021 and about which information has already been provided in the Report on the 2022 Remuneration Policy and 2021 Compensation Paid.

3.3.3. 2018-2020 Co-Investment Plan - Assignment for the three-year period 2020-2022

With reference to the rights allocated in 2020 and accrued at the end of the performance period as at 31 December 2022, at the Board of Directors meeting on 9 March 2023, 160,613 shares were assigned to the Chief Executive Officer linked to the performance achieved in the three-year period 2020-2022, the free matching offered by Italgas and the approved Dividend Equivalent.

3.3.4. 2021-2023 Co-Investment Plan - 2022 Allocation

At the meeting held on 9 March 2022, at the proposal of the Appointments and Compensation Committee and in accordance with the 2022 Remuneration Policy and with the 2021-2023 Co-Investment Plan approved by the 2020 Shareholders' Meeting, the Board of Directors confirmed the allocation of 45,494 rights to the Chief Executive Officer to receive Company shares at the end of the three-year vesting period and upon achievement of the specific performance objective, to be approved by this Shareholders' Meeting. The fair value of the allocation is shown in Table 3.A under "Fair value on the allocation date".

3.3.5. 2020-2022 Long-Term Monetary Incentive Plan (LTMI) - Assignment for the three-year period 2020-2022

In 2022, the Long-Term Monetary Incentive (LTMI) allocated in 2020 accrued for a total gross value of 557,343 euros based on the multiplier of 105.05 approved by the Board of Directors on 9 March 2023. This incentive will be paid during 2023 and its value is shown in Table 3.B under "Bonuses from previous years - Payable/paid".

In addition, in 2022, the bonus relating to the 2017-2019 Long-Term Monetary Incentive, allocated in 2019, was paid in accordance with the cash principle, amounting to 632,290 euros, the accrual of which relates to 2021 financial year and about which information has already been provided in the Report on the 2022 Remuneration Policy and 2021 Compensation Paid.

3.3.6. 2020-2022 Long-Term Monetary Incentive Plan (LTMI) - 2022 Allocation

At the meeting held on 26 October 2022 at the proposal of the Appointments and Compensation Committee and in accordance with the 2022 Remuneration Policy, the

Board of Directors resolved to allocate a gross amount of 556,750 euros (fixed compensation x 65.5%) to the Chief Executive Officer as the 2022 payment under 2020-2022 Long-Term Monetary Incentive Plan, subject to achievement of the predefined performance conditions in the three-year vesting period. The gross value of the incentive paid is shown in Table 3.B under "Bonus for the year - Deferred".

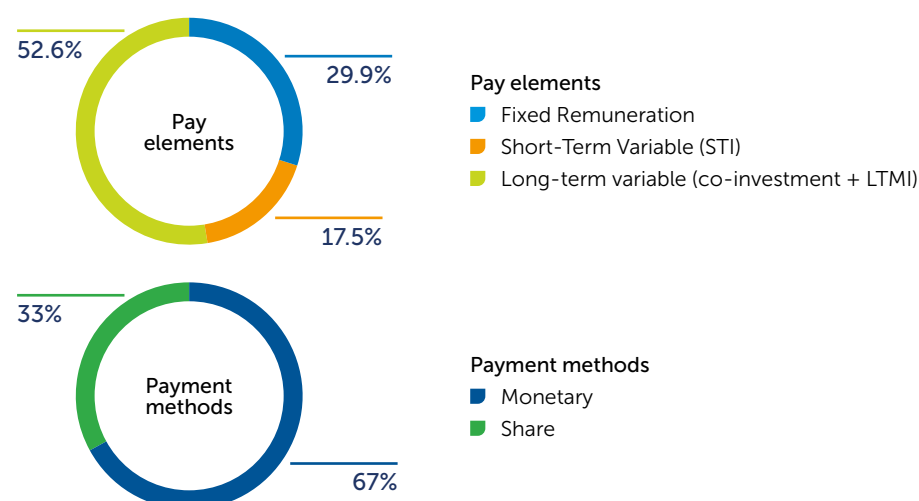
3.3.7. Benefits

In accordance with national collective labour agreements and supplementary company agreements for Italgas executives, provision was also made for the Chief Executive Officer to be enrolled in the Supplementary Pension Fund (AZIMUT), the Supplementary Health Care Funds (FISDE and Cassa Prevint) and provided with insurance cover against the risk of death and disability, as well as a car for personal and business use.

3.3.8. Pay-mix

Chief Executive Officer

Proportion of fixed and variable compensation pertaining to 2022 ²⁸



²⁸ Determined by taking into account the fixed compensation paid in 2022, the short-term upfront incentive pertaining to 2022, the fair value of equity compensation pertaining to 2022 and the long-term monetary incentive pertaining to 2022. The pay-mix thus includes the Dividend Equivalent component and any share price variations.

4. Compensation paid to Executives with Strategic Responsibilities

In 2022, Italgas had 11 Executives with Strategic Responsibilities, in addition to the CEO: General Counsel, Head of Human Resources & Organisation, Head of External Relations and Sustainability, Head of Institutional Relations and Regulatory Affairs, Head of Procurement and Material Management, Chief Executive Officer of Italgas Reti, Chief Executive Officer of Toscana Energia, Chief Executive Officer of Bludigit, Chief Financial Officer, Chief Security Officer, Head of Corporate Strategy.

4.1. Fixed compensation

For Executives with Strategic Responsibilities, as part of the annual salary review process envisaged for all executives, in 2022 selective adjustments were made to the fixed remuneration as a result of promotions to higher level positions or adjustments to compensation levels needed to reflect the market benchmarks identified. The aggregate gross value of fixed remunerations disbursed in 2022 to Executives with Strategic Responsibilities is 2,367,536.18 euros and is shown in Table 1 under "Fixed Compensation".

4.2. Short-Term Incentive (STI)

In 2023, variable annual incentives will be paid to Executives with Strategic Responsibilities, in accordance with the defined Remuneration Policy, with reference to the final record of performance in 2022. In particular, the incentive is connected to the company results and to a series of business, sustainability and individual objectives assigned in relation to the responsibility of the role held. The average score achieved in 2022 by the Executives with Strategic Responsibilities, consisting of 40% of the Group's scorecard of objectives and 60% of specific function and role objectives, was 116 and re-

sulted in an overall short-term incentive equal, on average, to 59% of the fixed remuneration. 65% of this amount will be paid upfront, while the remaining 35% will be deferred in the 2021-2023 Co-Investment Plan.

The aggregate gross value, as an upfront component, of the Short-Term Incentives (STI) to be paid in 2023 to Executives with Strategic Responsibilities amounts to 973,603.44 euros and is shown in Table 3.B under "Bonus for the year - Payable/paid".

In addition, in 2022, the bonus relating to the Short-Term Incentive (up-front portion) was paid, on a cash basis, for a total of 919,295.24 euros, whose accrual relates to the 2021 financial year and of which information has already been provided in the Report on the 2022 Remuneration Policy and the 2021 Compensation Paid.

4.3. 2018-2020 Co-Investment Plan - Assignment for the three-year period 2020-2022

With reference to the rights allocated in 2020 and accrued in 2022, at the Board of Directors meeting on 09 March 2023, a total of 129,449 shares were assigned to Executives with Strategic Responsibilities in relation to the performance achieved in the 2020-2022 three-year period, the free matching offered by Italgas and the approved Dividend Equivalent.

In compliance with the provisions of the functional unbundling legislation, the Board of Directors resolved, on the basis of the proxies received for management of said plan, to pay the monetary value of the shares accrued for two Executives with Strategic Responsibilities appointed as Independent Operator / Compliance Manager, for a total value of 181,391.44 euros.

4.4. 2021-2023 Co-Investment Plan - 2022 Allocation

At the meeting held on 9 March 2022, on a proposal made by the Appointments and Compensation Committee and in accordance with the 2022 Remuneration Policy, the Board of Directors resolved to allocate a total of 60,962 rights to Executives with Strategic Responsibilities to receive Company shares at the end of the vesting period and on achievement of the specific performance objective. The fair value of the allocation is shown in Table 3.B under "Fair value on the allocation date".

4.5. 2021-2023 "Bonus Bank" Plan - 2022 Allocation

At the meeting held on 9 March 2022, on a proposal made by the Appointments and Compensation Committee and in accordance with the 2022 Remuneration Policy, the Board of Directors resolved to allocate a total of 108,549.01 rights to Executives with Strategic Responsibilities to receive Company shares at the end of the vesting period and on achievement of the specific performance objective. The aggregate gross value of the deferred incentives for Executives with Strategic Responsibilities is shown in Table 3.B under "Bonus for the year - Deferred".

4.6. 2020-2022 Long-Term Monetary Incentive Plan (LTMI) - Assignment for the three-year period 2020-2022

In 2022, the Long-Term Monetary Incentive (LTMI) allocated in 2020 accrued for a total gross value of 583,795 euros based on the multiplier approved by the Board of Directors on 9 March 2023. This total incentive will be paid in 2023 and its value is shown in Table 3.B under "Bonuses from previous years - Payable/paid".

In addition, in 2022, the bonuses relating to the 2017-2019 Long-Term Monetary Incentive, allocated in 2019, were paid in accordance with the cash principle, amounting to a total of 548,419 euros, the accrual of which relates to 2021 financial year and about which information has already been provided in the Report on the 2022 Remuneration Policy and 2021 Compensation Paid.

4.7. 2020-2022 Long-Term Monetary Incentive Plan (LTMI) - 2022 Allocation

In 2022, the Long-Term Monetary Incentive was allocated to Executives with Strategic Responsibilities for a total value of 802,580 euros, the accrual of which is subject to predefined performance conditions and to a three-year vesting period, determined in line with the 2022 Remuneration Policy. The aggregate gross value of the incentives allocated to Executives with Strategic Responsibilities is shown in Table 3.B under "Bonus for the year - Deferred".

4.8. Benefits

For the term of office covered, in accordance with national collective labour agreements and supplementary company agreements for Italgas executives, Executives with Strategic Responsibilities were also granted the benefits provided for, and more specifically enrolment in the Supplementary Pension Fund (FOPDIRE or PREVINDAI or AZIMUT), enrolment in the Supplementary Health Care Fund (FISDE) and insurance cover against the risk of death and disability, as well as a car for personal and business use.

4.9. Payments made for termination of office or termination of the employment contract

On 31 August 2022, the employment relationship between the Head of Legal, Corporate Affairs and Compliance, an Executive with Strategic Responsibilities of the Company, and the Italgas Group was terminated by mutual consent.

The contract was terminated due to a Group programme aimed at streamlining and reorganising both production processes and the structure of the Company's services.

In consideration of the foregoing, the parties noted their willingness to mutually terminate the employment relationship, and for this reason an amount of 630,000 euros was defined as a redundancy incentive, plus the sum of 20,000 euros as a general novation settlement. This amount is to be understood as all-inclusive of the provisions of the national collective labour agreement for Executives for failure to give notice (in this case up to 12 months' salary) and of the supplementary payment determined according to an objective criterion based on the average remuneration in the last three years, for a **value therefore not exceeding two years of total remuneration**.

Any entitlements under the short-term and long-term variable incentive plans were regulated in accordance with the respective Consob regulations and information notices. The amount relating to these fees is included in Table 1 under "Bonuses and other incentives".

The agreement is in line with the general principles of the Company's Remuneration Policy approved on 26 April 2022 by the Shareholders' Meeting, which states:

- "Executives with Strategic Responsibilities are entitled to receive the severance pay provided for in the relevant national collective labour agreement and any supplementary payments individually agreed on termination according to the criteria established by Italgas in cases of facilitated redundancy, in any case not exceeding two years of total remuneration."
- "The effects of any termination of the employment contract of Executives with Strategic Responsibilities on the rights granted under the long-term incentive plans are described in the relevant Informative Documents and Grant Regulations. In particular, for all Plans that provide for a three-year vesting period, in the event of termination of the employment contract (agreed by mutual consensus or under good leaver conditions) during the vesting period, the beneficiary shall retain the right to a smaller incentive based on the period elapsed between the allocation of the incentive and the occurrence of this event. In the event of termination of the contract for cases other than those stated above, all rights are forfeited."

Consob tables

Consob tables

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Table 1

Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities

The following table lists the compensation paid to Directors, Statutory Auditors and, at aggregate level, Executives with Strategic Responsibilities²⁹.

An indication of the compensation paid by Italgas to other companies is provided; there is no indication of additional compensation received by subsidiary and/or associated companies as they are fully paid back to the Company.

More specifically:

- the ***“Fixed compensation”*** column shows, on an accrual basis, the fixed emoluments and wages and salaries due in 2022, gross of social security and tax charges. Flat fee reimbursements and attendance fees are excluded as they are not payable. The note provides details of the compensation as well as a separate indication of any allowances and amounts payable based on the employment contract;
- the ***“Compensation for participation in Committees”*** column shows, on an accrual basis, the compensation due to Directors for their participation in the Committees set up by the Board. The note provides a separate indication of the compensation for each committee in which the Director participates;
- the ***“Variable non-equity compensation”*** column shows, under ***“Bonuses and other incentives”***, the incentives payable for the year from accrual of the related rights following verification and approval of the related performance results by the competent corporate bodies as specified in greater detail in Table 3.B “Monetary incentive plans for Directors and Executives with Strategic Responsibilities”;
- the ***“Variable non-equity compensation”*** column shows, under the ***“Profit sharing”***, no data as this did not exist in 2022;
- the ***“Non-monetary benefits”*** column shows, on an accrual and taxability basis, the value of the fringe benefits assigned;
- the ***“Other compensation”*** column shows, on an accrual and taxability basis for the Chief Executive Officer, the gross-up value of the car;
- the ***“Total”*** column shows the sum of the previous items;
- the ***“Fair Value of equity compensation”*** column shows the fair value on the date on which compensation pertaining to the financial year was allocated with respect to the incentive plans based on financial instruments, estimated according to international accounting standards;
- the ***“Compensation for end of office or termination of employment contract”*** shows the amount of any redundancy incentives or non-competition agreements for Executives with strategic responsibilities who ended their employment during 2022.

²⁹ The prerequisites set by current legislation for disclosure on an individual basis do not exist.

Table 1: Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities

(Amounts in €)

Name and Surname	Notes	Office	Period office was held	Expiry date of the office	1		2		
					Fixed compensation		Compensation for participation in Committees		
Board of Directors									
Alberto Dell'Acqua	(1)	Chairman	01.01.2022 - 26.04.2022	26.04.2022	86,733	(a)			
Benedetta Navarra	(2)	Chairman	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	204,110	(a)			
Paolo Gallo	(3)	Chief Executive Officer	01.01.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	844,063	(a)			
Andrea Mascetti	(4)	Non-executive Director	01.01.2022 - 26.04.2022	26.04.2022	15,890	(a)	12,712	(b)	
Giandomenico Magliano	(5)	Non-executive Director	01.01.2022 - 26.04.2022	26.04.2022	15,890	(a)	15,890	(b)	
Veronica Vecchi	(6)	Non-executive Director	01.01.2022 - 26.04.2022	26.04.2022	15,890	(a)	6,356	(b)	
Silvia Stefini	(7)	Non-executive Director	01.01.2022 - 26.04.2022	26.04.2022	15,890	(a)	12,712	(b)	
Maurizio Dainelli	(8)	Non-executive Director	01.01.2022 - 26.04.2022	26.04.2022	15,890	(a)	6,356	(b)	
Yunpeng He	(9)	Non-executive Director	01.01.2022 - 27.01.2022	27.01.2022	3,699	(a)	1,479	(b)	
Paola Annamaria Petrone	(10)	Non-executive Director	01.01.2022 - 26.04.2022	26.04.2022	15,890	(a)	14,301	(b)	
Qinjing Shen	(11)	Non-executive Director	27.01.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	46,438	(a)	18,301	(b)	
Maria Sferruzza	(12)	Non-executive Director	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	34,247	(a)	13,370	(b)	
Manuela Sabbatini	(13)	Non-executive Director	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	34,247	(a)	26,740	(b)	
Claudio De Marco	(14)	Non-executive Director	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	34,247	(a)	26,740	(b)	
Lorenzo Parola	(15)	Non-executive Director	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	34,247	(a)	26,740	(b)	
Fabiola Mascardi	(16)	Non-executive Director	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	34,247	(a)	26,740	(b)	
Gianmarco Montanari	(17)	Non-executive Director	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	34,247	(a)	26,740	(b)	

	3		4	5	6	7	8
	Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation for end of office or termination of employment contract
	Bonuses and other incentives	Profit sharing					
					86,733		
					204,110		
	1,052,825 (b)		14,413 (c)	8,509 (d)	1,919,810	929,896 (e)	
					28,603		
					31,781		
					22,247		
					28,603		
					22,247		
					5,178		
					30,192		
					64,740		
					47,616		
					60,986		
					60,986		
					60,986		
					60,986		
					60,986		

Name and Surname	Notes	Office	Period office was held	Expiry date of the office	1	2	
					Fixed compensation	Compensation for participation in Committees	
Board of Statutory Auditors							
Pier Luigi Pace	(18)	Chairman	01.01.2022 - 26.04.2022	26.04.2022	22,486	(a)	
Giulia Pusterla	(19)	Chairman	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	47,626	(a)	
Marilena Cederna	(20)	Standing Auditor	01.01.2022 - 26.04.2022	26.04.2022	14,455	(a)	
Maurizio Di Marcotullio	(21)	Standing Auditor	01.01.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	45,000	(a)	
Paola Maria Maiorana	(22)	Standing Auditor	26.04.2022 - 31.12.2022	Shareholders' Meeting for the approval of the Annual Report 2024	30,616	(a)	
Executives with Strategic Responsibilities							
11 Executives with Strategic Responsibilities (23)					2,367,536	(a)	
Grand Total					4,013,584		235,178

1) Alberto Dell'Acqua - Chairman of the Board of Directors

- a. The amount includes the fixed annual compensation for the duties assigned by the Board of Directors' meeting of 23 September 2019, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022, and includes the compensation established by the Shareholders' Meeting of 4 April 2019 for the office of Director.

2) Benedetta Navarra - Chairman of the Board of Directors

- a. The amount includes the fixed annual compensation for the duties assigned by the Board of Directors' meeting of 15 September 2022, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022, and includes the compensation established by the Shareholders' Meeting of 26 April 2022 for the office of Director.

3) Paolo Gallo - Chief Executive Officer

- a. The amount of 844,062.70 euros includes:
- the fixed compensation, *pro rata temporis*, approved by the Board of Directors at its meeting on 23 September 2019 for the office held from 1 January 2022 to 26 April 2022, which includes the compensation established by the Shareholders' Meeting of 4 April 2019 for the office of Director;
 - the fixed compensation, *pro rata temporis*, approved by the Board of Directors at its meeting on

15 September 2022 for the office held from 26 April 2022 to 31 December 2022, which includes the compensation established by the Shareholders' Meeting of 26 April 2022 for the office of Director;

- the allowances due for national and international travel undertaken, in accordance with the national collective labour agreement for the relevant Executives and supplementary company agreements (in the total amount of 5,015 euros).
- b. The amount relates to 495,482 euros of the 2022 annual monetary incentive to be paid in 2023 and 557,343 euros relating to the Long-Term Monetary Incentive allocated in 2020 and to be paid in 2023.
- In addition, in 2022 the following incentives pertaining to 2021 were paid: 472,165 euros relating to the 2021 annual monetary incentive; 632,290 euros relating to the Long-Term Monetary Incentive awarded in 2019 and paid in 2022.
- c. The amount corresponds to the value of the fringe benefits assigned, on an accrual and taxability basis.
- d. The amount relates to the gross-up value of the Chief Executive Officer's car.
- e. The amount corresponds to the fair value on the date on which compensation pertaining to the financial year was allocated with respect to the incentive plans based on financial instruments, estimated according to international accounting standards.

3		4	5	6	7	8
Variable non-equity compensation		Non-monetary benefits	Other compensation	Total	Fair value of equity compensation	Compensation for end of office or termination of employment contract
Bonuses and other incentives	Profit sharing					
				22,486		
				47,626		
				14,455		
				45,000		
				30,616		
1,951,587 (b)		145,433 (c)		4,464,556	939,010 (d)	650,000
3,004,412		159,846	8,509	7,421,529	1,868,906	650,000

4) Andrea Mascetti - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 4 April 2019 for the office of Director, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.
- b. The amount includes the fixed annual remuneration established by the Board of Directors' meeting of 13 May 2019 for participation, as Chairman, in the Appointments and Compensation Committee, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.

5) Giandomenico Magliano - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 4 April 2019 for the office of Director, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 13 May 2019 for participation, as Chairman, in the Sustainability Committee and for participation, as a Member, in the Control, Risk and Related Party Transactions Committee, *pro rata temporis* for the positions held from 1 January 2022 to 26 April 2022.

6) Veronica Vecchi - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 4 April

2019 for the office of Director, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.

- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 13 May 2019 for participation, as a Member, in the Sustainability Committee, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.

7) Silvia Stefini - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 4 April 2019 for the office of Director, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 13 May 2019 for participation, as a Member, in the Appointments and Compensation Committee and participation, as a Member, in the Control, Risk and Related Party Transactions Committee *pro rata temporis* for the offices held from 1 January 2022 to 26 April 2022.

8) Maurizio Dainelli - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 4 April 2019 for the office of Director, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022. The compensation is paid to the company to which he belongs (Cassa Depositi e Prestiti S.p.A.).

- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 13 May 2019 for participation, as a Member, in the Appointments and Compensation Committee, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022. The compensation is paid to the company to which he belongs (Cassa Depositi e Prestiti S.p.A.).

9) Yunpeng He - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 4 April 2019 for the office of Director, *pro rata temporis* for the office held from 1 January 2022 to 27 January 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 13 May 2019 for participation, as a Member, in the Sustainability Committee, *pro rata temporis* for the office held from 1 January 2022 to 27 January 2022.

10) Paola Annamaria Petrone - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 4 April 2019 for the office of Director, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 13 May 2019 for participation, as Chairman, in the Control, Risk and Related Party Transactions Committee, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.

11) Qinqing Shen - Non-executive Director

- a. The amount includes the fixed annual compensation established by the Shareholders' Meeting of 4 April 2019 for the office of Director, *pro rata temporis* for the office held from 27 January 2022 to 26 April 2022, and the fixed annual compensation established by the Shareholders' Meeting of 26 April 2022 for the office of Director, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 13 May 2019 for participation, as a Member, in the Sustainability Committee, *pro rata temporis* for the office held from 27 January 2022 to 26 April 2022, and the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as a Member, in the Sustainable Value Creation Committee, *pro rata temporis* for the office held from 2 May 2022 to 31 December 2022.

12) Maria Sferruzza - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 26 April 2022 for the office of Director, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.

- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as a Member, in the Sustainable Value Creation Committee, *pro rata temporis* for the office held from 2 May 2022 to 31 December 2022.

13) Manuela Sabbatini - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 26 April 2022 for the office of Director, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as a Member, in the Appointments and Compensation Committee and for participation, as a Member, in the Control, Risk and Related Party Transactions Committee, *pro rata temporis* for the offices held from 2 May 2022 to 31 December 2022.

14) Claudio De Marco - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 26 April 2022 for the office of Director, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as a Member, in the Appointments and Compensation Committee and for participation, as a Member, in the Control, Risk and Related Party Transactions Committee, *pro rata temporis* for the offices held from 2 May 2022 to 31 December 2022.

15) Lorenzo Parola - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 26 April 2022 for the office of Director, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.
- b. The amount includes the fixed annual remuneration established by the Board of Directors' meeting of 18 May 2022 for participation, as Chairman, in the Appointments and Compensation Committee, *pro rata temporis* for the office held from 2 May 2022 to 31 December 2022.

16) Fabiola Mascardi - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 26 April 2022 for the office of Director, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as Chairman, in the Sustainable Value Creation Committee, *pro rata temporis* for the office held from 2 May 2022 to 31 December 2022.

17) Gianmarco Montanari - Non-executive Director

- a. The amount includes the fixed annual remuneration established by the Shareholders' Meeting of 26 April 2022 for the office of Director, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.
- b. The amount includes the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as Chairman, in the Control, Risk and Related Party Transactions Committee, *pro rata temporis* for the office held from 2 May 2022 to 31 December 2022.

18) Pier Luigi Pace - Chairman of the Board of Statutory Auditors

- a. The amount includes the fixed annual compensation established by the Shareholders' Meeting of 4 April 2019 for participation, as Chairman, in the Board of Statutory Auditors, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.

19) Giulia Pusterla - Chairman of the Board of Statutory Auditors

- a. The amount includes the fixed annual compensation established by the Shareholders' Meeting of 26 April 2022 for participation, as Chairman, in the Board of Statutory Auditors, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.

20) Marilena Cederna - Standing Auditor

- a. The amount includes the fixed annual compensation established by the Shareholders' Meeting of 4 April 2019 for participation, as a Standing Auditor, in the Board of Statutory Auditors, *pro rata temporis* for the office held from 1 January 2022 to 26 April 2022.

21) Maurizio Di Marcotullio - Standing Auditor

- a. The amount includes the annual fixed compensation established by the Shareholders' Meeting of 4 April 2019 for participation, as a Standing Auditor, in the Board of Statutory Auditors.

22) Paola Maiorana - Standing Auditor

- a. The amount includes the fixed annual compensation established by the Shareholders' Meeting of 26 April 2022 for participation, as a Standing Auditor, in the

Board of Statutory Auditors, *pro rata temporis* for the office held from 26 April 2022 to 31 December 2022.

23) Executives with Strategic Responsibilities

- a. The amount of 2,367,536.18 euros corresponds to the Gross Annual Salary and the allowances for national and international travel undertaken, in accordance with the national collective labour agreement for the relevant Executives and supplementary company agreements, totalling 55,623.69 euros.
- b. The amount of 1,951,587.04 euros includes:
 - the gross aggregate value of the 2022 annual monetary incentive to be paid in 2023, amounting to 973,603.44 euros;
 - the gross aggregate value of the Long-Term Monetary Incentive allocated in 2020 and to be paid in 2023, amounting to 583,795 euros;
 - the monetary value of the rights relating to the 2018-2020 Co-Investment Plan paid to two Executives with Strategic Responsibilities appointed as Independent Operators / Compliance Managers, equal to 181,391.44 euros;
 - the monetary value of the rights paid to an Executive with Strategic Responsibilities who terminated his employment in 2022, amounting to 212,797.16 euros.

In addition, in 2022 the following incentives pertaining to 2021 were paid: 919,295.24 euros relating to the 2021 annual monetary incentive; 548,419 euros relating to the Long-Term Monetary Incentive allocated in 2019 and paid in 2022; 154,202.69 euros as the monetary countervalue of the rights relating to the 2018-2020 Co-investment Plan disbursed in 2022 to two Executives with Strategic Responsibilities appointed as Independent Operators / Compliance Managers.

- c. The amount corresponds to the value of the fringe benefits assigned, on an accrual and taxability basis.
- d. The amount corresponds to the fair value on the date on which compensation pertaining to the financial year was allocated with respect to the incentive plans based on financial instruments, estimated according to international accounting standards.

Table 2

Stock options assigned to Directors and Executives with Strategic Responsibilities

As there are no data to report, table 2 is not included.

Table 3.A

Incentive plans based on financial instruments other than stock options for Directors and Executives with Strategic Responsibilities

The following table shows the deferred portions of the Short-Term Incentive converted into rights to receive Company shares, at the end of the vesting period and upon achieving the specific performance objective, according to the Co-investment Plan valid for the three-year period 2020-2022 assigned to the Chief Executive Officer and, at aggregate level, to Executives with Strategic Responsibilities.

In particular:

- The ***“Number and type of financial instruments”*** column shows the number of rights allocated for the stated plan;
- the ***“Fair Value on allocation date (euros)”*** column shows the fair value of the rights allocated;
- the ***“Vesting period”*** column shows the three-year duration of the allocation vesting period;
- the ***“Market price on allocation (euros)”*** column shows the allocation price calculated as the average of the official daily prices recorded in the thirty calendar days preceding the Board of Directors meeting that approved the allocation. The allocation price for 2022 was 5.5885 euros;
- the ***“Financial instruments vested during the financial year and not assigned”*** column contains no data as there are none to report;
- the ***“Financial instruments vested during the financial year and assignable”*** column contains the number of shares assigned to CEO, General Manager and Executives with Strategic Responsibilities based on the performance level related to the 2020-2022 vesting period and reported by the Board of Directors on 9 March 2023;
- the ***“Financial instruments pertaining to the year”*** column shows the fair value pertaining to the year relating to the Co-Investment Plan, estimated according to the international accounting standards which distribute the related cost over the vesting period; the total corresponds to the amount shown in Table 1 of the ***“Fair value of equity compensation”*** column.

Table 3.A - Incentive plans based on financial instruments other than stock options for Directors and Executives with Strategic Responsibilities

Name and Surname Office	Plan Resolution date	Financial instruments allocated in previous years not vested during the year				
		Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair Value on allocation date (euros)	
Paolo Gallo Chief Executive Officer	2020 Co-investment Plan Italgas BoD of 10/04/2020					
	2021 Co-investment Plan Italgas BoD of 04/05/2021	49,453	three-year			
	2022 Co-investment Plan Italgas BoD of 09/03/2022			45,494	254,243	
Executives with Strategic Responsibilities	2020 Co-investment Plan Italgas BoD of 10/04/2020					
	2021 Co-investment Plan Italgas BoD of 04/05/2021	61,641	three-year			
	2022 Co-investment Plan Italgas BoD of 09/03/2022			60,962	340,686	
Total		111,094		106,456	594,929	

Financial instruments allocated during the year				Financial instruments vested during the year and not assigned	Financial instruments vested during the year and assignable		Financial instruments pertaining to the year
	Vesting period	Allocation Date	Market price on allocation (euros)	Number and type of financial instruments	Number and type of financial instruments	Value at maturity date	Fair Value (euros)
					160,613	5.4516	507,090
							247,853
	three-year	09/03/2022	5.5885				174,954
					129,449	5.4516	395,635
							308,937
	three-year	09/03/2022	5.5885				234,438
					290,062		1,868,906

Table 3.B

Monetary incentive plans for Directors and Executives with Strategic Responsibilities

The following table shows the short and long-term variable monetary incentives provided for the CEO and, at aggregate level, for Executives with Strategic Responsibilities.

In particular:

- the *“Bonuses for the year - Payable/paid”* column shows the Short-Term Incentive paid during the year based on the final statement of performance produced out by the relevant corporate bodies in relation to the objectives set for the year 2022;
- the *“Bonuses for the year - Deferred”* column shows the amount of the incentive allocated for the year 2022 under the Long-Term Monetary Incentive Plan (LTMI);
- the *“Deferral period”* column shows the duration of the vesting period of the long-term incentive allocated in the year;
- the *“Bonuses from previous years - No longer payable”* column contains no data as the conditions for non-payability or partial payment of the bonus did not arise as predicted in the Plan Regulations;
- the *“Bonuses from previous years - Payable/paid”* column contains the long-term variable incentives paid during the year, accrued on the basis of the final accounting of the performance conditions of the vesting period, including the monetary value of the Co-Investment Plan and the monetary value of the Bonus Bank Plan for Executives with Strategic Responsibilities appointed as Independent Operators / Compliance Managers;
- the *“Bonuses from previous years - Still deferred”* column shows the incentives allocated from existing deferred and long-term plans that have not yet been accrued;
- the *“Other Bonuses”* column does not show the values of other bonuses as none were disbursed;
- the total of *“Bonuses for the year - Payable/paid”* and *“Bonuses from previous years - Payable/paid”* is the same as the figure shown in the “Bonuses and other incentives” column in Table 1.

Table 3.B - Monetary incentive plans for Directors and other Executives with Strategic Responsibilities

Name and Surname	Office	Plan	
Board of Directors			
Paolo Gallo	Chief Executive Officer	2022 Short-Term Incentive Plan Italgas BoD of 09/03/2023	
		2022 Long-term Monetary Incentive Plan Italgas BoD of 26/10/2022	
		2021 Long-term Monetary Incentive Plan Italgas BoD of 26/10/2021	
		2020 Long-term Monetary Incentive Plan Italgas BoD of 29/10/2020	
			Total
Executives with Strategic Responsibilities			
11 Executives with Strategic Responsibilities		2022 Short-Term Incentive Plan Italgas BoD of 09/03/2023	
		2022 Long-term Monetary Incentive Plan Italgas BoD of 26/10/2022	
		2021 Long-term Monetary Incentive Plan Italgas BoD of 26/10/2021	
		2020 Long-term Monetary Incentive Plan Italgas BoD of 29/10/2020	
		2020 Co-Investment Plan - Italgas BoD of 10/04/2020 Monetary disbursement Independent Managers as per functional unbundling regulations	
		Bonus Bank Plan 2021-2023 - Italgas BoD of 09/03/2021 Monetary disbursement Independent Managers as per functional unbundling regulations	
		Bonus Bank Plan 2021-2023 - Italgas BoD of 09/03/2022 Monetary disbursement Independent Managers as per functional unbundling regulations	
			Total
			Gran Total

	Bonus for the year			Bonus from previous years			Other bonuses
	Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
495,482							
556,750 three-year							
530,550							
557,343							
495,482	556,750		0	557,343	530,550	0	
973,603							
802,580 three-year							
720,980							
583,795							
181,391							
97,601							
108,549							
973,603	911,129		0	765,186	818,581	0	
1,469,085	1,467,879		0	1,322,529	1,349,131	0	

Table 4

Shareholdings held

In accordance with Article 84-*quater*, fourth paragraph, of the Consob Issuers’ Regulations, the following Table shows the investments in Italgas S.p.A. held by the Directors, Statutory Auditors and Executives with Strategic Responsibilities, as well as by their spouses not legally separated and minor children, directly or through subsidiaries, trust companies or third parties, as shown in the shareholders’ register, communications received and other information acquired from these individuals. It includes all individuals who held the post for some or all of the financial year. The number of shares (all “ordinary”) is shown separately for each Director and Statutory Auditor and in aggregated form for Executives with Strategic Responsibilities. The stated individuals have full ownership of the shares.

Table 4.A - Shareholdings held by Directors and Statutory Auditors

(Situation at 31 December 2022)

Name and Surname	Office	Investee Company	Number of shares owned as at 31 December 2021	Number of shares purchased in 2022	Number of shares sold in 2022	Number of shares owned as at 31 December 2022
Paolo Gallo	Chief Executive Officer	Italgas	205,432	147,430 (*)	0	350,862
Benedetta Navarra	Chairman of the Board of Directors	Italgas	0	0	0	0
Claudio De Marco	Director	Italgas	0	0	0	0
Gianmarco Montanari	Director	Italgas	0	200	0	200
Qinjing Shen	Director	Italgas	0	0	0	0
Fabiola Mascardi	Director	Italgas	0	0	0	0
Manuela Sabbatini	Director	Italgas	0	0	0	0
Lorenzo Parola	Director	Italgas	0	0	0	0
Maria Sferruzza	Director	Italgas	0	0	0	0
Giulia Pusterla	Chairman of the Board of Statutory Auditors	Italgas	0	0	0	0
Paola Maria Maiorana	Standing Auditor	Italgas	0	0	0	0
Maurizio Di Marcotullio	Standing Auditor	Italgas	0	0	0	0

Table 4.B - Shareholdings held by Executives with Strategic Responsibilities

(Situation at 31 December 2022)

	Investee Company	Number of shares owned as at 31 December 2021	Number of shares purchased in 2022	Number of shares sold in 2022	Number of shares owned as at 31 December 2022
11 Executives with strategic responsibilities	Italgas	72,462	95,548 (*)	90,698 (**)	77,312

(*) Free assignment of Italgas S.p.A. ordinary shares following the accrual of rights allocated pursuant to the "2018-2020 Co-Investment Plan" approved by the Shareholders' Meeting of 19 April 2018.

(**) Of these, 27,159 shares were sold as ordinary shares, assigned free of charge pursuant to the "2018-2020 Co-Investment Plan" approved by the Shareholders' Meeting of 19 April 2018, to cover the tax charges ("sell to cover") associated with this assignment in accordance with the Plan; while 63,539 shares were sold as ordinary Italgas shares.

Note that on 31 August 2022, an Executive with Strategic Responsibilities terminated his employment contract with the Group. The company is therefore not aware of any purchase or sale of shares made after the termination of his office.

