



**Report on the  
2024 Remuneration Policy and  
2023 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.**

### VISION

To be a leading figure the world of **energy**, driving its sustainable evolution and **innovating** each day to **improve people's quality of life**.

### MISSION

We have guaranteed **efficient, safe and excellent energy services** to the community for over 180 years.

We favour the **energy transition**, creating the **networks of the future** and promoting **innovative, sustainable solutions**.

We take **care of local communities**.  
We fuel **positive, productive relationships** with all of our stakeholders: individuals, companies, suppliers and shareholders.

We enter **new markets** where we can apply our distinctive expertise.

We promote the **growth** of individuals and develop talent, creating **inclusive, stimulating** work environments.

### PURPOSE

Pioneers by **passion** and builders by **calling** we bring all our energy to accelerate the **ecological transition**.

We do it **for us**.  
We do it **for everyone**.



# **ITALGAS**

## ***Report on the Remuneration Policy and Compensation Paid***

Approved by the Board of Directors' meeting of 22 March 2024

The Report on the Remuneration Policy and Compensation Paid is published in the "Governance - Remuneration" section of the Company's website ([www.italgas.it/en](http://www.italgas.it/en))

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## **Letter from the Chairperson of the Appointments and Compensation Committee**

Dear Shareholders,

I am pleased to present the Report on the 2024 Remuneration Policy and 2023 Compensation Paid, a document with which each year we aim to transparently and comprehensively disclose Italgas' Remuneration Policy and its link with the Group's Strategic Plan and Sustainable Value Creation Plan, increasingly strengthening constructive dialogue with all stakeholders.

The Appointments and Compensation Committee, established following the Shareholders' Meeting on 26 April 2022 and currently formed, in addition to the undersigned, by the non-executive Directors Manuela Sabbatini and Claudio De Marco, is in the second year of its three-year term of office and considers the Group's Remuneration Policy to represent a key element for the achievement of the medium to long-term business and sustainability objectives and for the creation of value for shareholders. Therefore, the activities carried out and the decisions made by the Appointments and Compensation Committee for this Remuneration Policy were aimed, on the one hand, at ensuring alignment with the 2023-2029 Strategic Plan and with the sustainable development plan, and on the other at submitting 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.

All this was also supported by the engagement and listening activities of the main stakeholders and the analyses carried out by external and independent consultants, through which the Appointments and Compensation Committee was able to ascertain a general appreciation of Italgas' Remuneration Policy.

For Italgas, 2023 was a year of growth despite the unstable socio-economic context caused by international tensions: the Group continues to play a leading role in the digital transformation of networks and in energy efficiency, confirming the centrality of gas distribution networks – smart, digital and flexible – in the path of ecological transition in both Italy and Greece. The Group also aims to become a key player in the integrated water sector, which has significant potential for synergies with the energy sector, thanks to the closing finalised in 2023 of the acquisition of the assets in Italy of a leading domestic and international operator in the water sector and the establishment of NEPTA, a subsidiary in which Italgas' water equity holdings and assets are concentrated. Thanks to the affinity between the two sectors – gas and water – the company aims to establish itself as a "network tech company" leveraging the excellence developed in the management of gas networks and applying to the water sector the digitisation measures already successfully tested. 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 Compensation Paid reflects these strategic objectives and the context in which the Group operates.

The most relevant changes to this document are:

- an important evolution of the ESG objectives of the Short-Term Incentive System, in order to identify increasingly innovative and challenging indicators, consistent with the sustainable development path undertaken by the Company in recent years. In this regard, we highlight the revision of the accident frequency index, for 2024 combined with the severity index, the introduction of a target to reduce the Group's energy consumption and the introduction of the "Gender equity pay gap" indicator, aimed at reducing the gender pay gap and increasing the commitment to social and D&I issues;
- the renewal of the Co-investment Plan, to be approved at this Shareholders' Meeting, which, developed in substantial continuity with the previous plan, aims to promote alignment of the time frame with the 2023-2025 Long-Term Incentive Plan, approved by the last Shareholders' Meeting held on 20 April 2023. For this reason, the new 2024-2025 Co-investment Plan is based on the allocation of two cycles, starting in 2024 (1<sup>st</sup> cycle) and 2025 (2<sup>nd</sup> cycle), expiring in 2027 in alignment with the long-term

incentive system. The other features of the Plan compared to the previous structure, including the three-year vesting of each cycle, are confirmed.

The document has also been further refined, placing more and more emphasis on the link between performance and remuneration, especially with a view to sustainable development. Greater visibility is also given to the main results achieved in terms of sustainability, diversity and inclusion and to the numerous initiatives carried out to benefit all of Italgas' people, thanks also to listening tools such as the climate survey and other specific surveys, such as the first one focusing on welfare and well-being.

The 2024 Remuneration Policy is defined as essentially in line with the previous one, and is based on some key principles now highly consolidated in the Group:

- **CONSISTENCY:** in 2023, the Company conducted the usual pay benchmarking analyses aimed at ensuring both external competitiveness and internal fairness. The analyses, carried out with the support of an external and independent advisor, once again revealed that the remuneration of the Chief Executive Officer, the members of the Board of Directors and the relative Board Committees, the Board of Statutory Auditors and Italgas' Top Management was fully consistent with main market and governance practices, confirming the soundness of the direction taken by the Board of Directors in defining the Company's Remuneration Policy with respect to the reference context.
- **LISTENING:** Italgas pays great attention to the opinion of the various corporate stakeholders in order to ensure a Remuneration Policy that meets the needs and expectations of shareholders and employees and that is in line with the Company's strategy and values. Specifically, during 2023 and the first months of 2024, Italgas carried out, as usual, an in-depth analysis on the results of the shareholders' meeting vote on the Report on the 2023 Remuneration Policy and 2022 Compensation Paid; the amendments and new features introduced in this document therefore take into account the feedback received from the last shareholders' meeting season. Among the most relevant employee listening initiatives, however, I consider it of utmost importance to report this year too the renewal of the "Your Voice Counts" climate survey aimed at the entire company population, including Greece, which recorded a response rate of 88% compared

to previous years. 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.

- **SUSTAINABILITY AND INCLUSION:** sustainability and inclusion issues are constantly at the core of the Group's strategy, also due to top management's remuneration being linked to increasingly challenging ESG objectives included in both short- and medium/long-term incentive schemes. In support of the importance that sustainability issues hold for the Company, Italgas has also confirmed its commitment to disseminating ESG objectives in all the scorecards of the MBO plan beneficiaries, in order to hold the entire company population responsible for the Company's priorities and foster a climate of general agreement in this area. Lastly, this Report points out and highlights the main results achieved in 2023, both in terms of environmental sustainability and in terms of inclusion and diversity, such as Italgas S.p.A. obtaining UNI/PdR 125:2022 certification for gender equality, being recognised, for the fifth year running, among Italy's Top Employers, and being included in the global ranking drawn up by Most Loved Workplace among the 100 companies most loved by their employees.

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: Excellence, Innovation and People. The main values are fully reflected in the remuneration 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 directors and members of the Appointments and Compensation Committee, Manuela Sabbatini and Claudio De Marco, for their meticulous and passionate work carried out together over these years of office.



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*

Chairperson of the Appointments and Compensation Committee

## 2024 Remuneration Policy: executive summary

The main characteristics of the 2024 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.

Member	Purpose and characteristics	Amounts										
<b>Fixed remuneration</b>	<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"><li>• <b>Chairperson:</b> € 300,000</li><li>• <b>CEO:</b> € 850,000</li><li>• <b>ESR:</b> defined in relation to the role assigned</li><li>• <b>Non-executive Directors:</b> € 50,000</li></ul>										
<b>Short-term incentive (STI)</b>	<p>This defines a clear and predetermined tie 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><tr><th>KPI</th><th>Weight</th></tr><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:<ul style="list-style-type: none"><li>- Combined accident index</li><li>- Leakage on the distribution network (in terms of percentage of km of network inspected)</li><li>- Energy consumption</li><li>- Diversity and inclusion: Gender equity pay gap</li></ul></td><td><ul style="list-style-type: none"><li>5%</li><li>7.5%</li><li>7.5%</li><li>5%</li></ul></td></tr></table> <p>The Plan also includes a performance gate (overall score &gt;= 85%), the non-achievement of which shall result in zero payout, irrespective of the level of achievement of the individual targets.</p>	KPI	Weight	Profitability (EBITDA)	30%	Investment (spending)	25%	Net Financial Position	20%	Sustainability: <ul style="list-style-type: none"><li>- Combined accident index</li><li>- Leakage on the distribution network (in terms of percentage of km of network inspected)</li><li>- Energy consumption</li><li>- Diversity and inclusion: Gender equity pay gap</li></ul>	<ul style="list-style-type: none"><li>5%</li><li>7.5%</li><li>7.5%</li><li>5%</li></ul>	<ul style="list-style-type: none"><li>• <b>CEO:</b> incentive at target equal to 80% of the fixed remuneration (up-front target component: 52% of the fixed remuneration)</li><li>• <b>ESR:</b> incentive at target equal to 51% of the fixed remuneration (up-front target component: 33% of the fixed remuneration)</li></ul>
KPI	Weight											
Profitability (EBITDA)	30%											
Investment (spending)	25%											
Net Financial Position	20%											
Sustainability: <ul style="list-style-type: none"><li>- Combined accident index</li><li>- Leakage on the distribution network (in terms of percentage of km of network inspected)</li><li>- Energy consumption</li><li>- Diversity and inclusion: Gender equity pay gap</li></ul>	<ul style="list-style-type: none"><li>5%</li><li>7.5%</li><li>7.5%</li><li>5%</li></ul>											
<b>Co-investment with three-year deferral 2024-2025</b>	<p>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.</p> <p>The deferred incentive is subject to an additional performance condition (cumulative EBITDA) and a share matching mechanism.</p>	<ul style="list-style-type: none"><li>• <b>CEO:</b> deferred target component equal to 28% of the fixed remuneration</li><li>• <b>ESR:</b> deferred target component equal to 18% of the fixed remuneration</li></ul> <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.</p> <p>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: - Reducing CO<sub>2</sub> 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: - Reducing CO <sub>2</sub> emissions – scope 1 and 2	10%	- Reduction of net energy consumption	10%	<ul style="list-style-type: none"><li>• <b>CEO:</b> incentive at target equal to 65.5% of the fixed remuneration on an annual basis.</li><li>• <b>ESR:</b> incentive at target equal to 34% of the fixed remuneration on an annual basis</li></ul>
KPI	Weight											
Consolidated Net Profit	50%											
Relative Total Shareholder Return	30%											
Sustainability: - Reducing CO <sub>2</sub> emissions – scope 1 and 2	10%											
- Reduction of net energy consumption	10%											
Severance agreement and pay	<p>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.</p>	<ul style="list-style-type: none"><li>• <b>CEO:</b> 2 annuities of annual fixed remuneration supplemented by the average variable incentive paid in the last three years</li><li>• <b>ESR:</b> no severance pay agreements currently provided for</li></ul>										
Non-compete agreement	<p>To protect the company's interest, the Company may provide for non-compete agreements lasting one year against payment of a fee.</p>	<ul style="list-style-type: none"><li>• <b>CEO:</b> 1 annuity of remuneration</li><li>• <b>ESR:</b> no non-compete agreements currently in place</li></ul>										
Benefits	<p>They are an integral part of the remuneration package and are predominantly welfare or social security based.</p> <p>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>	<p><b>CEO and ESR:</b></p> <ul style="list-style-type: none"><li>• Supplementary pension fund</li><li>• Supplementary healthcare funds</li><li>• Insurance coverage</li><li>• Car for personal and business use</li></ul>										
Shareholding guidelines	<p>They help to further strengthen alignment with shareholder interests in the long-term.</p> <p>They consist of the requirement to meet a minimum holding requirement of Italgas shares for the entire tenure.</p>	<ul style="list-style-type: none"><li>• <b>CEO:</b> 1 annuity of fixed remuneration</li></ul>										
Claw-back	<p>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.</p>											
Independent Operators / Compliance Managers in an unbundling regime	<p>All the incentive systems defined above are appropriately designed for the Independent Operators / Compliance Managers identified by the Italgas Group, in order to ensure and guarantee the neutrality of the management of essential infrastructures, as defined by the reference regulations.<sup>1</sup></p>											

<sup>1</sup> 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 2024

In order to ensure continuous improvement of the Remuneration Policy and considering the voting results of the 2023 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 link between the Remuneration Policy, Strategic Plan and Sustainable Value Creation Plan;
- review of the sustainability objectives of the Short-Term Incentive system, in order to identify indicators that are increasingly innovative, challenging and consistent with the sustainable development path undertaken by the Company in recent years. In particular, we highlight the following changes introduced to the 2024 company objectives: (i) revision of the accident frequency index for employees and contractors, combined with the severity index in order to also take into account the severity of accidents recorded; (ii) introduction of a target aimed at reducing the Group's energy consumption; (iii) introduction of the "Gender equity pay gap" indicator, aimed at reducing the gender pay gap and increasing commitment to social and D&I issues;
- description of the remuneration of the Lead Independent Director, appointed, at the request of the independent non-executive Directors, by the Board of Directors on 9 March 2023, with the aim of representing a reference and connection point for the requests and contributions of the non-executive Directors and, in particular, of the independent non-executive Directors;
- introduction of the new 2024-2025 Co-investment plan submitted for approval at the Shareholders' Meeting on 6 May 2024. The Plan maintains strong alignment with a view to continuity with previous co-investment plans from a structural point of view, differing only in terms of the number of allocation cycles. In fact, in order to favour alignment of the time frame of the new Co-investment Plan with the 2023-2025 Long-Term Incentive Plan, approved by the Shareholders' Meeting of 20 April 2023, the allocation of two cycles is envisaged, starting from 2024 (1<sup>st</sup> cycle) and from 2025 (2<sup>nd</sup> cycle), while maintaining the three-year vesting of each cycle;

- increased transparency in the disclosure and related graphic presentation of the results in Section Two of the document, with particular reference to the *ex-post* disclosure of the level of achievement of performance targets.

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 22 March 2024. 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.

### Principles and guidelines of the Italgas Remuneration Policy

#### What our policy envisages

- ✓ **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 total 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 plans** 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

#### What our Policy does NOT envisage

- ❑ 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 social security, welfare and insurance benefits

## 2. Pay-mix

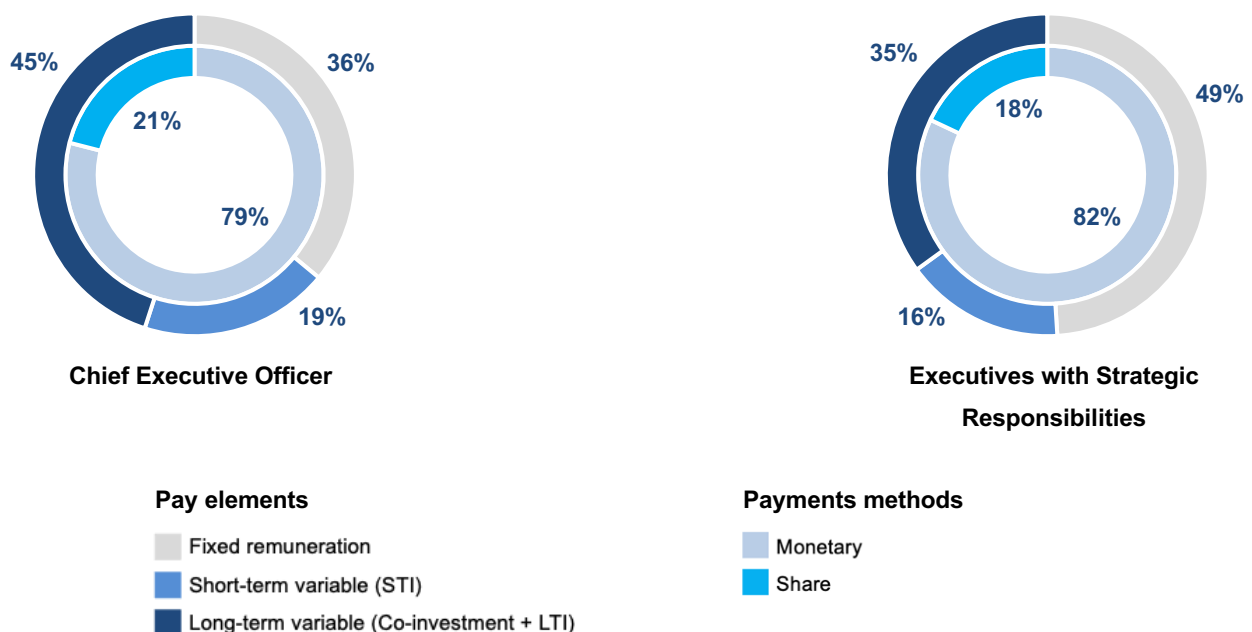
The compensation package of the Chief Executive Officer and other Executives with Strategic Responsibilities of the Italgas Group is set-up as follows:

- 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.

**64% of the Chief Executive Officer's total target remuneration is related to the achievement of annual and multi-year performance targets.**

The target pay-mix for 2024 for the Chief Executive Officer and Executives with Strategic Responsibilities is set out below.

Theoretical pay mix<sup>2</sup> and form of remuneration for the target and performance results



<sup>2</sup> The theoretical pay-mix is calculated net of the Dividend Equivalent component (only available during final accounting) and any change in share price.

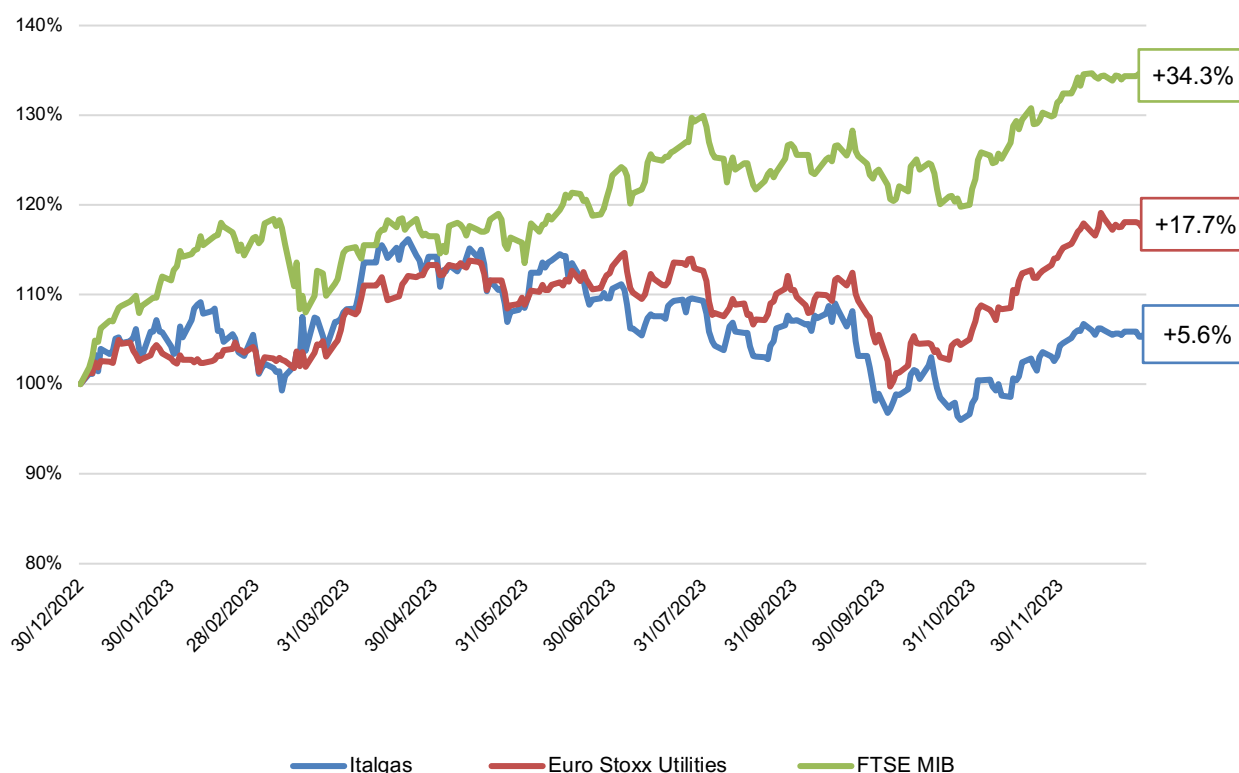


### 3. Remuneration Policy and performance

#### 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 2023.

Total Shareholder Return trend from 1 January 2023 to 31 December 2023



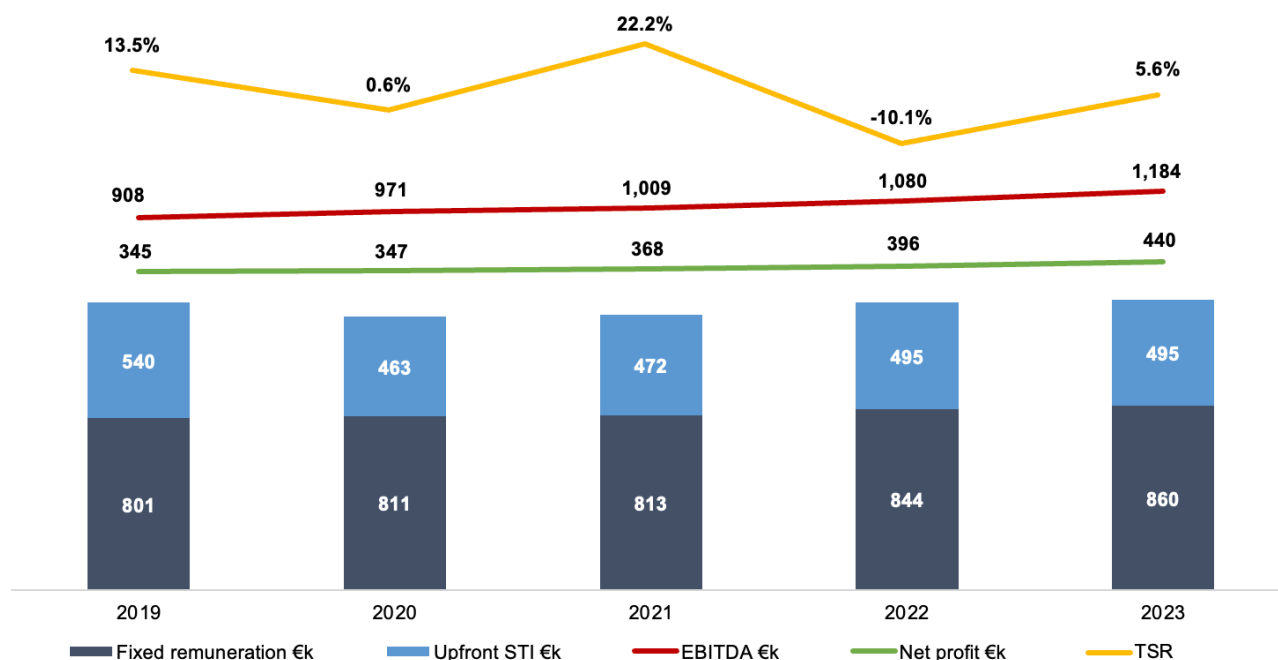
#### 3.2. Italgas' performance and remuneration of the Chief Executive Officer and Pay Ratio

##### 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 2020, 2021, 2022 and 2023 expressed in terms of sustainability

of the results in the form of EBITDA and Net profit and creation of value for shareholders in the form of Total Shareholder Return.

#### Comparison of corporate performance and annual remuneration of the Chief Executive Officer



### 3.2.2. Pay Ratio

For the purpose of greater transparency, the pay ratio for the last five 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 corporate performance and remuneration of the CEO, Chairperson and Employees” in the Second Section of this Report).

The pay ratio, developed considering only the Italian scope of the Group to permit a homogeneous comparison over the different years, was essentially constant 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	2023
Fixed remuneration	01:20	01:20	01:20	01:21	01:21
Total remuneration	01:36	01:39	01:42	01:41	01:38

### 3.2.3. Final score for the 2023 company objectives

With reference to FY 2023, 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 accounting of the 2023 Short-Term Incentive Plan objectives

Performance parameters		Weight	Unit of measurement	Performance			Final value	Score	Weighted score
				Minimum (70)	Target (100)	Maximum (130)			
Economic-financial	Profitability (EBITDA)	30%	€ million				1,184	104.6	31.4
	Investments	25%	€ million				849	130	32.5
	Net Financial Position	20%	€ million				6,555	81.9	16.4
Sustainability	Accident frequency index	5%	Number of accidents per million hours worked during the year				1.20	118	5.9
	Leakage on the distribution network	7.5%	Percentage of network km inspected out of total network km managed				120%	130	9.8
	Energy intensity	7.5%	Ratio of total energy consumption and gas distributed				0.0579	127.5	9.6
	Percentage of women holding managerial positions	5%	Percentage of women holding managerial positions at 31/12/2023				27.4%	130	6.5
Total							112.1		
Performance gate							<div><div></div>ON</div>		

## **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' 2023-2029 Strategic Plan, approved by the Board of Directors in 2023, defines the Group's growth path for the next few years, taking into account the new priorities of the energy market and the know-how acquired in gas distribution. It continues along the transformation path started some time ago with the aim of making Italgas the first gas utility in the world with a fully digitised network. The new Plan, in particular:

- envisages investments mainly dedicated to the development of gas distribution assets and activities in Italy and Greece, energy efficiency activities and the development of the water sector, a sector in which the Group expects to seize on further growth opportunities;
- confirms the Group's strong commitment to the creation of a fully digitalised network, ready to distribute renewable gas and serve the ecological transition;
- in line with the strategic choices made by the Group in recent years, aims to foster the ecological transition while guaranteeing energy security and cost competitiveness, to the benefit of businesses and households.

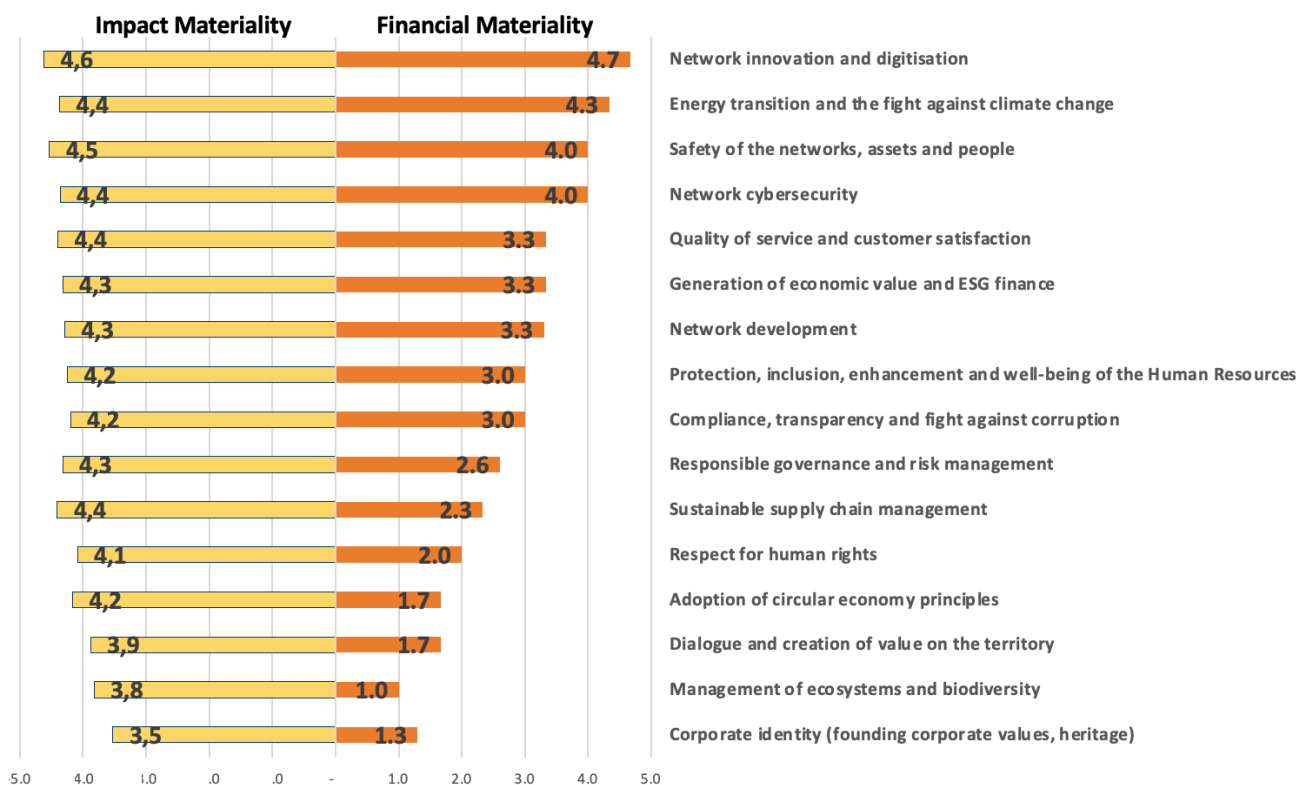
The Plan also pivots on ESG principles and responds to the challenges of sustainability by confirming for the entire Group, therefore also including Enaon, targets for the reduction of net energy consumption and scope 1, 2 and 3 emissions by 2028 and 2030, in line with the 2050 carbon neutrality target. To foster further change, it also introduces new targets related to gender pay fairness, skill development and the enhancement of resources.

Following the trajectory already traced by the Strategic Plan is the 2023-2029 Sustainable Value Creation Plan which, starting with an analysis of the challenges posed by the evolution of the external context, identifies actions that will generate a positive impact on the capital Italgas draws on. 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 digitisation, the circular economy, the security of employees and citizens,

development and training, diversity, equal opportunities and inclusion, innovation and dialogue through partnerships.

The definition of the strategic path and the priorities guiding the Group's sustainability strategy starts with an analysis of the material issues, i.e. those considered to have a high impact for the Company, considering not only the minimum elements indicated in Legislative Decree 254/2016 (article 3, paragraph 1), but also the business model, the characteristics, as well as the expectations of its stakeholders. Italgas updates the materiality analysis on an annual basis, taking into account stakeholder requests, changes in the regulatory environment, the Group's strategy and any drivers capable of significantly affecting the Group's capacity to generate value in the short, medium and long term. Since no significant organisational, strategic and contextual changes were identified in the 2023 financial year that would have impacted the materiality of sustainability issues, the Group confirmed the validity of the results of the materiality analysis conducted in the 2022 financial year, thus referring to both Impact Materiality (impacts generated, inside-out perspective) and Financial Materiality (impacts suffered, outside-in perspective).

#### 2023 Italgas materiality matrix



The main elements linking the 2024 Remuneration Policy, the 2023-2029 Strategic Plan and the 2023-2029 Sustainable Value Creation Plan are set out below.

#### Link between the Strategic Plan, Sustainable Value Creation Plan and Remuneration Policy

		2023-2029 Strategic Plan						
		 Digital transformation, repurposing and network development	 Energy efficiency	 New growth opportunities	 Insourcing of core skills	 Solid and efficient financial structure	 Sustainable Value Creation Plan	 Value creation for stakeholders
Short-Term Incentive (STI)	Profitability (EBITDA)	✓	✓	✓		✓	✓	✓
	Investment (spending)	✓		✓	✓			
	Net Financial Position					✓		
	Sustainability: • Combined accident index • Leakage on the distribution network (km inspected) • Energy consumption • D&I: Gender equity pay gap		✓				✓	
Co-investment	EBITDA	✓		✓		✓		✓
Long-Term Incentive (LTI)	Consolidated Net Profit	✓		✓		✓		✓
	Relative TSR		✓				✓	✓
	Sustainability: • Reducing CO <sub>2</sub> 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 index. The Committee, supported by the Sustainability Department,

carries out preparatory work and provides proposals and advice to the Board of Directors on sustainability matters, understood as 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 reporting 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 latter's assessment of the suitability of the periodical financial and non-financial information for the purpose of correctly representing the business model, the Company's strategies, the impact of its activities and the performance achieved;
- the integration of ESG aspects into the ERM matrix;
- the Company's stakeholder engagement policy.

In addition, when defining the remuneration policies of Top Management, the Sustainable Value Creation Committee is typically called upon to assess whether the sustainability objectives and targets are consistent with the Group's strategic objectives that are relevant to sustainable success.

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

- Italgas is committed to the United Nations Global Compact, the global initiative that encourages the creation of a worldwide network for sustainable development, asking member companies to respect 10 universal principles concerning human rights, labour, environmental protection and the fight against corruption;
- in 2023 Italgas continued its commitment to the voluntary "Oil and Gas Methane Partnership" initiative to reduce methane emissions in the Oil&Gas sector;

- since 2021, Italgas has participated in “Ready4Hydrogen”, an international initiative uniting more than 90 Energy Service Distributors (DSOs) from 13 European countries, with the aim of promoting hydrogen access to consumers through distribution networks and facilitating the entry of new producers into the market;
- in 2023, Italgas continued the Biomethane Industrial Partnership, a partnership platform aimed at facilitating collaboration between policy makers, industry representatives and other stakeholders to achieve the European Commission’s target of 35 bcm of biomethane production by 2030.

The sustainability issues are structured into specific objectives that become an integral part of the Group’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 2023**

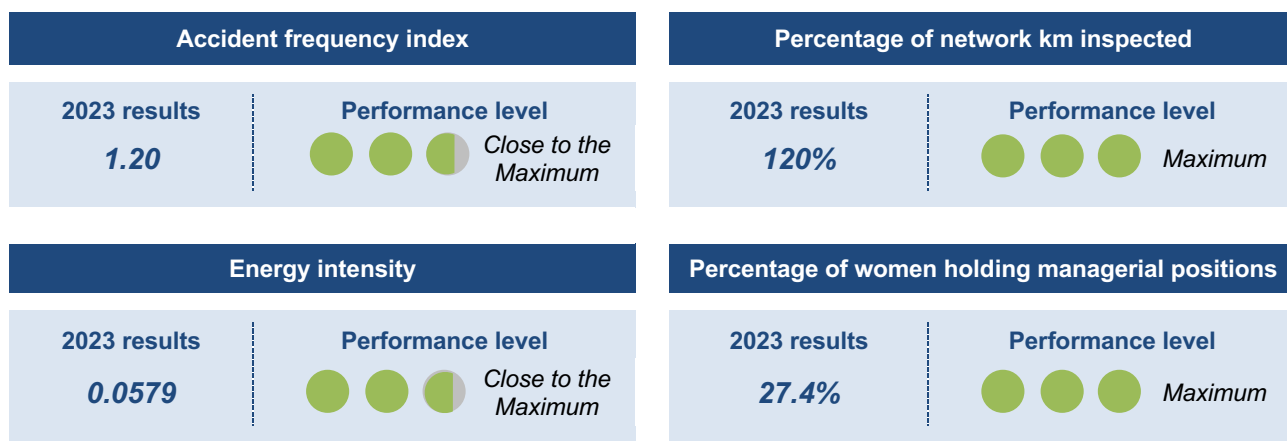
Throughout 2023, Italgas’ commitment to ESG remained high and constant. Italgas’ sustainability ratings were reconfirmed or improved and its stock was included in an increasing number of primary SRI indexes, in recognition of the sustainable approach of the company’s strategies and activities, as well as the transparent information provided to all its stakeholders.

Moreover, confirming the importance of ESG matters for the Company, around 70% of the MBO scorecards awarded in 2023 included at least one sustainability target, while the remaining employee population was awarded the production bonus, the disbursement of which is conditional, among other things, on the achievement of sustainability indicators. In 2024, the Company’s commitment will be to disseminate ESG objectives to 100% of MBO scorecards, with the aim of making the entire corporate population responsible for the Company’s priorities and consolidating a general climate of agreement in this area.

For 2024, the structure whereby a quarter of the overall weight is placed on ESG targets is confirmed for the company scorecard, thus aligning the weight of sustainability KPIs with that of key economic and financial metrics. Moreover, the Long-Term Incentive Plan sets structured and measurable multi-year targets consistent with the Group’s Sustainable Value Creation Plan, with a total weight of 20%.



## Summary of 2023 ESG results



Positioning in the sustainability indexes/ratings		
Index/rating	2023 results	
Dow Jones Sustainability Index World	89/100	2022 score: 91/100. The score obtained in 2023 puts Italgas in first place among Gas Utilities companies worldwide, above the average of Italian companies and its sector internationally.
Carbon Disclosure Project	A	Evaluation in line with 2022
FTSE4GOOD	4.3/5	Improved on the previous score of 4.2/5
<p><i>Italgas shares are also included in the Dow Jones Sustainability Index Europe, MIB ESG Index, MCSI's ESG indices, as well as those of other operators such as Bloomberg, Morningstar, Euronext and Stoxx. Italgas was also included for the fifth year in a row in the S&amp;P Global Sustainability Yearbook and had its Corporate ESG rating of A- Prime confirmed by ISS, its AA rating confirmed by MSCI ESG Ratings, and it improved its Moody's ESG Solutions' ESG score.</i></p>		

### 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.

In keeping with what was defined in the new Business Plan and in line with previous years, the initiatives undertaken in 2023 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.

In order to ensure an effective process of the dissemination of D&I culture in the Group, Italgas:

- has a diversity and inclusion policy issued by the Chief Executive Officer in consultation with the diversity and inclusion Steering Committee, with the aim of implementing the fundamental principles of the Code of Ethics and the Policy for the prevention of discrimination and protection of dignity;
- has incorporated the concept of “inclusion” into the Italgas Group’s mission and it is one of the key words of the leadership model defined in 2022;
- in 2023, obtained the UNI/PdR 125:2022 certification for gender equality for Italgas S.p.A., which recognises the ability of organisations to adopt a systemic approach and cultural change that is capable of creating inclusive and equal working environments;
- also has a specific policy to ensure the diversity of corporate bodies dedicated to the Board of Directors, the Board Committees and the Board of Statutory Auditors of Italgas S.p.A.;
- included, as of 2020, a gender balance target in the short-term incentive scorecard, such as the percentage of female applicants out of the total number of applications examined for recruitment and the percentage of women holding the role of head of an organisational unit;
- introduced into the 2023-2029 Strategic Plan new targets related to gender pay fairness and the development of skills and the enhancement of resources.

The 2023-2029 Strategic Plan also introduced for the first time a gender pay gap target in order to foster an increasingly inclusive culture throughout the organisation.

#### Italgas’ commitment to Diversity & Inclusion

	Women managers	Training	Gender pay gap
 <b>Main milestones achieved</b>	27.4% women in managerial positions, excluding Greece (2022: 24.7%)	40 hours of training <i>per capita</i> carried out in 2023, including Greece (2022: 35 in Italy only)	Further reduction of the average pay gap between women and men, with particular reference to total remuneration, calculated by processing labour cost data
 <b>Objectives for 2029</b>	28% of women in positions of responsibility, including Greece	45 hours of training <i>per capita</i> , with a focus on digital training, including Greece	Gender pay gap of +/-3%, calculated as the average ratio of female to male base pay per cluster of employees in managerial positions, including Greece

### **4.2.3 Gender pay gap in Italgas**

In order to continue the path in the D&I area and thanks to the results achieved in terms of gender balance in previous years, in 2024 the Company introduced a new social lever in the short-term incentive by reinforcing the commitment on a specific indicator aimed at reducing the gender pay gap.

In particular, during 2023 and in the first months of 2024, the Company conducted an in-depth analysis on the methods used to calculate the Gender Pay Gap, also with the support of external and independent advisors, in order to survey the main market practices in Italy and Europe. As a result of the analyses performed, the Company found that the Gender Pay Gap calculated as the simple mean and median of the ratio of women's and men's remuneration without distinction of job description is not very representative of diversity in the Group.


For this reason, in 2023, the Company, with the support of the Appointments and Compensation Committee, refined the definition of the gender pay gap, developing the "Gender equity pay gap" indicator, based on the principle of "equal pay for equal work", not only to promote fairness and justice within the workplace, but also to contribute to better employee motivation and satisfaction in order to reduce turnover and at the same time attract talent by improving company performance. The Gender Equity Pay Gap indicator, included in the company objectives for 2024, is therefore based on the average hourly wages of the Group's women and men according to their clustering by organisational weight of the position held and homogeneous professionalism.

### **4.2.4. The link between Human Capital Strategy and ESG**

Italgas' 2023-2029 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


<b>Our objectives</b>	<ul style="list-style-type: none"> <li>• Digitise to enable the energy transition and decarbonisation</li> <li>• Contribute to the fight for climate change</li> <li>• Protect ecosystems and promote the circular economy</li> </ul>	
<b>Human Capital Strategy</b>	<ul style="list-style-type: none"> <li>• <b>LTI Plan:</b> targets linked to CO<sub>2</sub> emission reduction - scope 1 and 2 and energy efficiency</li> <li>• <b>MBO Plan:</b> targets linked to the reduction of fugitive emissions, the reduction of energy consumption, digitisation of the distribution network, innovation and integration of distribution processes through investments in the network with a view to innovation</li> <li>• <b>“Ideas4Italgas: Innovating together”:</b> collection of ideas/projects from employees to foster innovation development</li> <li>• <b>Promotion of the “AWorld” app:</b> the official app chosen by the United Nations to support the ActNow campaign against climate change and to educate, engage and stimulate change in people by supporting sustainable behaviour, not only in the office but in everyday life</li> <li>• Projects on the <b>digitisation of key HR processes</b></li> <li>• <b>Awareness-raising campaigns</b> on environmental issues, also with the support of educational institutions</li> </ul>	



## ITALGAS FOR THE FUTURE OF PEOPLE

<b>Our objectives</b>	<ul style="list-style-type: none"> <li>• Improving the quality of life and ensuring the safety of employees, citizens and the national energy system</li> <li>• Developing and disseminating skills of the future</li> <li>• Valuing diversity and supporting equal opportunities and inclusion</li> </ul>	
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Human Capital Strategy	<ul style="list-style-type: none"> <li>• <b>MBO plan:</b> objectives linked to respect for diversity and inclusion, with specific reference to gender equality in terms of the pay gap and the reduction of the frequency and severity of accidents, and the identification of objectives related to network security among the relevant departments (e.g., implementation of digitisation for network security, Picarro technology)</li> <li>• <b>Smart working:</b> 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</li> <li>• <b>Creation of training courses</b> through partnerships with Italian and foreign Universities and Business Schools aimed at protecting Italgas' know-how and ensuring innovation</li> <li>• <b>"Digital Ambassador"</b> programmes for digital re-skilling and <b>"D&amp;I Ambassador"</b> programmes to develop a culture of inclusion</li> <li>• Definition of events and initiatives (e.g., hackathons) dedicated to <b>female STEM</b> students at universities throughout Italy</li> <li>• <b>Annual engagement survey:</b> aimed at assessing the level of engagement and listening to the voice of Italgas' people</li> <li>• <b>Welfare and Well-being:</b> Wellgas platform created with the contribution of Italgas people collected through surveys and campaigns on Health, Prevention, Wellbeing, Mindfulness, Sport and Nutrition</li> <li>• Promotion of the culture of respect for diversity and inclusion through a <b>dedicated organisational department</b> and the development of related initiatives: STEM Project, D&amp;I survey, "Women's Leadership" Initiative, partnership with Valore D</li> <li>• <b>Smart Rotation:</b> the Group's internal job posting system to foster internal development and growth</li> <li>• <b>ItalGo:</b> the 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</li> <li>• Renovation of <b>workspaces</b> to make them <b>modern</b> and people-oriented</li> <li>• <b>Awareness-raising campaigns</b> on health and safety issues</li> </ul>
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<div></div> <div>ITALGAS FOR A SUSTAINABLE FUTURE TOGETHER</div>		
<div>Our objectives</div>	<ul style="list-style-type: none"><li>• Promoting innovation and dialogue through partnerships</li><li>• Encouraging the adoption of sustainability principles in the supply chain</li><li>• Taking care of the territory</li></ul>	<div><div><div><div>4</div><div>ISTRUZIONE DI QUALITÀ</div><div></div></div><div><div>8</div><div>LAVORO/DIRITTO DI CRESCITA ECONOMICA</div><div></div></div><div><div>9</div><div>IMPRESE INNOVATIVE E INFRASTRUTTURE</div><div></div></div><div><div>11</div><div>CITÀ E COMUNITÀ SOSTENIBILI</div><div></div></div></div><div><div><div>12</div><div>CONSUMI E PRODUZIONE RESPONSABILI</div><div></div></div><div><div>17</div><div>PARTNERSHIP PER GLI OBIETTIVI</div><div></div></div></div></div>
<div>Human Capital Strategy</div>	<ul style="list-style-type: none"><li>• Definition of dedicated programmes and initiatives for internal and external support such as “<b>Sustainable Mobility</b>”</li><li>• <b>Heritage Lab</b>: joining the project resulting from the collaboration between the ASL Città di Torino, the Mental Health Centre, the Department of Life Sciences and Systems Biology of the University of Turin and the Il Margine cooperative, with the aim of creating corridors that encourage the movement of butterflies and other pollinating insects between green areas</li><li>• “<b>Click to be green</b>”: an initiative created in cooperation with Sales Companies that allows the creation of green areas on public land through the use of ClicktoGas digital quotation services</li></ul>	

	<ul style="list-style-type: none"><li>• Supply chain <b>awareness-raising campaigns</b> on environmental issues (e.g., carbon footprint reduction)</li></ul>
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## **5. Engagement activities**

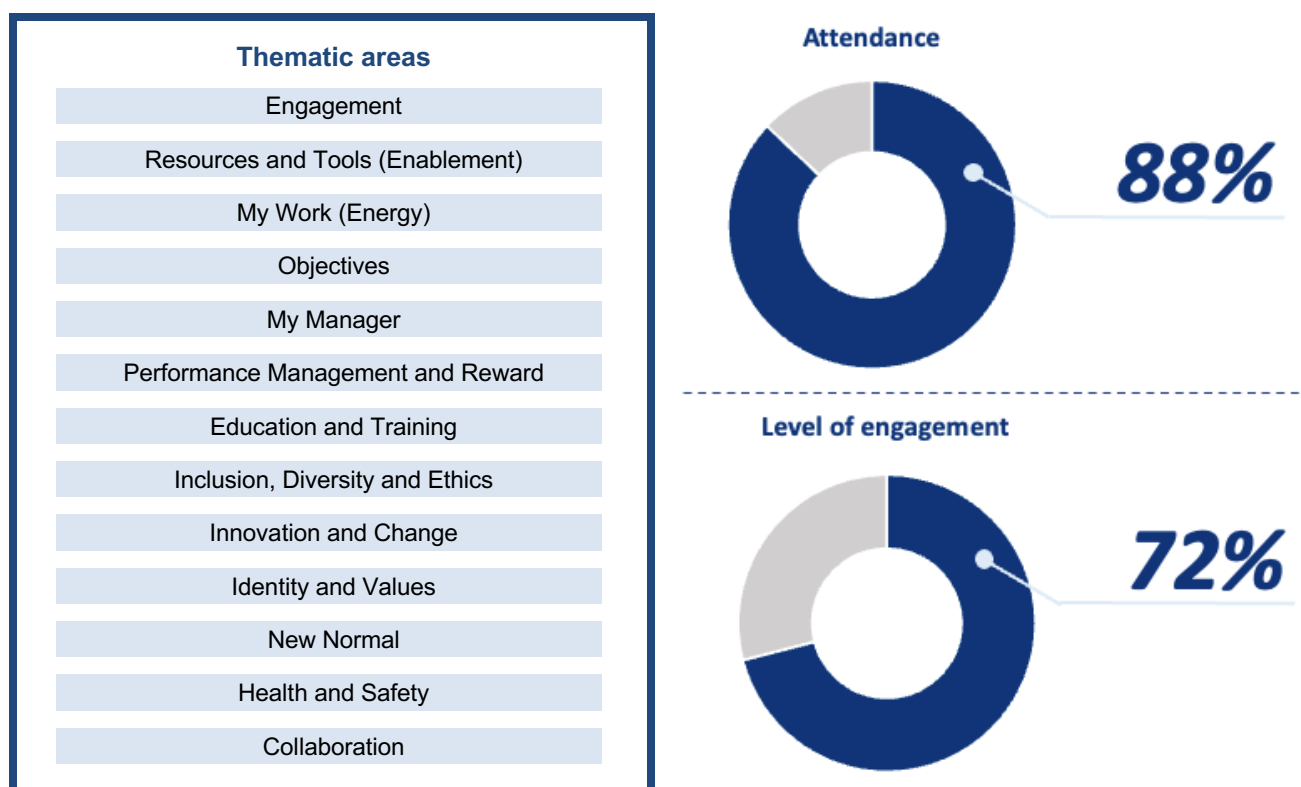
### **5.1. Employee engagement and initiatives for people**

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, further renewed in 2023, through a structured process involving the Human Resources & Organisation Department in close collaboration with all company Departments.

In continuity with past years, during 2023, 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 88% from Company employees (slightly up on 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 2023 “Your Voice Counts” climate survey



In order to better understand the needs of the Group’s people and offer them the full support they require, in 2023 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 maintained the services activated in previous years and activated further *ad hoc* campaigns to support families (such as free vouchers for school tutoring, personalised socio-assistance consultancy and assistance to elderly family members, reimbursement for nursery schools, summer camps for employees’ children, fuel bonuses) and initiatives linked to health, prevention, well-being, sport and nutrition for employees (such as “ItalGym”, “Italgas Out Of Office” and “I-Care”, a programme providing free digital check-ups for all employees throughout the country).



Thanks to its HR policies and strategies and its commitment to contribute to the well-being of its people and the development of a positive and inclusive work environment, Italgas:

- was recognised at the beginning of 2024, for the fifth consecutive year, among Italy's Top Employers through a certification issued by Top Employer Institute, the global certifier of corporate excellence in HR;
- was the first company, as well as one of only two in Italy to be included, in 2023, in the global ranking, compiled by Most Loved Workplace and the American magazine Newsweek, of the 100 companies most loved by their employees, based on parameters of satisfaction, engagement and inclusion set by the Florida Best Practice Institute.

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

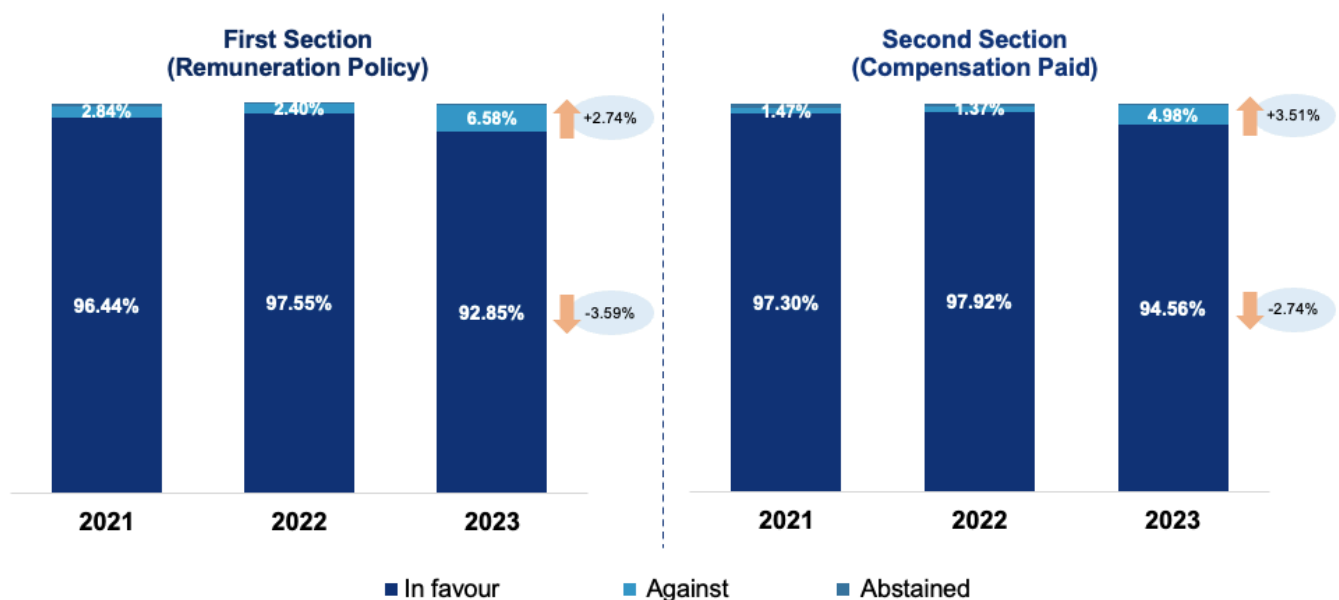
Italgas considers dialogue with its shareholders and institutional investors on issues relating to the Remuneration Policy as a fundamentally important element, encouraging the long-term commitment of shareholders in the process to define and analyse how to implement the Remuneration Policy. In 2023 and the early months of 2024, 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 2023 Remuneration Policy and on the 2022 Compensation Paid and the advisory vote on the Second Section. The 2023 shareholders' meeting season, in particular, was marked by the interruption of the upwards trend in the support of remuneration resolutions, and the Appointments and Remuneration Committee examined in detail the reasons underlying investors' contrary attitudes together with the recommendations of the proxy advisors, also with the support of an external and independent advisor. In more detail, the results of the Shareholders' Meeting on remuneration were also analysed with reference to the results recorded in the FTSE MIB Italia index - also down on average - and in consideration of just the minorities present at the Shareholders' Meeting.

The amendments and new elements introduced to the Remuneration Policy and presented as part of this Report therefore take account of the analyses conducted during the 2023 season of shareholders' meetings and the dialogue with institutional investors carried out in preparation for the Shareholders' Meeting of 2024. By way of example, following the feedback received, the Company increased transparency in the disclosure of the results in the Second Section of the document and revised the sustainability targets of the Short-Term Incentive for 2024 with the aim of making them more challenging and also aligned with the expectations of institutional investors.

The trend of the voting results on the annual Remuneration Reports published by Italgas over the last three years is set out below, highlighting the change in terms of percentage points of votes in 2023 compared to 2021.

**Trend of the voting results on the Report on the Remuneration Policy and Compensation Paid**



### 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 22 March 2024, in accordance with current legislative and regulatory requirements<sup>3</sup>, defines and describes:

- in the First Section, the Policy adopted by Italgas S.p.A. for 2024 for the remuneration of Directors, including the Lead Independent Director, Executives with Strategic Responsibilities<sup>4</sup>, members of the Board of Statutory Auditors and the Head of Internal Audit, specifying the general objectives 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 2023 paid or payable to Directors, Statutory Auditors (individually), and Italgas Executives with Strategic Responsibilities (collectively).

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 Corporate Governance Code promoted by Borsa Italiana S.p.A. (hereinafter "Corporate Governance Code"), in the version approved in January 2020, which Italgas has adopted. 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 2017/36/EC

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<sup>3</sup> Article 123-ter of Legislative Decree No. 58/1998 and article 84-*quater* of the Consob Issuers' Regulations (Resolution no. 11971/1999, as subsequently amended and supplemented) and subsequent amendments introduced by Legislative Decree 49/2019 in Part IV, Heading III, Section II of Legislative Decree 58/1998.

<sup>4</sup> The definition of "Executives with Strategic Responsibilities" as per Article 65, subsection 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, Head of Group Security & Real Estate.

("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<sup>5</sup> and on the website of Borsa Italiana up to the twenty-first day preceding the date of the Shareholders' Meeting called to approve the Financial Statements for 2023 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 legislation<sup>6</sup>.

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 2024-2025 Co-investment Plan submitted for approval to the Ordinary Shareholders' Meeting of 6 May 2024, 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 approved by the Ordinary Shareholders' Meeting of 20 April 2023, which are published in the "Governance - Remuneration" section of the website [Italgas.it/en](http://Italgas.it/en).

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<sup>5</sup> The text is published in the "Governance - Remuneration" section of the Company's website ([www.italgas.it/en](http://www.italgas.it/en)).

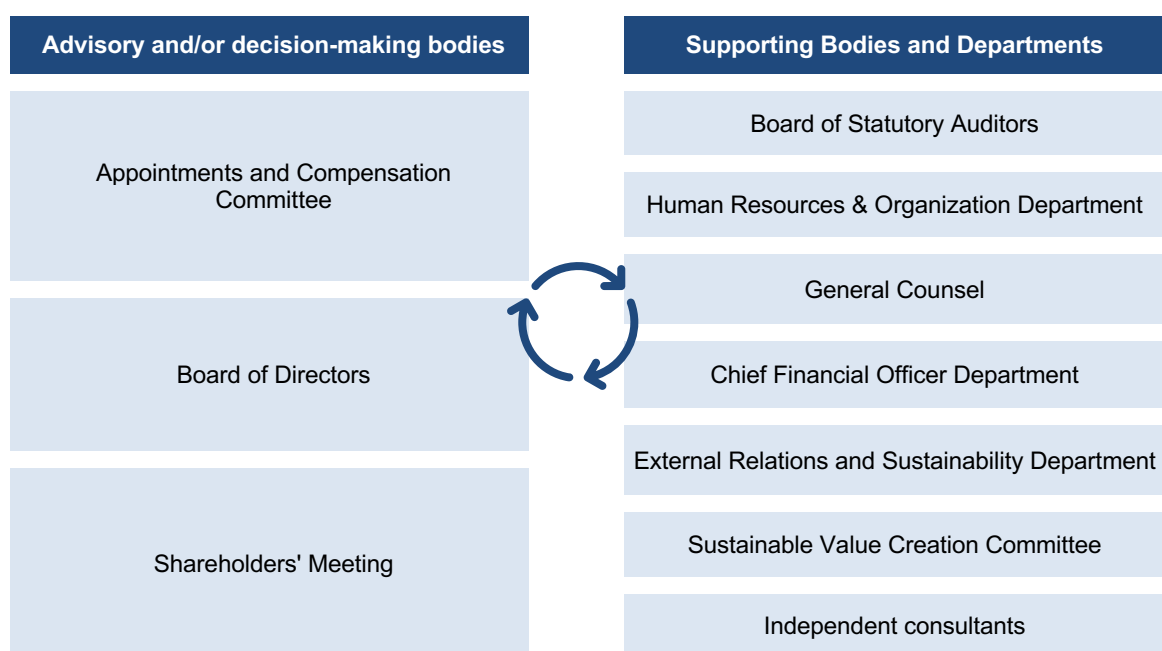
<sup>6</sup> In compliance with Legislative Decree 49/2019, Art. 3, subsection 1, letters e) and g).

## First Section – 2024 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 Chairperson 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, determined the remuneration of the Directors vested with specific duties and the compensation of the non-executive Directors for their participation in Board Committees. The Board of Directors also determines, upon the proposal of the Appointments and Compensation Committee, the remuneration of the Lead Independent Director and the remuneration of the Head of Internal Audit.

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 independent<sup>7</sup>:

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<sup>7</sup> Specifically, 4 directors qualify as independent pursuant to Articles 147-*ter*, subsection 4, and 148, subsection 3, of the CLF and Article 2 of the Corporate Governance Code, including the Chairwoman of the Board of Directors, and one director qualifies as independent pursuant to Articles 147-*ter*, subsection 4, and 148, subsection 3, of the CLF. The independence requirements were verified at the time of appointment and, most recently, on 9 March 2023.

<b>Chairperson</b>	Benedetta Navarra	Independent non-executive Director
<b>Chief Executive Officer</b>	Paolo Gallo	Executive Director
<b>Member</b>	Manuela Sabbatini	Non-executive Director
<b>Member</b>	Maria Sferruzza	Non-executive Director
<b>Member</b>	Qinjing Shen	Non-executive Director
<b>Member</b>	Claudio De Marco	Independent non-executive Director Lead Independent Director
<b>Member</b>	Fabiola Mascardi	Independent non-executive Director
<b>Member</b>	Gianmarco Montanari	Independent non-executive Director
<b>Member</b>	Lorenzo Parola	Independent non-executive Director

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 line with the Italgas<sup>8</sup> corporate governance rules, the Board:

- after examining the proposals of the Appointments and Compensation Committee, determines the Remuneration Policy for the Directors, including the Lead Independent Director, for General Managers and Executives with Strategic Responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, the Statutory Auditors of the Company and its subsidiaries and the compensation systems;
- defines, after consulting with the Appointments and Compensation Committee and the Control, Risk and Related Party Transactions Committee, the remuneration of the Head of Internal Audit in line with the Company's Remuneration Policies;
- implements the compensation plans based on shares or financial instruments that have been approved by the Shareholders' Meeting;

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<sup>8</sup> 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, after a mandatory opinion of the Appointments and Compensation Committee, the content of the vote on the Report on the Remuneration Policy and Compensation Paid cast by the Shareholders' Meeting and the Committee's proposals concerning the adequacy, overall consistency and application of the Remuneration 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 General Counsel Department: provides technical and specialist support regarding the governance of the Groups 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.
- 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.
- Sustainable Value Creation Committee: supports the identification of sustainability parameters potentially included in variable incentive schemes.

### 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 2017<sup>9</sup> and, in line with the recommendations of the Corporate Governance Code, consists of three non-executive Directors, the majority of whom are independent<sup>10</sup>, 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:

Chairperson	Fabiola Mascardi	Independent non-executive Director
Member	Claudio De Marco	Independent non-executive Director
Member	Manuela Sabbatini	Non-executive Director

Until 22 February 2023, the role of Chairman of the Appointments and Compensation Committee was held by the non-executive and independent Director<sup>11</sup> Lorenzo Parola.

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

<sup>9</sup> The Compensation Committee was previously operational from 5 September 2016 to 23 October 2017.

<sup>10</sup> Pursuant to Articles 147-ter, subsection 4, and 148, subsection 3, of CLF and article 2 of the Corporate Governance Code.

<sup>11</sup> Pursuant to Articles 147-ter, subsection 4, and 148, subsection 3, of the CLF.

The composition, tasks, and operating methods of the Committee are governed by specific regulations<sup>12</sup>, 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, and 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 Chairperson 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 of Directors established by the Board;
- it makes proposals or expresses opinions relating to the remuneration of the Lead Independent Director, where appointed;
- 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;

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<sup>12</sup> The rules governing the Appointments and Compensation Committee are available in the "Governance - Committees" section of the Company's website.

- 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 application 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 Chairperson 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 Chairperson 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 Chairperson of the Control, Risk and Related Party Transactions Committee thereof, according to its opinion which it is required to give to the Board.

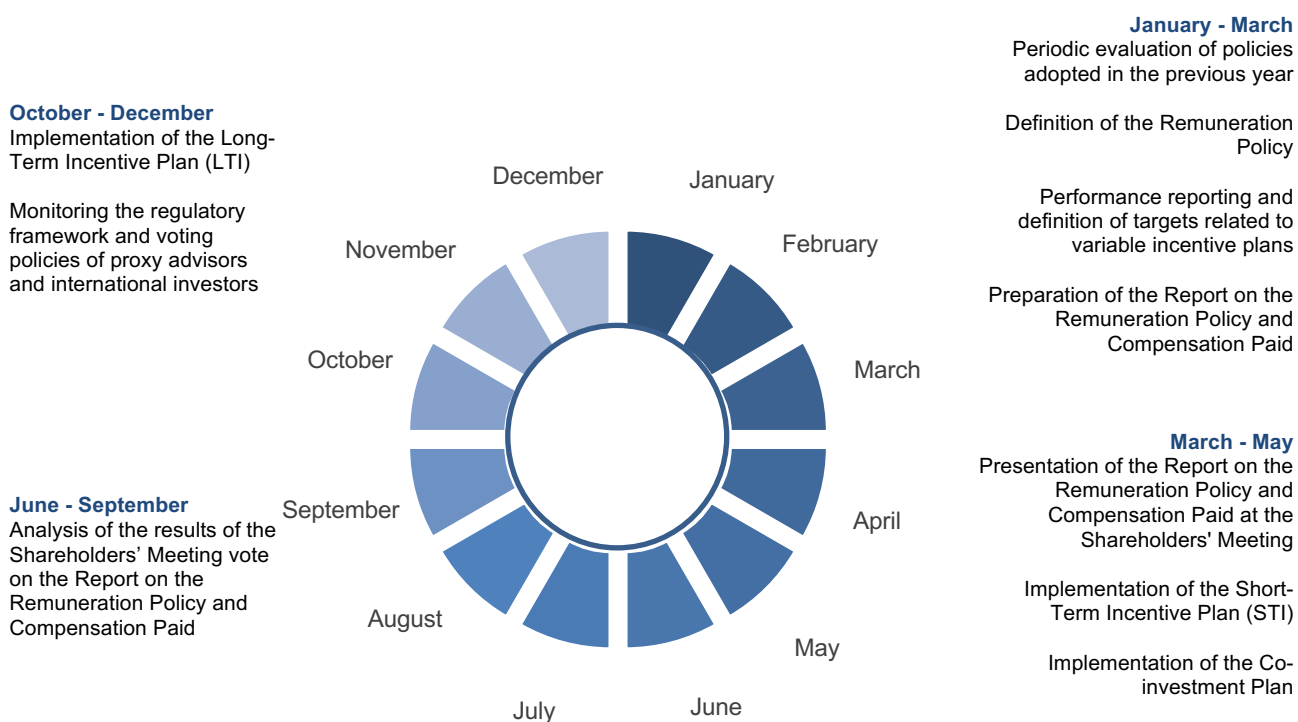
For the effective performance of its analysis and investigatory function, the Appointments and Compensation Committee utilises the relevant Company departments and through these structures, may make use of the support of external consultants who are not in a position that would compromise their independence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

In 2023, the Chairperson of the Board of Statutory Auditors attended all Committee meetings.

### 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



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 Chairperson, 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 2023

In 2023 the Appointments and Compensation Committee met 18 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"> <li>Preliminary proposal on the structure of the new long-term incentive plan</li> </ul>
February	<ul style="list-style-type: none"> <li>Preliminary proposal for the final accounting of the 2022 corporate targets for the variable incentive systems</li> <li>Preliminary proposal for the determination of the 2023 corporate targets for the variable incentive systems</li> <li>Analysis of the Report on the 2023 Remuneration Policy and 2022 Compensation Paid</li> </ul>
March	<ul style="list-style-type: none"> <li>Final accounting of the 2022 corporate targets for the variable incentive systems</li> <li>Determination of the 2023 corporate targets for the variable incentive systems</li> <li>Approval of the new long-term incentive plan</li> <li>Approval of the Report on the 2023 Remuneration Policy and 2022 Compensation Paid</li> </ul>
May	<ul style="list-style-type: none"> <li>Analysis of the remuneration positions of Executives with Strategic Responsibilities, the Head of Internal Audit and the Lead Independent Director</li> <li>Examination of the succession plan for the Company's key people</li> </ul>
June	<ul style="list-style-type: none"> <li>Determination of the Lead Independent Director's remuneration, to be submitted to the Board of Directors for approval</li> </ul>
July	<ul style="list-style-type: none"> <li>Analysis of the remuneration positioning of members of the Board Committees</li> <li>Analysis of the results of the 2023 shareholders' meeting vote on remuneration</li> </ul>
September	<ul style="list-style-type: none"> <li>Sharing of rationales for the establishment of peer groups and the setting of benchmarks for the roles of Chief Executive Officer, Chairperson of the Board of Directors, non-executive Directors and members of the Board of Statutory Auditors</li> <li>Definition of the preliminary framework of the new co-investment plan</li> </ul>
October	<ul style="list-style-type: none"> <li>Approval of the benchmark peer groups for the roles of Chief Executive Officer, Chairperson of the Board of Directors, non-executive Directors and members of the Board of Statutory Auditors</li> <li>Progress analysis of the 2023 company targets</li> <li>Preliminary proposal on how to calculate the gender pay gap</li> </ul>
November	<ul style="list-style-type: none"> <li>Analysis of the compensation of the Head of Internal Audit</li> </ul>

	<ul style="list-style-type: none"> <li>• Analysis of remuneration positions for the roles of Chief Executive Officer, Chairperson of the Board of Directors, non-executive Directors and members of the Board of Statutory Auditors</li> <li>• Analysis of the contingency plan of the Chief Executive Officer</li> </ul>
December	<ul style="list-style-type: none"> <li>• Analysis of the changes to the Report on the 2024 Remuneration Policy and 2023 Compensation Paid</li> <li>• Preliminary proposal on the structure of the new co-investment plan</li> <li>• Review of the remuneration of the Head of Internal Audit, to be submitted to the Board of Directors for approval</li> <li>• Proposal to revise the contingency Plan of the Chief Executive Officer, to be submitted to the Board of Directors for approval</li> </ul>

## 1.2. Approval procedure for the 2024 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:

**1**

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 18 December 2023, 2, 14 and 27 February 2024, and 8 and 12 March 2024, 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 2023.

**2**

Italgas' 2024 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 22 March 2024, concurrently with the approval of this document.

**3**

The Board of Directors then submitted the Report on the Remuneration Policy and Compensation Paid to the vote of the Shareholders' Meeting of 6 May 2024, which cast a binding vote on the First Section and an advisory vote on the Second Section.

**4**

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.

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. The Group's significant growth in recent years has increased the visibility of Management and Italgas' Remuneration Policy has always accompanied the growth of the Group and of its key resources, with a focus on attracting and retaining the key and most deserving resources.

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 **Chairperson**, 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 Chairperson 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 functions;
- 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;
- remuneration structure, for the **Head of Internal Audit**, consisting of an annual incentive measured on purely functional objectives, excluding economic-financial objectives;
- 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 a long-term incentive plan 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 objectives of the Company's Sustainable Value Creation Plan;
- **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 Article 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., acquisitions, 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 an exemption 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 exception.

The elements of the 2024 Remuneration Policy for which, under exceptional circumstances, an exception 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 2024 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 Chief Executive Officer's remuneration positioning was analysed, in continuity with previous financial years, against three different peer groups, namely a panel of Italian companies representative of the general market, a panel of Italian companies comparable to Italgas, mainly belonging to the Energy & Utilities sector and infrastructure operators, and a panel of European companies operating in businesses comparable to that of Italgas and therefore representative of the international market of the sector. The companies were therefore identified mainly considering specific size and business criteria in order to ensure their significance. Specifically, Italgas' positioning in terms of size compared to the general Italian panel was below the first quartile for revenue, between the first quartile and the median for market capitalisation and number of employees, and between the median and the third quartile for EBITDA and net profit. Compared to the Italian industry panel, however, Italgas' positioning in terms of size was below the first quartile for revenue and number of employees, between the first quartile and the median for EBITDA, and between the median and the third quartile for market capitalisation and net profit.

The remuneration benchmarking analyses show that the Chief Executive Officer's fixed remuneration was positioned below the first quartile of the market compared to the general Italian panel and between the first quartile and the market median compared to the Italian industry panel, in line with the Company's Remuneration Policy.

The analysis of the Chairperson'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 in line with the median compared to the general Italian panel and in line with the first quartile of the market with respect to the Italian industry panel.

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 role are shown in the table below<sup>13</sup>:

#### Panels used for compensation benchmarks

Role analysed	Comparison panel	Italian companies		
<ul style="list-style-type: none"> <li>Chief Executive Officer</li> </ul>	<ul style="list-style-type: none"> <li>Italian companies</li> <li>Italian companies in the Energy, Utilities and Infrastructure sectors</li> <li>European companies</li> </ul>	A2A	Interpump Group	Recordati
		Acea	Iren	Saipem
		Amplifon	Leonardo	Snam
		DiaSorin	Maire Tecnimont	Telecom Italia
		ERG	Moncler	Terna
		Hera	Prysmian	
<ul style="list-style-type: none"> <li>Non-executive Chairperson</li> </ul>	<ul style="list-style-type: none"> <li>Italian companies</li> <li>Italian companies in the Energy, Utilities and Infrastructure sectors</li> </ul>	Italian companies in the Energy, Utilities and Infrastructure sectors		
		A2A	ERG	Maire Tecnimont
		Acea	Hera	Saipem
<ul style="list-style-type: none"> <li>Non-executive Directors</li> <li>Board Committees</li> <li>Board of Statutory Auditors</li> </ul>	<ul style="list-style-type: none"> <li>Italian companies</li> </ul>	Enel	Iren	Snam
		Eni	Leonardo	Terna
<ul style="list-style-type: none"> <li>Executives with Strategic Responsibilities</li> <li>Top Management</li> </ul>	<ul style="list-style-type: none"> <li>EY Top Executive</li> </ul> <p><i>With reference to roles in comparable companies in terms of size and sector</i></p>	European companies		
		EDP Group	Galp	Redeia
		Elia Group	National Grid	RWE
		Enagas	Neste	Verbio
		EnBW	Orsted	Verbund
		Eneco	Pennon Group	Vopak

<sup>13</sup> The compensation surveys were conducted on an aggregate panel or on specific sub-clusters identified for consistency with the Italgas governance.

### **3. 2024 Remuneration Policy**

The guidelines for the 2024 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 paid to ESG issues 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 2024 Remuneration Policy guidelines were evaluated by the Appointments and Compensation Committee as being consistent with the applicable market benchmarks.

#### **3.1. Chairperson**

##### **3.1.1. Compensation for the office and powers and other indemnities**

Based on the resolutions of the Board of Directors at the meeting on 15 September 2022, as proposed by the Appointments and Compensation Committee and with the favourable opinion of the Board of Statutory Auditors, the remuneration of the Chairperson 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 at the Shareholders' Meeting of 26 April 2022, 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.

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	Chairperson 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. Lead Independent Director

### 3.3.1. Remuneration for office

On 9 March 2023, the Board of Directors, at the request of the independent directors, resolved to appoint a Lead Independent Director, who would represent a reference and connection point for the requests and contributions of the non-executive directors and, in particular, of the independent directors, to whom, *inter alia*, the power would be granted to convene, independently or at the request of other directors, special meetings of independent Directors only, to discuss issues deemed of interest with respect to the functioning of the Board of Directors or the company management. The term of office of the Lead Independent Director is scheduled to expire at the same time as that of the Board of Directors.



On 13 June 2023, the Board of Directors, based on the proposal of the Appointments and Compensation Committee, resolved to grant the Lead Independent Director an annual gross remuneration of 10,000 euros starting from the date of appointment, in addition to the reimbursement of expenses incurred in connection with the appointment.

### **3.4. Chief Executive Officer<sup>14</sup>**

#### **3.4.1. Fixed remuneration**

The Chief Executive Officer's fixed remuneration was determined, at the proposal of the Appointments and Compensation Committee and with the favourable opinion 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 date of his appointment at the Shareholders' Meeting of 26 April 2022, including the remuneration provided by the Shareholders' Meeting for non-executive Directors. Furthermore, the gross-up for the car is expected to be maintained.

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 and supplementary corporate agreements.

#### **3.4.2. Variable incentive plans**

##### **3.4.2.1. 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 (2024-2025 Co-investment Plan submitted for approval at the Shareholders' Meeting on 6 May 2024). 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.

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<sup>14</sup> The Chief Executive Officer, Mr Paolo Gallo, is also a Senior Executive 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.

The 2024 Short-Term Incentive Plan (STI) is connected with the attainment of the corporate objectives set by the Board of Directors of 12 March 2024. 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 2024, are structured as follows:

#### Chief Executive Officer – Objectives of the 2024 Short-Term Incentive Plan

<b>30%</b> Profitability (EBITDA)	<b>25%</b> Sustainability: <ul style="list-style-type: none"> <li>• Combined accident index</li> <li>• Leakage on the distribution network (% of km of network inspected)</li> <li>• Energy consumption</li> <li>• Diversity and inclusion: gender equity pay gap</li> </ul>
<b>25%</b> Investment (spending)	
<b>20%</b> Net Financial Position	

With reference to the objectives identified above, the metrics and main performance indicators<sup>15</sup> are described below:

Objective	Description	Weight	Scenarios	Performance	Score
<b>Profitability (EBITDA)</b>	Indicator representing the profitability of the operating performance, calculated by subtracting operating costs from revenue. <sup>16</sup>	30%	Minimum Target Maximum	Budget -2.5% Budget Budget +2.5%	70% 100% 130%
<b>Investment (spending)</b>	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%

<sup>15</sup> 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.

<sup>16</sup> In the final balance, the effects of changes with respect to the 2024 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.

Objective	Description	Weight	Scenarios	Performance	Score
<b>Net Financial Position</b>	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 <sup>17</sup> .	20%	Minimum Target Maximum	Budget +2% Budget Budget -2%	70% 100% 130%
<b>Sustainability</b>	<b>Combined employee and contractor accident index:</b> measured as a combination of the frequency index (number of accidents per million hours worked) and severity index (number of days of absence per thousand hours worked) of accidents recorded at Group level during the year.	5%	Minimum Target Maximum	0.15 0.075 0.025	70% 100% 130%
	<b>Leakage on the distribution network:</b> expressed in terms of the percentage of network km inspected at Group level during the year out of the total network km managed.	7.5%	Minimum Target Maximum	100% 120% 140%	70% 100% 130%
	<b>Energy consumption:</b> reduction of net energy consumption at Group level, calculated on the basis of the same amount of gas injected in 2023.	7.5%	Minimum Target Maximum	440 TJ 425 TJ 410 TJ	70% 100% 130%
	<b>Diversity and Inclusion:</b> gender equity pay gap for the Italy scope, calculated as the change in the average ratio of women's and men's hourly basic pay for clusters of employees comparable by organisational weight with respect to 2023.	5%	Minimum Target Maximum	-0.5% -0.75% -1%	70% 100% 130%
<b>PERFORMANCE GATE</b>		Overall score >= 85%			

<sup>17</sup> In the final balance, the effects of changes to the debt between the Second Forecast and the 2023 Final Figures, net of specific changes in monetary working capital and changes to the 2024 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.

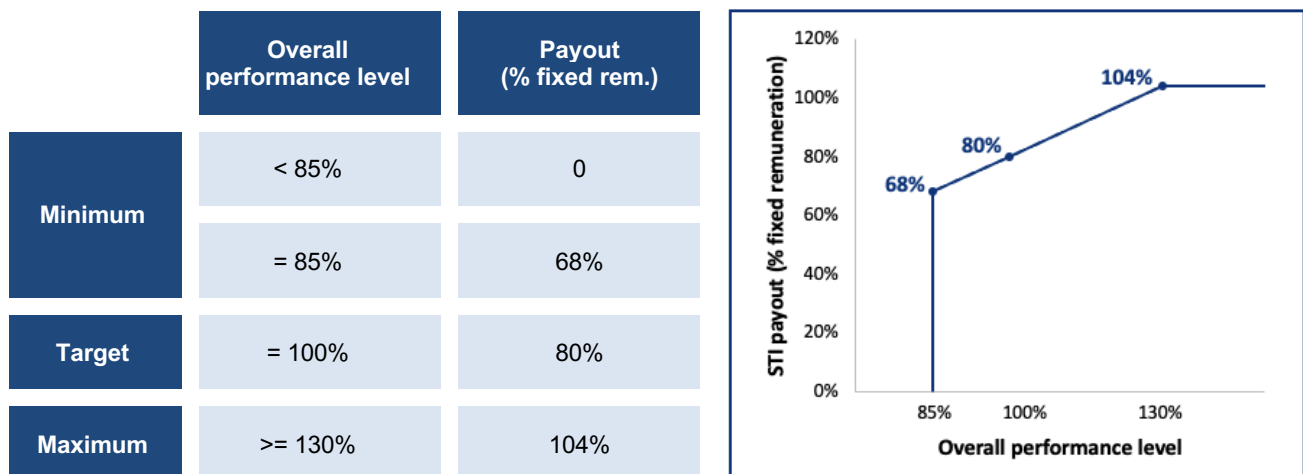
**If the overall score is less than 85%, no incentive will be paid, irrespective of the level of achievement of the individual objectives (the “performance gate”).**

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**



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 ( $I_{\text{Year}}$ ) 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:

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

### 3.4.2.2. Co-Investment Plan

The 2024-2025 Co-Investment Plan, submitted for approval by the Shareholders' Meeting of 6 May 2024, is one of the components of the long-term incentive plan, together with the 2023-2025 Long-Term Incentive Plan approved by the Shareholders' Meeting of 20 April 2023 and described in the following paragraph.

The Plan maintains strong alignment with a view to continuity with previous co-investment plans from a structural point of view, differing only in terms of the number of allocation cycles. In fact, in order to favour alignment of the time frame of the Co-investment Plan with the 2023-2025 Long-Term Incentive Plan, the Allocation of two cycles is proposed, starting from 2024 (1<sup>st</sup> Cycle) and from 2025 (2<sup>nd</sup> Cycle), while maintaining the three-year vesting of each cycle.

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

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

in which the assignment price [Price<sub>Allocation</sub>] 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 allocated after the three-year vesting period according to the following timeline:

#### Co-investment Plan – Timeline



The actual allocation 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 attributed)	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 allocated will be 0 and, therefore, the deferred portion of the annual incentive will not be disbursed either.**

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

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

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.

### 3.4.2.3. Long-term incentive

The long-term variable component aims to ensure the sustainability of value creation for the shareholders in the medium to long-term and is made up together with the 2024-2025 Co-

investment Plan, of the new 2023-2025 Long-Term Incentive Plan (LTI) approved by the Shareholders' Meeting on 20 April 2023.

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 2023-2025 Long-Term Incentive Plan (2024 allocation)**

<b>50%</b> Consolidated Net Profit	<b>20%</b> Sustainability: <ul style="list-style-type: none"> <li>Reducing CO<sub>2</sub> emissions – scope 1 and 2</li> <li>Reduction of net energy consumption</li> </ul>
<b>30%</b> Relative Total Shareholder Return	

With reference to the objectives identified above, the metrics and main performance indicators for the 2024 allocation<sup>18</sup> are described below:

Objective	Description	Weight	Scenarios	Performance	Score
<b>Accumulated adjusted net profit</b>	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 <sup>19</sup> (agreed and approved annually by the Board of Directors, upon the proposal of the Appointments and Compensation Committee).	50%	Minimum Target Maximum	Budget/Plan -5% Budget/Plan Budget/Plan +5%	70% 100% 130%

<sup>18</sup> 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.

<sup>19</sup> The income components are classified as special items, if significant, when: (i) they result from non-recurring events or transactions or from transactions or events which do not occur frequently in the ordinary course of business; or (ii) they result from events or transactions which are not representative of the normal course of business.



<b>Relative TSR</b>	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), Redeia, Enagas (Spain), Elia System Operator (Belgium). <sup>20</sup>	30%	1 <sup>st</sup> place 2 <sup>nd</sup> place 3 <sup>rd</sup> place 4 <sup>th</sup> place 5 <sup>th</sup> place 6 <sup>th</sup> place 7 <sup>th</sup> place		130% 120% 110% 100% 0% 0% 0%
<b>Sustainability</b>	<b>Reduction of CO<sub>2</sub> emissions - scope 1 and 2</b> compared with 2020 at constant scope.	10%	Minimum Target Maximum	-28.6% -28% -27.4%	70% 100% 130%
	<b>Energy efficiency:</b> reduction of net energy consumption compared with 2020 at constant scope.	10%	Minimum Target Maximum	-32.6% -32% -31.4%	70% 100% 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:

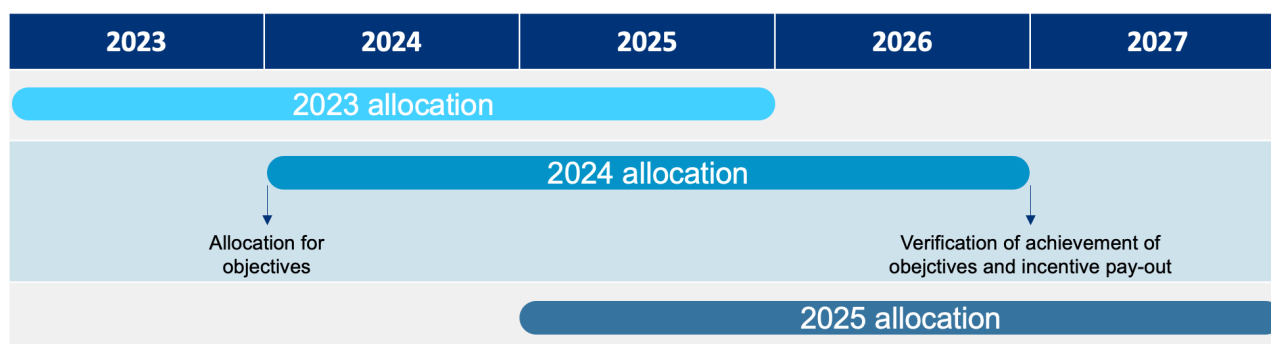
$$\text{LTI}_{\text{Accrued}} = \text{LTI target} \times \text{Overall score}$$

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

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<sup>20</sup> 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.

### Long-Term Monetary Incentive Plan – Timeline



#### 3.4.3. 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 in place are described in the relevant Informative Documents and Allocation 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.

#### 3.4.4. 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.

### **3.4.5. Benefits**

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)<sup>21</sup>, enrolment in the supplementary health care Funds (FISDE and Cassa Prevint)<sup>22</sup> and insurance cover against the risk of death and disability, as well as a car for personal and business use.

### **3.4.6. 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.

### **3.4.7. 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.

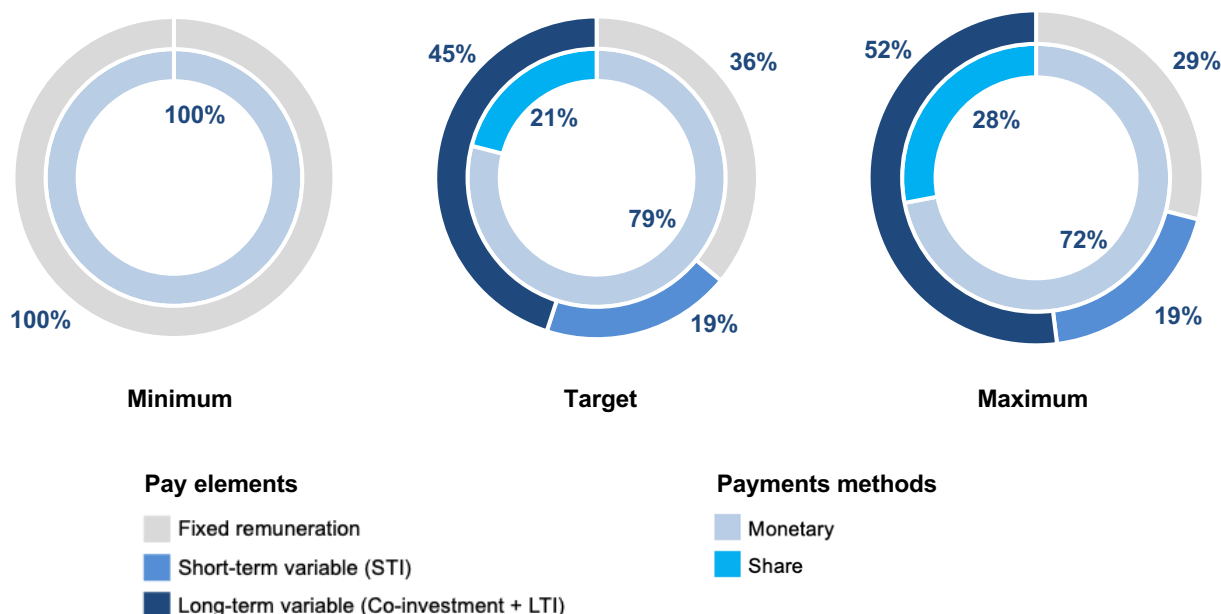
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<sup>21</sup> [www.azimutprevidenza.it](http://www.azimutprevidenza.it)

<sup>22</sup> Funds that issue refunds for health care costs to executives, whether in service or retired, and their family members, [www.fisde-eni.it](http://www.fisde-eni.it); [www.cassaprevint.it](http://www.cassaprevint.it)

## Chief Executive Officer

Theoretical pay mix<sup>23</sup> and form of remuneration for the minimum, target and maximum performance results



## 3.5. Control Bodies

### 3.5.1. 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 to:

Role	Remuneration
Chairperson 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.

<sup>23</sup> The theoretical pay-mix is calculated net of the Dividend Equivalent component (only available during final accounting) and any change in share price.

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.

### **3.5.2. 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.

In line with the "Italgas Group Internal Audit Guidelines", updated in early 2024, the remuneration of the Head of Internal Audit is defined by the Board of Directors, after consulting the Appointments and Compensation Committee and the Control, Risk and Related Party Transactions Committee, and provides for:

- a scorecard of objectives under the short-term incentive system, with exclusively functional measurable objectives, excluding economic and financial targets and on which determination of the annual monetary incentive depends;
- 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;
- the standardisation of other forms of deferred and long-term monetary incentives for all managers.

## **3.6. Executives with Strategic Responsibilities**

### **3.6.1. 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 2024, 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.

### **3.6.2. 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 2024 is determined partly (40%) by the company results compared to the targets assigned to the Chief Executive Officer by the Board of Directors on 12 March 2024 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 Creation Plan.

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

#### Executives with Strategic Responsibilities – Objectives of the 2024 Short-Term Incentive Plan

Objective	Description	Weight
<b>Company objectives</b>	Short-term incentive scheme for the Chief Executive Officer, with a view to alignment with the Group's performance results.	40%
<b>Role/direction objectives</b>	Priority and strategic objectives of an economic and financial nature closely linked to the scope of responsibility.	60%
<b>Project objectives</b>	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:

- 2024-2025 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 assigned, based on the results achieved.

### **3.6.3. 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 assigned under the long-term incentive plans are described in the relevant Information Notices and Assignment 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.

### **3.6.4. Benefits**

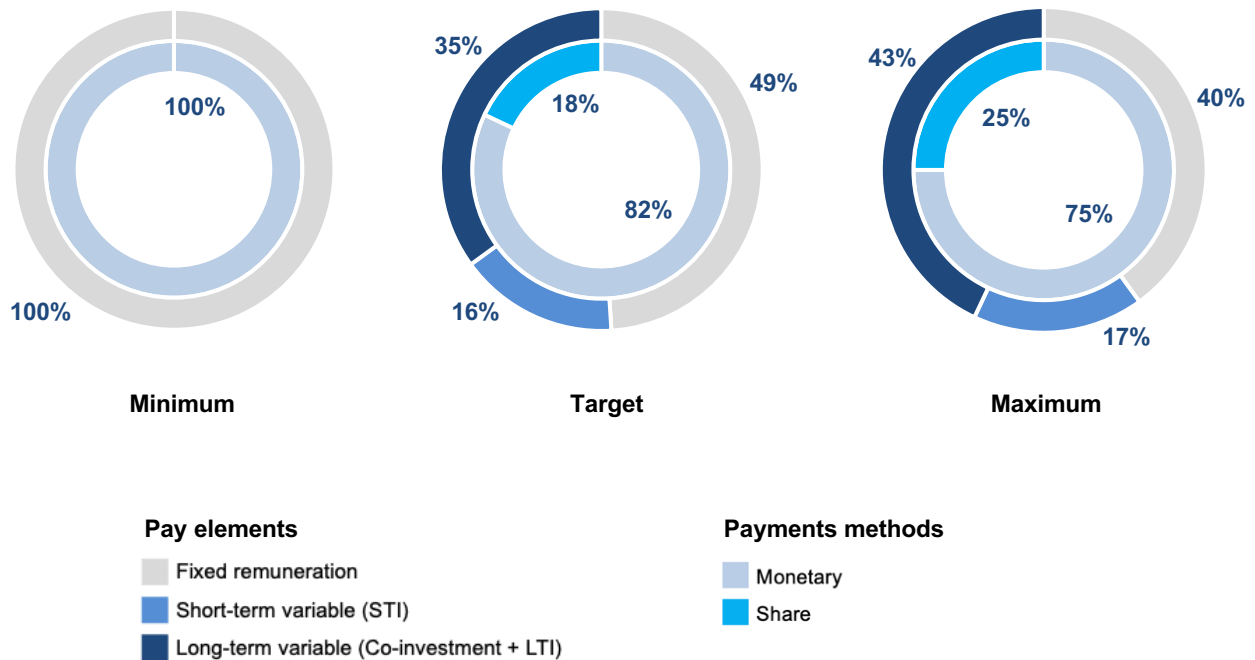
In accordance with national collective labour agreements and supplementary company agreements for Italgas executives, Executives with Strategic Responsibilities are also entitled to enrolment in the supplementary pension Fund (FOPDIRE or PREVINDAI or AZIMUT), enrolment in the supplementary health care 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.



### 3.6.5. Pay-mix

#### Executives with Strategic Responsibilities

Theoretical pay mix<sup>24</sup> and form of remuneration for the minimum, target and maximum performance results



### 3.7. 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 legislation<sup>25</sup>, 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

<sup>24</sup> The theoretical pay-mix is calculated net of the Dividend Equivalent component (only available during final accounting) and any change in share price.

<sup>25</sup> 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, subsection 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.

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 2024 allocation:

**Independent Operator / Compliance Manager – Objectives of the 2023-2025 Long-Term Incentive Plan (2024 allocation)**

<p><b>50%</b></p> <p>Net profit of companies in the unbundling scope</p>	<p><b>20%</b></p> <p>Sustainability:</p> <ul style="list-style-type: none"> <li>• Reduction of CO<sub>2</sub> emissions – scope 1 and 2 (“unbundling” scope)</li> <li>• Reduction of net energy consumption (“unbundling” scope)</li> </ul>
<p><b>30%</b></p> <p>Digitisation projects with strategic value</p>	

### **3.8. 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.

## **Second Section – 2023 Compensation Paid and other information**

### **1. Implementation of 2023 Remuneration Policies**

Below is a description of the application of the Remuneration Policy in 2023 for the Chairperson of the Board of Directors, non-executive Directors, Chief Executive Officer, Board of Statutory Auditors and Executives with Strategic Responsibilities.

The 2023 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 passed by the Board of Directors and was consistent with the 2023 Remuneration Policy, both in the market references found and in terms of overall positioning and pay mix.

Furthermore, in 2023, 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, subsection b, shown below are the 2023 performance results based on the targets set by Italgas' Board of Directors, which will determine or contribute to determining the incentives pertaining to 2023 which will be disbursed in 2024.

The incentives disbursed in 2023 were paid on basis of the final statement of results for 2022, 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, which were stated in the 2023 Report on the Remuneration Policy and 2022 Compensation Paid.

#### **1.1. Historical trend of the company's performance and remuneration of the CEO, Chairperson and employees**

In line with the requirements of the Issuers' Regulations, the following is a comparison of the annual change for the last 5 financial years:

- of the remuneration of the Chief Executive Officer and the Chairperson of the Board of Directors, represented herein according to a principle of competence (as indicated in column 1 "Fixed compensation" and column 6 "Total" of Table 1 "Remuneration

paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities” of this Report);

- of corporate performance, represented here by EBITDA;
- of the annual remuneration of full-time employees, other than the Chief Executive Officer, of the Group’s Italian scope in order to allow a homogeneous comparison over the different years<sup>26</sup>.

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.

#### Change in company performance

PARAMETER	2019	2020	2021	2022	2023	Δ 2023-2022
EBITDA (€ mln)	908	971	1009	1080	1184	+9.6%

#### Change in fixed remuneration

PARAMETER	2019	2020	2021	2022	2023	Δ 2023-2022
<b>Chief Executive Officer (€)</b> <small>(Column 1 "Fixed compensation" of Table 1 "Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities")</small>	800,768	811,360 <small>(of which 1,360 are travel allowances)</small>	813,177 <small>(of which 3,177 are travel allowances)</small>	844,063 <small>(of which 5,015 are travel allowances)</small>	859,520 <small>(of which 9,520 are travel allowances)</small>	+1.3% net of travel allowances
<b>Chairman (€)<sup>27</sup></b> <small>(Column 1 "Fixed compensation" of Table 1 "Compensation paid to Directors, Statutory Auditors and Executives with Strategic Responsibilities")</small>	262,498	270,000	270,000	290,842	300,000	+3.1%
<b>Employees (average - €)</b>	39,872	39,881	39,974	40,402	41,745	+3.3%
<b>Employees (median - €)</b>	37,059	36,994	36,945	36,830	37,828	+2.7%
<i>Pay Ratio CEO vs Employee Average</i>	01:20	01:20	01:20	01:21	01:21	
<i>Pay Ratio CEO vs Employee Median</i>	01:22	01:22	01:22	01:23	01:23	

<sup>26</sup> The acquisition of DEPA Infrastructure, now called Enaon, was completed on 1 September 2022.

<sup>27</sup> 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.

## Change in total annual remuneration

PARAMETER	2019	2020	2021	2022	2023	Δ 2023-2022
<b>Chief Executive Officer (€)</b> (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	1,814,301	-5.5%
<b>Chairperson (€)<sup>27</sup></b> (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	300,000	+3.1%
<b>Employees (average - €)</b>	48,197	45,747	46,727	47,167	47,729	+1.2%
<b>Employees (median - €)</b>	43,455	41,844	42,743	41,840	41,746	-0.2%
<i>Pay Ratio CEO vs Employee Average</i>	01:36	01:39	01:42	01:41	01:38	
<i>Pay Ratio CEO vs Employee Median</i>	01:40	01:43	01:45	01:46	01:43	

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, allocated 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 shares for the three-year period 2020-2022. The 2021-2023 Co-investment Plan, on the other hand, following finalisation of the results, allocated to the Chief Executive Officer 124,697 shares<sup>28</sup> for the three-year period 2021-2023.

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 01:21, 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 01:38, essentially aligned with the performance results affecting the variable component<sup>29</sup>.

<sup>28</sup> As per instructions from Consob, column 7 "Fair Value of equity compensation" of Tab.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.

<sup>29</sup> With regard to the Group scope (Italian and Greek), the annual total remuneration ratio between the Chief Executive Officer's remuneration and the average remuneration of employees is 01:40. Taking the median value, the value is 01:45.

## **2. Final report on the performance of the variable incentive plans**

### **2.1. Short-Term Incentive Plan**

The annual 2023 incentives are paid on the basis of the final statement of results for the targets set for 2023 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 2023 were finalised by the Board of Directors as suggested by the Appointments and Compensation Committee, with the favourable opinion of the Board of Statutory, at the meeting on 12 March 2024 and determined a company objectives performance score 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 reached.

## Finalisation of the objectives of the 2023 Short-Term Incentive Plan – 2024 disbursement

Performance parameters	Weight	Unit of measurement	Performance			Final value	Score	Weighted score
			Minimum (70)	Target (100)	Maximum (130)			
Economic-financial	Profitability (EBITDA)	30%	€ million			1,184	104.6	31.4
	Investments	25%	€ million			849	130	32.5
	Net Financial Position	20%	€ million			6,555	81.9	16.4
Sustainability	Accident frequency index	5%	Number of accidents per million hours worked during the year			1.20	118	5.9
	Leakage on the distribution network	7.5%	Percentage of network km inspected out of total network km managed			120%	130	9.8
	Energy intensity	7.5%	Ratio of total energy consumption and gas distributed			0.0579	127.5	9.6
	Percentage of women holding managerial positions	5%	Percentage of women holding managerial positions at 31/12/2023			27.4%	130	6.5
Total							112.1	
Performance gate							<input checked="" type="checkbox"/> ON	


## 2.2. 2021-2023 Co-investment Plan – Assignment for the three-year period 2021-2023

At its meeting held on 12 March 2024, following the verification and proposal of the Appointments and Compensation Committee, the Italgas Board of Directors resolved:

- an Italgas accrued EBITDA result for the 2021-2023 three-year period of 3,275 million euros which determined a multiplier of 1.33 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 assigned in 2021 for the purpose of determining the number of Italgas shares to be allocated to the beneficiaries of the Plan. Furthermore, in consideration of the performance level achieved, Italgas has



offered a free share matching, equal to 0.82 shares for each right assigned, as governed by the Plan, for a total multiplier of 2.15;


Performance parameters	Unit of measurement	Performance			Final value	Multiplier
		Minimum (0.7)	Target (1.3)	Maximum (1.7)		
Accrued EBITDA	€ million				3,275	1.33
					<i>Matching</i>	0.82
					<i>Multiplier</i>	2.15

- 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 (12 March 2024).

### 2.3. 2020-2022 Long-Term Monetary Incentive Plan (LTMI) – Assignment for the three-year period 2021-2023

At its meeting held on 12 March 2024, following the verification and proposal of the Appointments and Compensation Committee, the Italgas Board of Directors resolved:

- a Consolidated Net Profit result of 1,203 million euros for the three-year period 2021-2023, which resulted in a score of 113.25 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				1,203	113.25

- a Total Shareholder Return result for the three-year period 2021-2023 compared to the peer group (A2A, Elia, Enagas, Redeia, Terna, Snam) which placed Italgas in 5<sup>th</sup>

place, resulting in a score of 0 on a measurement scale that envisages a minimum, target and maximum performance level of 0, 100 and 130 points respectively (weight 30%);

Position	Company	Three-year TSR (diff. %)
1	A2A	+66.50%
2	Terna	+36.97%
3	Elia	+22.35%
4	Snam	+18.91%
5	Italgas	+16.03%
6	Enagas	+12.61%
7	Redeia	+6.29%

- a result for the Sustainability indicators for the three-year period 2021-2023 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 2021-2023, 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				96.5%	130
Total							130

Therefore, the overall performance for the three-year period 2021-2023 was 81.8 points.

**Final accounting of the objectives of the 2020-2022 Long-Term Monetary Incentive Plan – 2021-2023 Three-year assignment – 2024 disbursement**

Consolidated Net Profit	Relative TSR	Sustainability	Final Score
113.25	0	130	81.8

In addition, in relation to the cash basis, the value relating to the 2020-2022 Long-Term Monetary Incentive accrued at the end of 2022 was paid in 2023.

### **3. Compensation paid to the Directors**

#### **3.1. Chairperson of the Board of Directors**

##### **3.1.1. Fixed compensation**

The current Chairperson was paid the fixed compensation resolved by the Board of Directors on 15 September 2022, amounting to 300,000.00 euros gross per annum, including the fixed compensation for Directors established by the Shareholders' Meeting on 26 April 2022. These amounts are shown in Table 1 under "Fixed compensation".

#### **3.2. Non-executive Directors**

##### **3.2.1. Fixed compensation**

The Directors were paid the fixed remuneration resolved on by the Shareholders' Meeting of 26 April 2022 equal to a gross annual amount of 50,000.00 euros and the Lead Independent Director was paid the additional fixed remuneration due for the office, resolved on by the Board of Directors on 13 June 2023. These amounts are shown in Table 1 under "Fixed compensation".

Directors were also paid, if necessary *pro rata temporis*, the additional remuneration due for participation in Board Committees resolved on by the Board of Directors on 18 May 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 compensation resolved by the Board of Directors on 15 September 2022, amounting to 850,000.00 euros gross per annum, including the fixed compensation for Directors established by the Shareholders' Meeting on 26 April 2022;
- travel allowances due, amounting to 9,520.00 euros.

Therefore, the Chief Executive Officer was paid fixed remuneration for a total gross annual amount of 859,520.00 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 8,509.00 euros gross.

#### **3.3.2. Short-Term Incentive (STI)**

The finalisation of the objectives of the Short-Term Incentive Plan for 2023 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 762,280.00 euros as a short-term incentive. 65% of this amount will be paid upfront, while the remaining 35% will be deferred in the 2024-2025 Co-investment Plan.

The Chief Executive Officer will therefore be paid a Short-Term Incentive (STI) of 495,482.00 euros gross in 2024 as an upfront component. This value is shown in Table 3.B under "Bonus for the year – Payable/paid".

In addition, in 2023, the bonus relating to the Short-Term Incentive of 495,482.00 euros (upfront portion) was paid, in accordance with the cash principle, the accrual of which relates to FY 2022 and about which information has already been provided in the Report on the 2023 Remuneration Policy and 2022 Compensation Paid.

#### **3.3.3. 2021-2023 Co-investment Plan – Assignment for the three-year period 2021-2023**

With reference to the rights allocated in 2021 and accrued at the end of the performance period as at 31 December 2023, at the Board of Directors meeting on 12 March 2024, 124,697 shares were assigned to the Chief Executive Officer linked to the performance

achieved in the three-year period 2021-2023, the free matching offered by Italgas and the approved Dividend Equivalent.

#### **3.3.4. 2021-2023 Co-Investment Plan – 2023 allocation**

At the meeting held on 9 March 2023, at the proposal of the Appointments and Compensation Committee and with the favourable opinion of the Board of Statutory Auditors, in accordance with the 2023 Remuneration Policy and with the 2021-2023 Co-investment Plan approved by the 2021 Shareholders' Meeting, the Board of Directors confirmed the allocation of 48,939 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. 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 2021-2023**

In 2023, the Long-Term Monetary Incentive (LTMI) allocated in 2021 matured for a total gross value of 433,989.90 euros based on the multiplier of 81.8 approved by the Board of Directors on 12 March 2024. This incentive will be paid during 2024 and its value is shown in Table 3.B under "Bonuses from previous years – Payable/paid".

In addition, in 2023, the bonus relating to the 2020-2022 Long-Term Monetary Incentive, allocated in 2020, was paid in accordance with the cash principle, amounting to 557,343.00 euros, the accrual of which relates to 2022 fiscal year and about which information has already been provided in the Report on the 2023 Remuneration Policy and 2022 Compensation Paid.

#### **3.3.6. 2023-2025 Long-term Incentive Plan (LTI) – 2023 allocation**

At the meeting held on 24 October 2023 at the proposal of the Appointments and Compensation Committee and with the favourable opinion of the Board of Statutory Auditors, in accordance with the 2023 Remuneration Policy, the Board of Directors resolved to allocate a gross amount of 556,750.00 euros (fixed compensation x 65.5%) to the Chief Executive Officer as the 2023 payment under 2023-2025 Long-Term 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”.

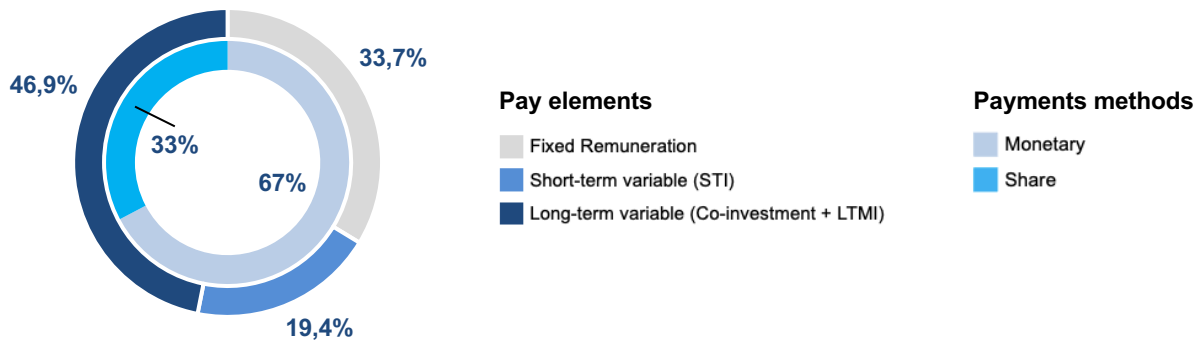
### 3.3.7. Benefits

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 2023<sup>30</sup>



## 4. Compensation paid to Executives with Strategic Responsibilities

In 2023, 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

<sup>30</sup> Determined by taking into account the fixed compensation paid in 2023, the short-term upfront incentive pertaining to 2023, the fair value of equity compensation pertaining to 2023 and the long-term monetary incentive pertaining to 2023. The pay-mix therefore includes the Dividend Equivalent component and any change in the share price.

Executive Officer of Toscana Energia, Chief Executive Officer of Bludigit, Chief Financial Officer, Chief Security Officer, Head of Group Security & Real Estate.

#### **4.1. Fixed compensation**

For Executives with Strategic Responsibilities, as part of the annual salary review process envisaged for all executives, in 2023 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 2023 to Executives with Strategic Responsibilities is 2,560,889.06 euros and is shown in Table 1 under “Fixed compensation”.

#### **4.2. Short-Term Incentive (STI)**

In 2024, 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 2023. 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 2023 by the Executives with Strategic Responsibilities was 117.7 and resulted in an overall short-term incentive equal, on average, to 60.1% of the fixed remuneration. 65% of this amount will be paid upfront, while the remaining 35% will be deferred in the 2024-2025 Co-investment Plan.

The aggregate gross value, as an upfront component, of the Short-Term Incentives (STI) to be paid in 2024 to Executives with Strategic Responsibilities amounts to 1,040,537.57 euros and is shown in Table 3.B under “Bonus for the year – Payable/paid”.

In addition, in 2023, the bonus relating to the Short-Term Incentive (up-front portion) was paid, on a cash basis, for a total of 973,603.44 euros, whose accrual relates to the 2022 financial year and of which information has already been provided in the Report on the 2023 Remuneration Policy and the 2022 Compensation Paid.

#### **4.3. 2021-2023 Co-investment Plan – Assignment for the three-year period 2021-2023**

With reference to the rights allocated in 2021 and accrued in 2023, at the Board of Directors meeting on 12 March 2024, a total of 137,299 shares were assigned to Executives with Strategic Responsibilities in relation to the performance achieved in the 2021-2023 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 182,513.44 euros.

#### **4.4. 2021-2023 Co-investment Plan – 2023 allocation**

At the meeting held on 9 March 2023, on a proposal made by the Appointments and Compensation Committee and with the favourable opinion of the Board of Statutory Auditors, in accordance with the 2023 Remuneration Policy and with the 2021-2023 Co-investment Plan approved by the 2021 Shareholders' Meeting, the Board of Directors resolved to allocate a total of 65,882 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.A under "Fair value on the assignment date".

#### **4.5. 2021-2023 "Bonus Bank" Plan – 2023 allocation**

At the meeting held on 9 March 2023, on a proposal made by the Appointments and Compensation Committee and with the favourable opinion of the Board of Statutory Auditors, in accordance with the 2023 Remuneration Policy, the Board of Directors, in favour of the Executives with Strategic Responsibilities identified as Independent Operators / Compliance Managers, resolved to defer in the "Bonus Bank" Plan a total of 108,541.98 euros, subject to re-evaluation based on performance at the end of the vesting period and the achievement of the specific performance target. 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 2021-2023**

In 2023, the Long-Term Monetary Incentive (LTMI) allocated in 2021 matured for a total gross value of 638,688.23 euros based on the multiplier approved by the Board of Directors on 12 March 2024. This total incentive will be paid in 2024 and its value is shown in Table 3.B under "Bonuses from previous years – Payable/paid".

In addition, in 2023, the bonuses relating to the 2020-2022 Long-Term Monetary Incentive, allocated in 2020, were paid in accordance with the cash principle, amounting to a total of 583,795.00 euros, the accrual of which relates to 2022 fiscal year and about which information has already been provided in the Report on the 2023 Remuneration Policy and 2022 Compensation Paid.

#### **4.7. 2023-2025 Long-Term Incentive (LTI) – 2023 allocation**

In 2023, the Long-Term Incentive was allocated to Executives with Strategic Responsibilities for a total value of 848,820.00 euros, the accrual of which is subject to predefined performance conditions and to a three-year vesting period, determined in line with the 2023 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.

## Consob tables

### 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 Responsibilities<sup>31</sup>.

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 2023, 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”;

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<sup>31</sup> The prerequisites set by current legislation for disclosure on an individual basis do not exist.

- the “**Variable non-equity compensation**” column shows, under the “**Profit sharing**”, no data as this did not exist in 2023;
- 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 2023.

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	3		4	5	6	7	8
					Fixed compensation	Compensation for participation in Committees	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					
Board of Directors													
Benedetta Navarra	(1)	Chairman	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	300,000 <i>(a)</i>						300,000		
Paolo Gallo	(2)	Chief Executive Officer	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	859,520 <i>(a)</i>		929,472 <i>(b)</i>		16,800 <i>(c)</i>	8,509 <i>(d)</i>	1,814,301	761,875 <i>(e)</i>	
Qinjing Shen	(3)	Non-executive Director	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	50,000 <i>(a)</i>	20,000 <i>(b)</i>					70,000		
Maria Sferuzza	(4)	Non-executive Director	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	50,000 <i>(a)</i>	20,000 <i>(b)</i>					70,000		
Manuela Sabbatini	(5)	Non-executive Director	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	50,000 <i>(a)</i>	40,000 <i>(b)</i>					90,000		
Claudio De Marco	(6)	Non-executive Director	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	58,164 <i>(a)</i>	40,000 <i>(b)</i>					98,164		
Lorenzo Parola	(7)	Non-executive Director	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	50,000 <i>(a)</i>	40,000 <i>(b)</i>					90,000		
Fabiola Mascardi	(8)	Non-executive Director	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	50,000 <i>(a)</i>	40,000 <i>(b)</i>					90,000		
Gianmarco Montanari	(9)	Non-executive Director	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	50,000 <i>(a)</i>	40,000 <i>(b)</i>					90,000		
Board of Statutory Auditors													
Giulia Pusterla	(10)	Chairman	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	70,000 <i>(a)</i>						70,000		
Maurizio Di Marcotullio	(11)	Standing Auditor	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	45,000 <i>(a)</i>						45,000		
Paola Maria Maiorana	(12)	Standing Auditor	01.01.2023 - 31.12.2023	Shareholders' Meeting for the approval of the Annual Report 2024	45,000 <i>(a)</i>						45,000		
Executives with Strategic Responsibilities													
11 Executives with Strategic Responsibilities (13)					2,560,889 <i>(a)</i>		1,861,739 <i>(b)</i>		179,582 <i>(c)</i>		4,602,210	905,407 <i>(d)</i>	
Grand Total					4,238,574	240,000	2,791,211		196,382	8,509	7,474,675	1,667,282	

### **1) Benedetta Navarra - Chairperson 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, which includes the annual compensation established by the Shareholders' Meeting of 26 April 2022 for the office of Director.

### **2) Paolo Gallo - Chief Executive Officer**

- a) The amount of 859,520.00 euros includes:
  - the fixed annual compensation approved by the Board of Directors at the meeting held on 15 September 2022, which includes the annual 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 9,520.00 euros).
- b) The amount relates to 495,482.00 euros of the 2023 annual monetary incentive to be paid in 2024 and 433,989.90 euros relating to the Long-Term Monetary Incentive allocated in 2021 and to be paid in 2024.

In addition, in 2023 the following incentives pertaining to 2022 were paid: 495,482.00 euros relating to the 2022 annual monetary incentive; 557,343.00 euros relating to the Long-Term Monetary Incentive allocated in 2020 and paid in 2023.
- 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) Qinjing Shen - Non executive Director**

- a) The amount includes the annual fixed compensation established by the Shareholders' Meeting on 26 April 2022 for the office of Director.
- 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.

**4) Maria Sferruzza - Non-executive Director**

- a) The amount includes the annual fixed compensation established by the Shareholders' Meeting on 26 April 2022 for the office of Director.
- 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.

**5) Manuela Sabbatini - Non-executive Director**

- a) The amount includes the annual fixed compensation established by the Shareholders' Meeting on 26 April 2022 for the office of Director.
- a) 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 participation, as a Member, in the Control, Risk and Related Party Transactions Committee.

**6) Claudio De Marco - Non-executive Director**

- a) The amount includes the fixed annual compensation established by the Shareholders' Meeting of 26 April 2022 for the office of Director and the fixed annual compensation established by the Board of Directors on 13 June 2023 for the position of Lead Independent Director, *pro rata temporis* from 9 March 2023 to 31 December 2023.
- 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 participation, as a Member, in the Control, Risk and Related Party Transactions Committee.

**7) Lorenzo Parola - Non-executive Director**

- a) The amount includes the annual fixed compensation established by the Shareholders' Meeting on 26 April 2022 for the office of Director.
- b) The amount includes the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as the Chairperson, in the Appointments and Compensation Committee, *pro rata temporis* for the office held from 1 January 2023 to 22 February 2023, and for participation, as the Chairperson, in the Sustainable Value Creation Committee, *pro rata temporis* for the office held from 22 February 2023 to 31 December 2023.

**8) Fabiola Mascardi - Non-executive Director**

- a) The amount includes the annual fixed compensation established by the Shareholders' Meeting on 26 April 2022 for the office of Director.
- b) The amount includes the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as the Chairperson, in the Sustainable Value Creation Committee, *pro rata temporis* for the office held from 1 January 2023 to 22 February 2023, and for participation, as the Chairperson, in the Appointments and Compensation Committee, *pro rata temporis* for the office held from 22 February 2023 to 31 December 2023.

**9) Gianmarco Montanari - Non-executive Director**

- a) The amount includes the annual fixed compensation established by the Shareholders' Meeting on 26 April 2022 for the office of Director.
- b) The amount includes the fixed annual compensation established by the Board of Directors' meeting of 18 May 2022 for participation, as Chairperson, in the Control, Risk and Related Party Transactions Committee.

**10) Giulia Pusterla - Chairperson of the Board of Statutory Auditors**

- a) The amount includes the annual fixed compensation established by the Shareholders' Meeting of 26 April 2022 for participation, as Chairperson, in the Board of Statutory Auditors.

**11) Maurizio Di Marcotullio, Standing Auditor**

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

**12) Paola Maiorana - Standing Auditor**

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

**13) Executives with Strategic Responsibilities**

- a) The amount of 2,560,889.06 euros corresponds to the G.A.C. 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 47,431.01 euros.

b) The amount of 1,861,739.24 euros includes:

- the gross aggregate value of the 2023 annual monetary incentive to be paid in 2024, amounting to 1,040,537.57 euros;
- the gross aggregate value of the Long-Term Monetary Incentive allocated in 2021 and to be paid in 2024, amounting to 638,688.23 euros;
- the monetary value of the rights relating to the 2021-2023 Co-investment Plan paid to two Executives with Strategic Responsibilities appointed as Independent Operators / Compliance Managers, equal to 182,513.44 euros.

In addition, in 2023 the following incentives pertaining to 2022 were paid: 973,603.44 euros relating to the 2022 annual monetary incentive; 583,795.00 euros relating to the Long-Term Monetary Incentive awarded in 2020 and paid in 2023; 181,391.44 euros as the monetary countervalue of the fees relating to the 2018-2020 Co-investment Plan disbursed in 2023 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 2021-2023 assigned to the Chief Executive Officer and, at aggregate level, to Executives with Strategic Responsibilities.

More specifically:

- The ***“Number and type of financial instruments”*** column shows the number of rights allocated for the stated plan;
- the ***“Fair Value on assignment 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 2023 was 5.4516 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 and Executives with Strategic Responsibilities based on the performance level related to the 2021-2023 vesting period and reported by the Board of Directors on 12 March 2024;
- 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		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
		Number and type of financial instruments	Vesting period	Number and type of financial instruments	Fair Value on allocation date (euros)	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)
<b>Paolo Gallo</b> Chief Executive Officer	2021 Co-investment Plan Italgas BoD of 04/05/2021									124,697	5.1446	327,548
	2022 Co-investment Plan Italgas BoD of 09/03/2022	45,494	Three-year									267,971
	2023 Co-investment Plan Italgas BoD of 09/03/2022			48,939	266,796	Three-year	09/03/2023	5.4516				166,356
<b>Executives with Strategic Responsibilities</b>	2021 Co-investment Plan Italgas BoD of 04/05/2021									137,299	5.1446	360,645
	2022 Co-investment Plan Italgas BoD of 09/03/2022	54,465	Three-year									320,813
	2023 Co-investment Plan Italgas BoD of 09/03/2022			65,882	359,162	Three-year	09/03/2023	5.4516				223,950
<b>Total</b>		<b>99,959</b>		<b>114,821</b>	<b>625,958</b>					<b>261,996</b>		<b>1,667,282</b>

## 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.

More specifically:

- 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 2023;
- the ***“Bonuses for the year - Deferred”*** column shows the amount of the incentive allocated for the year 2023 under the Long-Term Incentive Plan (LTI);
- 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**

(Amounts in €)

Name and Surname	Office	Plan	Bonus for the year			Bonus from previous years			Other bonuses
			Payable/paid	Deferred	Deferral period	No longer payable	Payable/paid	Still deferred	
Board of Directors									
Paolo Gallo	Chief Executive Officer	2023 Short-Term Incentive Plan Italgas BoD of 12/03/2024	495,482						
		2023 Long-term Incentive Plan Italgas BoD of 24/10/2023		556,750	Three-year				
		2022 Long-term Monetary Incentive Plan Italgas BoD of 26/10/2022						556,750	
		2021 Long-term Monetary Incentive Plan Italgas BoD of 26/10/2021					433,990		
Total			495,482	556,750		0	433,990	556,750	0
Executives with Strategic Responsibilities									
11 Executives with Strategic Responsibilities		2023 Short-Term Incentive Plan Italgas BoD of 12/03/2024	1,040,538						
		2023 Long-term Incentive Plan Italgas BoD of 24/10/2023		848,820	Three-year				
		2022 Long-term Monetary Incentive Plan Italgas BoD of 26/10/2022						802,580	
		2021 Long-term Monetary Incentive Plan Italgas BoD of 26/10/2021					638,688		
		Bonus Bank Plan 2021 - Italgas BoD of 10/03/2021 Monetary disbursement Independent Managers as per functional unbundling regulations					182,513		
		Bonus Bank Plan 2022 - Italgas BoD of 09/03/2022 Monetary disbursement Independent Managers as per functional unbundling regulations						108,549	
		Bonus Bank Plan 2023 - Italgas BoD of 09/03/2023 Monetary disbursement Independent Managers as per functional unbundling regulations		108,542					
Total			1,040,538	957,362		0	821,202	911,129	0
Grand Total			1,536,020	1,514,112		0	1,255,192	1,467,879	0

## Table 4 – Shareholdings held

In accordance with Article 84-*quater*, fourth subsection, 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 2023)

Name and Surname	Office	Investee Company	Number of shares owned as at 31 December 2022	Number of shares purchased in 2023	Number of shares sold in 2023	Number of shares owned as at 31 December 2023
Paolo Gallo	Chief Executive Officer	Italgas	352,862	160,613 (*)	0	513,475
Benedetta Navarra	Chairman of the Board of Directors	Italgas	0	0	0	0
Claudio De Marco	Non-executive Director	Italgas	0	0	0	0
Gianmarco Montanari	Non-executive Director	Italgas	200	0	0	200
Qinjing Shen	Non-executive Director	Italgas	0	0	0	0
Fabiola Mascardi	Non-executive Director	Italgas	0	0	0	0
Manuela Sabbatini	Non-executive Director	Italgas	0	0	0	0
Lorenzo Parola	Non-executive Director	Italgas	0	0	0	0
Maria Sferruzza	Non-executive 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 2023)

	Investee Company	Number of shares owned as at 31 December 2022	Number of shares purchased in 2023	Number of shares sold in 2023	Number of shares owned as at 31 December 2023
11 Executives with strategic responsibilities	Italgas	77,312	136,311 (*)(**)	60,163 (***)	156,260 (****)

(\*) 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, 6,862 shares were purchased by persons closely associated (i.e., spouse, children, directly or through subsidiaries, trust companies or intermediaries) with Executives with Strategic Responsibilities.

(\*\*\*) Of these, 30,191 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 29,972 shares were sold as ordinary Italgas shares.

(\*\*\*\*) Number of shares held at 31 December 2023 by Executives with Strategic Responsibilities and persons closely associated with them (i.e. spouse, children, directly or through subsidiaries, trust companies or intermediaries).