



2020

Corporate Governance



Contents

REPORT ON CORPORATE GOVERNANCE AND ON THE COMPANY'S OWNERSHIP STRUCTURE	3
Introduction	6
Ownership Structure	11
Corporate Governance	19
Annexes	73
REPORT ON COMPENSATION POLICY AND ON COMPENSATION PAID IN 2020	85
Introduction	87
Section One	88
Section Two	99
Motions	106

This document has been translated into English for the convenience of readers outside of Italy.
The original Italian document should be considered the authoritative version.

Report on compensation policy and on compensation paid in 2020



CONTENTS

1 INTRODUCTION	87
1.1 Foreword	87
1.2 Regulatory framework	87
1.3 Purpose and contents	87
1.4 Preparation and structure	88
2 SECTION ONE	88
2.1 Governance and compliance	88
2.2 Compensation policy: purpose and general principles	89
2.3 Structure, composition and development of the compensation policy: fiscal year 2020	90
2.4 Compensation policy orientation and guidelines for 2021	95
2.5 Policy orientations and guidelines for the Board of Statutory Auditors	97
2.6 Operating procedures	98
3 SECTION TWO	99
3.1 Schedule of the compensation of Directors, Statutory Auditors and Executives with strategic responsibilities	99
3.2 Schedule of monetary incentive plans for Directors and Executives with strategic responsibilities	104
3.3 Schedule of equity interests held by Directors, Statutory Auditors and Executives with strategic responsibilities	105
MOTIONS	106

1. INTRODUCTION

1.1 FOREWORD

The Shareholders' Meeting elected the current Board of Directors on 2 April 2019, defining its term of office as covering a period of three fiscal years (2019-2021), i.e. until the Shareholders' Meeting convened to approve the 2021 financial statements. In the course of 2019 and 2020, however, some changes were made due to the changes affecting the offices of the Chairman and the Chief Executive Officer, and the resignation of three directors. Its current composition was supplemented by the shareholders' meeting of April 28, 2020 which appointed two new directors and confirmed the director co-opted by the Board.

Within the scope of its operations, the Board of Directors established a series of committees, including the Compensation Committee, and appointed the respective Chairmen (the "Board Committees"). As explained later in this Report, the compensation of the members of the BoD was determined by the Shareholders' Meeting, upon a motion by the controlling shareholder, while that of Directors who perform special functions (Chairman and Chief Executive Officer) and of the members of the various Board Committees and the Oversight Board was determined by the Board of Directors upon proposal by the Compensation Committee and with the input of the Board of Statutory Auditors.

Moreover, the Compensation Committee also submitted its proposal and general recommendations about the compensation policy guidelines for managers, and specifically for top managers, the members of the Executive Committee reporting directly to the Chief Executive Officer (Comex) composed of the directors of the main business areas of the Group, identified in accordance with the criteria set forth art. 123-ter in Legislative Decree nr. 58 of 24 February 1998 (known as TUF) and also defined as executives with strategic responsibilities.

1.2 REGULATORY FRAMEWORK

This Report was developed pursuant to and in implementation of the general regulatory framework of reference on the subject of compensation policy at an EU and national level, and particularly of the provisions of EU Directive 2017/828 (SHRDII), of Art. 123 ter of the TUF as recently amended by Legislative Decree nr. 49/2019, and it was prepared in accordance with the guidance provided by the Consob on the subject of compensation policies, as of the latest Resolution Nr. 21623 of 10 December 2020, which amended the Issuers' Regulation published by the Consob itself for the purpose of implementing the TUF. In addition, the principles set forth in Article 5 of the Corporate Governance Code for Listed Companies, 2020 edition (the "Code 2020") are adopted as general reference guidelines on compensation policies for this Report (with the specifications indicated below) as well as the recommendations suggested by the Corporate Governance Committee.

1.3 PURPOSE AND CONTENTS

This Annual Compensation Report provides information aimed at enhancing the knowledge and awareness of shareholders, investors, the market in general, and the Consob with regard to:

Section One

- the Company's general policy concerning the compensation of directors, top managers, and managers more in general, relating to the financial years 2020-2021 and the statutory auditors relating to the financial years 2020-2022, describing the governance and procedures applied to define, implement, and assess the implementation of the abovementioned policy in 2020.

Section two

- a detailed and analytical breakdown of the items and amounts that make up the compensation of Directors, listing fixed and variable cash components, any compensation based on financial instruments – if and where adopted-, the correlation between short/medium/long-term targets and results of the company and the variable components of compensation, non-cash benefits, any equity interests held in the Company or its subsidiaries, as well as any other indemnity or type of compensation stipulated in the event of early termination or scheduled termination without renewal of the appointment to the post held;
- a detailed breakdown of the items and the amounts that make up the compensation of statutory auditors;
- aggregate information about the items and amounts that make up the compensation of executives with strategic responsibilities, listing fixed and variable cash components, any compensation based on financial instruments –if and where adopted-, the correlation between short/medium/long-term targets and results of the company and the variable components of compensation, non-cash benefits, as well as any other indemnity or type of compensation stipulated in the event of the possible termination if not provided for by the applicable work contract and/or by law. Illustrating how the Company took into account the vote expressed by the assembly on the second section of the report.

1.4 PREPARATION AND STRUCTURE

This Report on the Compensation Policy and on Compensation paid in 2020 (Compensation Report 2020) drafted by the Company, was approved by the Board of Directors at a meeting held on 17 February 2021 (in consideration of the input provided by the Compensation Committee and the Board of Statutory Auditors); Section One of this Report is being submitted for binding vote to the Shareholders' Meeting convened to approve the financial statement for fiscal year 2020, while section two is being submitted to the abovementioned Shareholders' Meeting for advisory vote.

This Report is included in the *Corporate Governance* document, published together with the Financial Report and the Report on Operations for fiscal year 2020; it will be made available to the market at least 21 days prior to the date of the abovementioned Shareholders' Meeting and is available on the Company's website: www.edison.it section Governance.

This Report is structured, in accordance with the guidelines provided in the abovementioned Article 84-quater and conforms to Annex 3A, Form 7-bis and Form 7-ter, as cited in said Article.

2. SECTION ONE

2.1 GOVERNANCE AND COMPLIANCE

The current Board of Directors, with the clarifications indicated in the Foreword, was appointed by the Shareholders' Meeting of 2 April 2019, for a term of office ending with the Shareholders' Meeting convened to approve the financial statements for fiscal year 2021. The abovementioned Shareholders' Meeting established the compensation of the members of the Board of Directors, setting it at a gross annual amount of €50,000 for each Director, plus a gross attendance fee of €1,800 for each meeting of the Board of Directors attended by a Director. The abovementioned resolutions were adopted by the Shareholders' Meeting upon a motion by the controlling shareholder, consistent with the amounts applied to the previous Board of Directors.

Subsequently, at the meeting of 3 May 2019, the Board of Directors, having obtained the opinion of the Compensation Committee and that of the Board of Statutory Auditors, in line with the compensation policy submitted to the assembly in 2019 and in consideration of the reference benchmarks, passed resolutions on:

- the compensation for members of the Board's Committees (Control and Risk Committee; Compensation Committee, and Related party transactions Committee) and the Oversight Board, to be in place throughout the length of the term of office;
- the compensation of the Chairman and the Chief Executive Officer, for the year 2019 only.

Subsequently, following the changes occurred with effect from 1 July 2019 within the Board of Directors and in particular concerning the Chairman and Chief Executive Officer, the Board of Directors convened on 13 February 2020, having obtained the opinion of the Compensation Committee and where necessary also of the Related Party Transactions Committee as far as it is concerned, and having obtained the opinion of the board of Statutory Auditors, defined the structure and the amount of the compensation of the Directors performing special functions, to be valid until the expiry of the current mandate, i.e. the approval of the financial statements for fiscal year 2021.

2.2 COMPENSATION POLICY: PURPOSE AND GENERAL PRINCIPLES

The fundamental purpose of the Company's general compensation policy is to attract and retain the best resources to foster the Company's growth in its market sector, acknowledge the responsibilities assigned to them, motivate them to work towards both short, medium, and long-term goals aimed at creating sustainable value for all internal and external stakeholders in compliance with the official risk management policy, and reward them for their achievements.

When defining a compensation policy, the following factors are taken into account:

- the main features of the compensation policy applied during the previous year;
- the overall macroeconomic scenario and current trends, specifically with regard to the labour market;
- trends in the compensation area with regard to large companies that operate in the domestic and European market, with special emphasis on the Italian energy sector; the company usually refers to surveys and reports on compensation and benefits in Italy released by Korn Ferry, in the comparison with the panel of companies represented in them;
- the Company's current financial situation, its short-term and medium-term objectives and the challenges posed by the medium/long-term strategies defined in the Company's strategic plan;
- the general targets established on the subject of compensation policies by the EU and International ESG (Environmental, Social & Governance) standards, as specifically adopted by the Company in the Non-Financial Statement Document.

For the purpose of analysing market trends and benchmarking vis-à-vis the market of the competitiveness of the Company's policies and the compensation of managers, the Company relies on the findings of external surveys carried out by qualified international consulting companies. In addition to the abovementioned findings, specifically with regard to compensation policies for Directors, the Compensation Committee can consider on each occasion whether it should secure, at the Company's expense, the support of qualified external consulting companies different from those normally used by the Company's management. The Committee availed itself of this option as it was outlining the structure and the amount of the compensation applied to all the members of the Board of Directors and the Board Committees, of the directors performing specific functions (Chairman and CEO), as well as the Oversight Board and the Board of Statutory Auditors, to be valid throughout the entire duration of the term of office for fiscal years 2019, 2020, and 2021.

2.3 STRUCTURE, COMPOSITION AND DEVELOPMENT OF THE COMPENSATION POLICY: FISCAL YEAR 2020

Structure of Compensation

Taking into account the general purposes stated above, in 2020 the compensation policy was developed based on the reference principles and guidelines defined by the Board of Directors on , 13 February 2020 after consulting the Compensation Committee, , and acquired, where necessary, the opinion of the Related Party Transactions Committee as far as it is concerned, having obtained the opinion of the Board of Statutory Auditors and included in the Compensation Report approved by the Meeting of 28 April 2020.

Particularly with regard to the Top Managers and other Managers, as well as to all the other staff of the Company, the development and actual implementation of the compensation policies throughout fiscal year 2020 has also been significantly affected by the situation created by the health emergency as a result of the Covid-19 pandemic, as more thoroughly described at the end of this chapter.

In general, and particularly with regard to the members of the governance bodies of the company, the compensation policy was developed in accordance with the following principles and guidelines:

- The compensation of non-executive Directors is commensurate with the required level of commitment and takes into account any service on Board Committees. It is comprised of a predetermined fixed annual amount and an attendance fee for each meeting of the Board of Directors or one of the Committee attended by a Director. For members of the various Committees, the Board awarded the same compensation to each Committee member, and this was updated based on the evidence provided by the external benchmark the company has referred to, with the exception of Committee Chairmen, who receive a slightly higher compensation, consistent with market practice. Said compensation has been awarded for the entire duration of their term of office. No type of variable compensation tied to corporate results is provided in any form;
- For Directors entrusted with special functions (Chairman and Chief Executive Officer), the cash compensation is structured as follows: a fixed gross annual component and, exclusively for Directors to whom management authority and operational control are being delegated (the Chief Executive Officer), a variable gross annual component;
- The fixed gross annual compensation must be commensurate with the level of responsibility entailed by the function performed and large enough to ensure that the economic package will be sufficiently competitive, even if no variable annual component is disbursed. With regard to the year 2020, taking into account the principles and general criteria presented in Section 2.2 above, the current Board of Directors, acting upon a recommendation by the Compensation Committee, with the input of the Board of Statutory Auditors, has confirmed the structure and the amounts of the compensation as defined during the previous fiscal year, to be valid for the entire duration of the three-year term of office 2019-2021. Consequently, it has been defined as follows with regard to fiscal year 2020.

Chairman Compensation

- Has been determined in a single fixed component confirmed in the same amount as in fiscal year 2019, with a 12.5% cut vis à vis the previous fiscal year. As expressly requested by the Chairman, this component and all other compensation provided for serving as a Director are paid by Edison Spa directly to its Parent Company EDF SA.

CEO Compensation

- Has been redefined in its structure and amount in 2019, to be valid for the remainder of the term of office (fiscal years 2020 and 2021) in consideration of the expected reduction in the corporate economic and financial profile as well as in the asset portfolio as a result of the expected transfer of the E&P assets, as well as the ensuing new positioning of this post based on benchmarks with the market. Against this backdrop, the overall amount has been reduced by 30% vs the previous three-year term of office, and it has been restructured into three components: fixed gross annual compensation, variable gross annual compensation (MBO), and a new, medium-term variable cash component (three-year LTI, 2019-2021, similarly to what defined for top managers and middle managers benefitting from an LTI.)
- Moreover, the benefits provided by the Company the CEO is employed at (parent company Transalpina di Energia S.p.A.), benefits applied to the managers of the Edison Group.
- As a result, the structure of the compensation of the Chief Executive Officer and the impact of each component on the overall annual compensation is the following: fixed gross annual compensation 61%, variable gross annual compensation (MBO) at target value 24%, and variable cash medium-term component (LTI) with annual quota at target value 15%.
- The variable gross annual compensation of the Chief Executive Officer is predetermined based on a target value (100%) and a minimum and maximum economic value equal to 75% and 125%, respectively, of the target value and is predicated on the achievement of annual economic-financial, industrial and commercial targets and of targets connected in a more general way to sustainability parameters that are conducive to the strategic development of the company. Said goals are predefined and measurable, and they are assigned by the Board of Directors, further to a recommendation by the Compensation Committee and with the input of the Board of Statutory Auditors.

Top Management Compensation

- For all management, including Top Managers with strategic responsibilities, the general guidelines of the compensation policy were confirmed, divided into three components (fixed compensation, short-term variable compensation and, for Top Managers and for a selected group of managers inserted, a medium-long term variable compensation is also applied - LTI program - cycle 2019-2021).
- As a result, the structure of the compensation of the Top Managers and the impact of each component on the overall annual compensation is the following: fixed gross annual compensation ca. 65%, variable gross annual compensation (MBO) at target value ca. 20%, and variable cash medium-term component (LTI) with annual quota at target value ca.15%.
- The variable gross annual compensation of the Chief Executive Officer is predetermined based on a target value (100%) and a minimum and maximum economic value equal to 75% and 125%, respectively, of the target value and is predicated on the achievement of annual economic-financial, industrial and commercial targets and of targets connected in a more general way to sustainability parameters that are conducive to the strategic development of the company. Said goals are predefined and measurable, the 60/70% of these goals are the same assigned by the Board of Directors to the CEO, the remaining percentage is assigned by the CEO based on the individual responsibilities of each Top Manager.

As a rule, the compensation defined for the Chief Executive Officer and for all company employees is deemed to include all compensation that may result from any assignments performed on behalf of and in the interest of the Company, in subsidiaries and/or other investee companies, as well as associations, entities, and foundations;

2020 Targets for CEO and Top Management

For 2020, taking into account the extraordinary context generated by the pandemic, the following goals have been assigned:

- economic and financial targets, with a combined weight of 55% (measured by way of indicators based on Ebitda, cash flow, and the trend in operating expenses);
- operating performance targets of an industrial and commercial nature, with a combined weight of 20% (consisting of the unavailability of the thermoelectric generation fleet, hydrocarbon production level, development of renewable sources in terms of installed MWs, wholesale power market Ebitda, customer portfolio development, turnover from energy services in the end market, and satisfaction of residential customers -Net Promoter Score-);
- social targets, also related to some strategic ESG targets taken on by the company and expressed in the Non-Financial Statement Document, with an overall weight of 10% referring to the occupational injury rate, both for Company employees and employees of third party companies working for the Company, and to the level of managerial leadership, measured through a dedicated survey carried out among the employees by a qualified external company;
- in the light of the extraordinary ongoing emergency, a specific target has been set with a 10% weight concerning the operational and social management of the COVID-19 emergency by the management team. In particular, the assessment takes into account the ability to ensure the continuity of services provided to clients, to minimise the impact of the emergency on the development of projects currently under way, on the management of the health and safety of the employees, and the ability to minimise the impacts on payments, and on a responsive and suitable organisation and corporate IT systems in supporting the continuity of the activity of the personnel and the company as a whole;
- finally, this basket of annual targets rounded out, like in the previous years, with the addition of a strategic development target, whose evaluation was to be based on the opinion expressed through the Board of Directors for a qualitative assessment. However, due to the current situation, its weight was reduced to 5%. The Board has taken into special consideration the work and the achievements of the management team, also considering the impact of the overall corporate performance on the medium- and long-term corporate growth and sustainability prospects.

The abovementioned general targets, entrusted to the Chief Executive Officer, also represent common annual objectives for the Company's top management and its managers in general, supplementing specific area and/or personal targets. Taking into account the current specific external context, the weight of the common corporate objectives for the company's management has been raised by 10%. As a result of this decision, the common corporate objectives have therefore acquired a 70% incidence on the overall targets assigned to the Top Managers with strategic responsibilities, and a 30 to 40% incidence on overall targets for management in general.

The economic and financial results, and the overall performance achieved by the company over the course of fiscal year 2020, was remarkable and beyond budget both in terms of the impact on the fiscal year and of potential reflecting on the company's medium- to long-term growth and development prospects. Moreover it was achieved in a particularly unfavourable external context characterised by the pandemic emergency. With regard to the results achieved on the common objectives assigned for fiscal year 2020 to the Chief Executive Officer, in consideration of the ongoing pandemic emergency and of the potential, relevant repercussions on the country's economic and industrial fabric and the hold of employment and income levels, as well as the growing attention paid by the stakeholders to the fact that the company is supposed to be not only an economic player, but also bears a responsibility to produce economic, social, and environmental wellbeing in the communities where it operates, the Board of Directors meeting of 17 February 2021, upon a recommendation by the Compensation Committee and with

the input of the Board of Statutory Auditors, has reviewed the data and concluded that the payout quantification level is 110%, even if the results achieved were well beyond target and amounting to 116%. The payout percentage will also be used as a reference for the quota of common objectives related to the 2020 MBO of top managers and all managers, according to the applicable evaluation scale. Simultaneously, the Board of Directors has resolved to allocate the sum equivalent to the difference between the MBO value resulting from the actual performance achieved (116%) and that assigned (110%) to the support of specific corporate solidarity and social responsibility initiatives, in line with previous initiatives carried out by the Company and its management throughout fiscal year 2020.

No medium/long-term stock and/or cash incentive tools were introduced for the Chairman and the Directors.

Long term Incentive

The Chief Executive Officer, the top managers who are members of the Comex and a restricted number of senior managers and high potential young managers currently benefit from a cash incentive plan (LTI) for the years 2019 to 2021, defined by the Board of Directors after hearing the opinion of the Compensation Committee and of the Board of Statutory Auditors, in line with the general guidelines on compensation policies approved by the shareholders' meeting.

The abovementioned LTI scheme includes medium-term reference objectives such as economic and financial targets, as well as targets related to the key drivers of the company's strategic development in the medium to long term, related to the expansion of the commodity trade portfolio, to the development of energy efficiency, and to the development of power generation from renewable sources, also leveraging industrial, commercial, and skills synergies expressed through the international group the company is part of. The values underpinning said objectives in the Medium Term Strategic Plan approved by the Company's Board of Directors for the plan's reference time frame have been taken as measurement parameters. The potential pay out is defined during the exercise 2022, after the approval of the 2021 financial statement and the definition of the LTI plan' results.

Implementation of the 2020 compensation policy and specific initiatives also in relation to the health emergency

Over the course of the year, the extraordinary situation caused by the pandemic has led the Comex to remarkably limiting compensation policy actions for managers and to promoting the allocation of part of those funds to specific external initiatives supporting emergency response services as well as income support initiatives for corporate staff whose work was disrupted because of the pandemic and of the nature of their tasks not enabling remote working. This context resulted in particular in two specific initiatives:

- Part of the management's bonus for fiscal year 2019, which was paid out in 2020, was donated. This voluntary initiative raised about € 200,000. An equal amount was donated by the Company in support of the initiatives carried out by specific hospitals during phase one of the health emergency;
- Voluntary transfer of annual leave was implemented with an agreement with the Corporate Unions Representatives. Within this initiative, the company's management team transferred a quota of annual leave in the region of € 210,000. This amount was integrated by an equal amount donated by the company leading to a total of around € 420,000, which has helped mitigate significantly the loss in compensation suffered by non-manager employees of some subsidiaries who were involved in the redundancy fund scheme (CIG) implemented due to the Covid emergency during the lockdown period.

Within this context, during the course of fiscal year 2020 the compensation policy applied to the managers of the company has totalled spending in salary increases on the structural components of compensation of 1.1% of the total reference salaries, against the approved budget for the fiscal year of 2.1%

Claw back clauses

No claw-back clauses have been introduced concerning the short-term variable component for executive Directors and Managers with strategic responsibilities, in consideration of the contractual employment relation existing between the executive directors in office, the Top Managers and the companies representing the shareholding structure, as a result of the rigorous assessment and monitoring process of the results achieved with regard to the variable component, carried out by the Company and verified by bodies independent of management. Moreover, the relatively low impact of said variable component in terms of absolute value must also be taken into consideration, as well as the rare occurrence of this practice on the market, except in specific sectors (such as banking and insurance) which are different from those where the company operates and competes.

Benefits and Indemnities

With regard to special benefits, please note that: considering the responsibilities of his post and the operational modalities with which he performs his duties, no special benefits are being provided to the Chairman; as for the benefits provided to the current Chief Executive Officer, being an employee of the parent company in secondment for the holding, the same benefits applied by Edison to all its employees are applied, as outlined below. All members of the Board of Directors and of the Board of Statutory Auditors benefit from specific corporate insurance policy for third party liability.

The Company's benefit policies common to all managers also apply to Top Managers with strategic responsibilities. These policies specifically provide for the award of a company car both for business and personal use, specific pension and health care coverage, insurance for work-related and non-work-related accidents and illness, and life insurance. The maximum insurable amounts covered by these policies are higher than those required currently by the relevant collective bargaining agreement, and are compared with the market of comparable companies by means of specific reports provided by specialised external companies.

The Company is not a party to any agreements with Directors, including the Chief Executive Officer, calling for the payment of special indemnities in the event of resignation or termination of the appointment/assignment for any reason and/or cause, or if he/she is removed from office due to a tender offer or if the appointment/assignment is not renewed upon its scheduled expiration, also in the light of the fact that the people with executive offices are at the same time working for the companies that make up the company's shareholding structure -except independent directors. Said professional relations are regulated by specific individual employment contracts, which for what concerns the continuity of the relations are formally separate from and independent of any corporate assignments and their cessation. This profile is equally relevant for the executives of companies that are part of the shareholding structure who may be asked to perform executive duties in the Board of the Company and/or of subsidiaries and associates, including executives with strategic responsibilities.

Succession Plans

The Board of Directors has not deemed it necessary to provide for specific succession plans for Directors performing executive duties, in consideration of, among other things, the current shareholding structure and the ample availability of managerial resources within the

International Group of the majority shareholder. These elements are deemed sufficient to determine that it is not strictly necessary to identify specific possible replacements beforehand. However, the reference processes and criteria used within the Group, with specific reference to the succession plans for the Directors performing executive duties are currently being assessed by the Compensation Committee and will be submitted to the Company's Board of Directors. For what concerns the succession plans for top managers and managers holding relevant posts, they are managed by the Company's management team within a dedicated internal process and are updated on a regular basis.

2.4 COMPENSATION POLICY ORIENTATION AND GUIDELINES FOR 2021

The Board of Directors, acting further to a favourable opinion by the Compensation Committee and with the input of the Board of Statutory Auditors, developed the following framework and guidelines for the current year.

- Macro-economic scenario: 2020 was characterised by the unforeseen and extraordinary impact of the pandemic emergency, which has resulted in plummeting GDP on a global scale (-4,5%) and in a general increase in public debt. The emergency is expected to continue in 2021, at least in the early months, which results in forecasts of a highly uncertain macro-economic scenario in terms of the timing and intensity of recovery. On top of that, the crisis ensuing from the pandemic emergency is deep and pervasive, and this is expected to possibly generate a structural change in economic models and lifestyles that might reflect significantly onto the consumption prospects and patterns after the pandemic.
- Within the framework of this economic scenario, in 2020 Italy recorded a sharp decline in GDP (about -9%) and a further rise in the public debt to GDP ratio (about 30 percentage points, to reach almost 160%), as a result of the need for the state to step in and support industry sectors and the incomes of the employed people mostly affected by the measures taken to face the emergency. In 2021, Italy is expected to start recovering only part of the losses of the previous year (GDP forecasted in a wide range between 3 and 5%). However, the recovery will be influenced by heavily uncertain elements concerning the actual and permanent end of the pandemic emergency.
- The impact of the pandemic emergency on the Italian energy sector has highlighted a good level of economic and operational resilience from the main players in this industry, despite declining consumption as a result of the pandemic (-5,3% for electricity consumption and -4,1% for gas consumption, a particularly heavy decline shown by industrial clients. The overall resilience of the industry is also a result of relevant specific factors that are giving new momentum and radically transforming this sector, especially the new energy policies geared towards carbon neutrality supported by an intense development of new technologies that can be implemented across the entire energy value chain. This leads to the medium- to long-term forecast of scenarios characterised by an increasing intensity in power consumption despite the expected enhanced energy efficiency. These perspectives have laid the foundations for starting a new cycle of investments and development in the electricity industry, coupled with the beginning of relevant transformation processes involving the business and operating patterns for all the key players of this industry.

Within this scenario, even the healthcare crisis, once the emergency has been overcome, can be the driver of a further acceleration, which can be triggered in particular as a result of the important financial resources provided by the Next Generation EU programme. Said resources are geared, in particular, towards supporting initiatives and projects for renewable and low-carbon electricity generation, new methods for the production and storage of electricity

(e.g. hydrogen and batteries), new sustainable mobility models, and new efficiency-boosting energy consumption models, specifically in public and private buildings, enabled by the adoption of new digital technologies.

- The abovementioned scenario in the electricity sector confirms the dynamic trend of the labour market in this sector that was recorded in the 2 years prior to the pandemic emergency, and makes for reasonable forecasts for possible further developments as soon as the post-pandemic recovery gets under way.

In particular, the transformation of the electricity sector, strengthened and sped up by the financial resources injected by Next Generation EU, will result in increased interest and dynamism in the labour market in this sector, particularly in terms of profiles with skills that are conducive to the development of initiatives and projects consistent with the guidelines of action established by the European and national programmes, and for professionals who are highly skilled in the new digital skills conducive to supporting the current overhaul of the sector and the innovation of the solutions offered on the market.

- Within said market scenario, the current general trends and the forecasts on the subject of compensation policies on the general domestic market of medium-sized and large companies, acquired by means of the systematic surveys the company receives from specialized external companies, have recorded a dynamic of growth in the fixed gross annual component of about 1% for Executive Directors and Top Managers in 2020, and a growth in the global annual gross component of 2.1%, showing a decline by more than 1% against the previous year and the forecasts for 2020 made before the pandemic.

As far as the energy sector is concerned, more specifically, in 2020 the compensation dynamic recorded a 2.2% increase in the fixed component and a 2.6% increase in overall annual salary, showing a slight decline versus the previous year.

As for 2021, Directors and Top managers on the general Italian market can expect an increase in the compensation dynamic (about 2.3% to 2.7% in the fixed gross annual component), while the forecasts for the energy sectors are slightly lower and in line with the previous fiscal year with a 2.2% increase.

These forecasts and values in the compensation growth dynamic factor in the effects of the meritocratic salary policies adopted by the companies and of the automatic contractual adjustments for seniority for Directors and Top Managers with an employed work contract.

- Within the framework of the compensation dynamic outlined above, and in line with the practice implemented in previous years, Edison adopted a moderate salary policy, particularly with regard to the Directors and Top managers, and a more competitive salary policy in comparison with the market for young managers and resources with a high growth potential but not yet entrusted with managerial responsibilities. Edison pursues the goal to implement a salary policy that focuses on enhancing its talents and protecting them from the market, particularly middle managers and young managers in key organisational positions with a high potential for development and enhancement of skills that are relevant to the company. Moreover, the company aims to maintain a balanced, sensible, and fair salary dynamic between the company's top managers, managers, and the corporate population in a broader sense. As far as this profile is concerned, the ratio between the average gross annual compensation of all the employees of the company and the top managers, including the CEO, is equal to a parameter of about 8X.

The company's salary policy is also integrated by a competitive benefits package for all managers and employees of the company, and by a corporate contractual welfare scheme the company is currently enhancing and extending to the employees of recently acquired

companies. Consequently, and in line with the guidelines defined by the Board of Directors in implementing the policies and directions represented in the Compensation report approved by the shareholders' meeting for the year 2020, the company's compensation policy was structured as follows:

- with regard to Directors performing special duties, and to the members of the Committees set up within the Board of Directors, please refer to the provisions under chapters 2.2 and 2.3 above;
 - with regard to the top managers and the managers in general, the salary policy has recorded a 1,1% increase in 2020.
- With regard to the corporate salary policy for 2021, after hearing the advice of the Compensation Committee and the input of the Board of Statutory Auditors, in consideration of the macro-economic scenario and of the salary dynamics projections, the Board of Directors has developed and defined the following guidelines:
 - the Chairman's compensation is confirmed in the same amount of the two previous fiscal years, as it is deemed suitable for the rest of the term of office;
 - the compensation of the Chief Executive officer is deemed suitable and therefore confirmed in its structure and overall amount for the final year of the three-year reference period of duration of the current term of office;
 - with regard to the Top management and management compensation policies, in consideration of the salary policy projections expressed by the abovementioned market analyses as well as of the general economic framework, it is deemed adequate to budget salary policy expenditure for 2021 (in terms of the fixed gross annual component) in line with the general market projections (2.2%), slightly more cautious than in the general Italian market. The development and implementation of said policy, like in 2020, might still take into consideration its mode of application within the framework of the developments of the current pandemic emergency.
 - As far as the 2021 targets for the variable, short-term component (MBO) of the Chief Executive Officer, it is also deemed appropriate to confirm the general structure of a panel to include economic and financial targets as well as industrial, commercial operating targets, and social targets (including ESG targets), geared towards performance sustainability and corporate growth in the medium- to long term. This structure and panel of targets are also part of the common corporate targets for top management and corporate management at large.

2.5 POLICY ORIENTATIONS AND GUIDELINES FOR THE BOARD OF STATUTORY AUDITORS

The compensation of the Board of Statutory Auditors currently in office was established by the assembly on April 28th 2020, based on the indication of the controlling shareholder Transalpina di Energia S.p.A., who confirmed the fixed annual remuneration of € 75,000 gross for the Chairman and € 50,000 gross for each statutory auditor assigned for the previous term. The shareholders' meeting of 28 April 2020 also attributed an attendance fee of € 1,000 for the Chairman of the Board of Statutory Auditors, and € 750 for each of the other two standing auditors, for each meeting of the Board of Statutory Auditors or one of the Committees established in 'area of the Board of Directors in which each of them takes part.

The compensation is to be deemed commensurate with the level of engagement required, the relevance of the position, and the size and scope of the Company.

Said compensation is defined and remains valid throughout the entire period of the office of the Board of Statutory Auditors, or until the meeting for the approval of the 2022 financial statements.

2.6 OPERATING PROCEDURES

The corporate governance bodies involved in managing the compensation of Directors, Top Management and Statutory auditors are:

- The Shareholders' Meeting, which defines the annual compensation of the Board of Directors relative to the duration of each term of office and, consistent with Article 123-ter of the TUF, must cast a binding vote with regard to the first section of the Compensation Report prepared by the Board of Directors and submitted to the Shareholders' Meeting in connection with the approval of the annual financial statements, as well as an advisory vote with regard to the second section of the report.
- The Board of Directors, which decides how the compensation awarded by the Shareholders' Meeting should be allocated among its members, unless the Shareholders' Meeting has already defined it, and defines the compensation guidelines indicated in the Report prepared annually by the same and approved by the Shareholders' Meeting. Based on, and consistent with the guidelines set forth in the Compensation Report, the Board of Directors determines the compensation for Directors part of the Committees established by the Board of Directors and the structure and amount of the compensation of any type for Directors who perform special functions (Chairman and Chief Executive Officer), Determines also the reference targets with which the variable annual component of the Chief Executive Officer is correlated, both upon definition and verification, as well as any other medium/long-term incentive plans, including those benefitting the Company's management. In performing this task, the Board of Directors is supported by the Compensation Committee, which submits recommendations regarding compensation issues, and where needed by the Related Party Transaction Committee, and adopts its resolution after hearing the input of the Board of Statutory Auditors.
- The Board of Directors delegates to the Chief Executive Officer, through the coordination and control of the Company Departments that report to him, the implementation at the operational level of the resolutions adopted concerning compensation for top managers and managers, in accordance with the guidelines of the Compensation Report, and monitors their correct implementation, relying on the support of the Compensation Committee.
- The Compensation Committee, established by the Board of Directors, which also defined the Committee's functions (see the 2020 Report on Corporate Governance for additional information) and approved its operating regulations. In the performance of its functions, the Committee relies on the operational support of the Human Resources and Organization Department and, when deemed appropriate, the support of qualified external consulting companies different from those normally used by the Company's management.
- The Related Party Transactions Committee, (see the 2020 Report on Corporate Governance for additional information) which expresses an opinion on the compensation of directors entrusted with special duties and of managers with strategic responsibilities, in the event that the conditions set forth in art. 13, paragraph 3, letter b of the Consob regulation on third party transactions are not fulfilled.
- The Board of Statutory Auditors, which performs the functions assigned to it pursuant to Article 2389, Section 3, of the Italian Civil Code. In order to effectively perform these functions, its Chairman and/or other Statutory Auditors attend the meetings of the Compensation Committee as invited member(s) and can also attend the meeting of the Related Party Transactions Committee.

- The Corporate management, which supports the activities of the Compensation Committee with general secretarial service (provided by the Corporate Affairs Department, which performs the same function with respect to the Board of Directors) and supplies the information and data needed to analyze the issues under discussion (provided by the Human Resources and Organization Department, a member of which may attend Committee meeting upon request and invitation by the Committee.)

3. SECTION TWO

First Section

Regarding the structure and organization of the various components of the remuneration for Directors and executives with strategic responsibilities, as well as the correlation of the variable components with the assigned objectives and company results, please refer to Section One of the Report, Paragraph 2.3.

Second Section

3.1 SCHEDULE OF THE COMPENSATION OF DIRECTORS, STATUTORY AUDITORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The schedule that follows lists in detail the compensation that Directors, Statutory Auditors and executives with strategic responsibilities, including those whose term of office ended during the year, earned in 2020 for any reason and in any form, attributable to the Company and its subsidiaries and affiliated companies at December 31, 2020.

Reference period: January 1, 2020 to December 31, 2020 (in thousands euros)

Beneficiary		Descrip. of post and term office			Fixed compensation	Compensation for serving on Committees
First and last name	Post held	Period during which the post was held		End of term of office (*)		
<i>Directors in office at December 31, 2020</i>						
Marc Benayoun (a)	Chairman	01.01.20	12.31.20	12.31.2021	418	-
Nicola Monti (b)	Chief Executive Officer	01.01.20	12.31.20	12.31.2021	568	-
Béatrice Bigois (c)	Director	01.01.20	12.31.20	12.31.2021	68	-
Paolo Di Benedetto (c)	Director (g) (h) (i) (l)	01.01.20	12.31.20	12.31.2021	66	159
Fabio Gallia (d)	Director (g) (i)	01.01.20	12.31.20	12.31.2021	66	76
Angela Gamba (e)	Director (h) (i) (l)	04.28.20	12.31.20	12.31.2021	48	78
Xavier Girre (d)	Director (g)	01.01.20	12.31.20	12.31.2021	61	26
Jean-Bernard Lévy (f)	Director	01.01.20	12.31.20	12.31.2021	61	-
Florence Schreiber (e)	Director (h)	04.28.20	12.31.20	12.31.2021	45	17
Total compensation of Directors in office at December 31, 2020					1,401	356
<i>Directors who resigned their office in 2020</i>						
Nathalie Tocci (c)	Director (h) (i) (l)	01.01.20	04.20.20	-	19	35
Nicole Verdier-Naves (c)	Director (h)	01.01.20	04.28.20	-	20	9
Total compensation of Directors who resigned their office in 2020					39	44
Total compensation of Directors					1,440	400
<i>Statutory Auditors in office at December 31, 2020 (m)</i>						
Serenella Rossi	Chairman Board Stat. Audit.	01.01.20	12.31.20	12.31.2022	80	10
Lorenzo Pozza	Statutory Auditor	01.01.20	12.31.20	12.31.2022	54	7
Gabriele Villa	Statutory Auditor	01.01.20	12.31.20	12.31.2022	54	7
Total compensation of Statutory Auditors in office at December 31, 2020					188	24
Total compensation of Statutory Auditors					188	24
Total compensation Directors and Statutory Auditors					1,628	424
Executives with strategic responsibilities (n)					2,938 (s)	-

(*) The term of office ends when the shareholders' Meeting approves the financial statements for the year ended on the date shown.

(**) Non-cash benefits refer to insurance policies taken out by the Company on behalf of the beneficiary and to the value of the compensation in kind.

(a) Confirmed as Director by the Shareholders' Meeting on April 2, 2019 and as Chief Executive Officer by the Board of Directors on April 2, 2019. Elected to the position of Chairman by the Board of Directors on June 19, 2019, effective as of July 1, 2019 after Jean-Bernard Lévy renounced the position.

(b) Confirmed as Director by the Shareholders' Meeting on April 28, 2020 and as Chief Executive Officer by the Board of Directors on April 28, 2020.

(c) Confirmed as Director by the Shareholders' Meeting on April 2, 2019.

(d) Elected by the Shareholders' Meeting of April 2, 2019.

(e) Elected by the Shareholders' Meeting of April 28, 2020.

(f) Confirmed as Director and Chairman by the Shareholders' Meeting on April 2, 2019; this latter position was renounced effective as of July 1, 2019.

(g) Member of the Control and Risk Committee.

(h) Member of the Compensation Committee.

Compensation								
Variable non-equity compensation		Non-cash benefits (**)	Other compensation	Total compensation	Fair Value of equity compensation	End-of-service or employment termination indemnity		
Bonuses and other incentives	Profit sharing							
-	-	-	-	418 (p)	-	-		
220 (o)	-	-	-	788 (q)	-	-		
-	-	-	-	68 (p)	-	-		
-	-	-	-	225 (r)	-	-		
-	-	-	-	142 (r)	-	-		
-	-	-	-	126 (r)	-	-		
-	-	-	-	87 (p)	-	-		
-	-	-	-	61 (p)	-	-		
-	-	-	-	62 (p)	-	-		
-	-	-	-	1,977	-	-		
-	-	-	-	54 (r)	-	-		
-	-	-	-	29 (p)	-	-		
-	-	-	-	83	-	-		
220	-	-	-	2,060	-	-		
-	-	-	-	90 (r)	-	-		
-	-	-	-	61 (r)	-	-		
-	-	-	-	61 (r)	-	-		
-	-	-	-	212	-	-		
-	-	-	-	212	-	-		
220 (t)	-	-	-	2,272	-	-		
872 (t)	-	139	230	4,179	-	-		995 (u)

(i) Member of the Related Party Transactions Committee.

(l) Member of the Oversight Board.

(m) Elected by the Shareholders' Meeting of April 28, 2020 which also determined the compensation.

(n) The figures in the table include all the persons who, during 2019, held the position of Manager with strategic responsibilities (for a total of 11 persons).

(o) Variable compensation for 2020 for the office of Chief Executive Officer.

(p) Compensation paid directly to the EDF Sa company and not to the person himself.

(q) Compensation paid directly to Transalpina di Energia Spa and not to the person himself.

(r) Compensation paid directly to the person.

(s) Compensation for service as an employee.

(t) Please see Table 3.2 below for details.

(u) Includes all severance indemnities for Executives with strategic responsibilities terminated in 2020.

The schedule that follows shows a breakdown of the items “Fixed compensation” and “Compensation for serving on Committees” in the previous schedule.

Reference period: January 1, 2020 to December 31, 2020 (in thousands of euros)

Beneficiary	Description of post and term of office				Fixed compensation	Detail of Fixed compensation				
						Compensation approved by the Shareholders' Meeting	Attendance fees for Committee meetings	Fixed compensation for post held of Chairman	Fixed compensation for post held of Chief Executive Officer	
First and last name	Post held	Period during which the post was held		End of term of office (*)	(1)	(1)	(2)	(2)		
<i>Directors in office at December 31, 2020</i>										
Marc Benayoun (a)	Chairman	01.01.20	12.31.20	12.31.2021	418	50	18	350		
Nicola Monti (b)	Chief Executive Officer	01.01.20	12.31.20	12.31.2021	568	50	18	-	500	
Béatrice Bigois (c)	Director	01.01.20	12.31.20	12.31.2021	68	50	18	-	-	
Paolo Di Benedetto (c)	Director (g) (h) (i) (l)	01.01.20	12.31.20	12.31.2021	66	50	16	-	-	
Fabio Gallia (d)	Director (g) (i)	01.01.20	12.31.20	12.31.2021	66	50	16	-	-	
Angela Gamba (e)	Director (h) (i) (l)	04.28.20	12.31.20	12.31.2021	48	34	14	-	-	
Xavier Girre (d)	Director (g)	01.01.20	12.31.20	12.31.2021	61	50	11	-	-	
Jean-Bernard Lévy (f)	Director	01.01.20	12.31.20	12.31.2021	61	50	11	-	-	
Florence Schreiber (e)	Director (h)	04.28.20	12.31.20	12.31.2021	45	34	11	-	-	
Total compensation of Directors in office at December 31, 2020					1,401	418	133	350	500	
<i>Directors who resigned their office in 2020</i>										
Nathalie Tocci (c)	Director (h) (i) (l)	01.01.20	04.20.20	-	19	15	4	-	-	
Nicole Verdier-Naves (c)	Director (h)	01.01.20	04.28.20	-	20	16	4	-	-	
Total compensation of Directors who resigned their office in 2020					39	31	8	-	-	
Total compensation of Directors					1,440	449	141	350	500	
					Fixed compensation	Compensation approved by the Shareholders' Meeting	Attendance fees for Statutory Auditor meetings			
						(4)	(4)			
<i>Statutory Auditors in office at December 31, 2020 (m)</i>										
Serenella Rossi	Chairman Board Stat. Audit.	01.01.20	12.31.20	12.31.2022	80	75	5	-	-	
Lorenzo Pozza	Statutory Auditor	01.01.20	12.31.20	12.31.2022	54	50	4	-	-	
Gabriele Villa	Statutory Auditor	01.01.20	12.31.20	12.31.2022	54	50	4	-	-	
Total compensation of Statutory Auditors in office at December 31, 2020					188	175	13	-	-	
Total compensation of Statutory Auditors					188	175	13	-	-	
Total compensation Directors and Statutory Auditors					1,628	624	154	350	500	

(*) The term of office ends when the shareholders' Meeting approves the financial statements for the year ended on the date shown.

(a) Confirmed as Director by the Shareholders' Meeting on April 2, 2019 and as Chief Executive Officer by the Board of Directors on April 2, 2019. Elected to the position of Chairman by the Board of Directors on June 19, 2019, effective as of July 1, 2019 after Jean-Bernard Lévy renounced the position.

(b) Confirmed as Director by the Shareholders' Meeting on April 2, 2020 and as Chief Executive Officer by the Board of Directors on April 28, 2020.

(c) Confirmed as Director by the Shareholders' Meeting on April 2, 2019.

(d) Elected by the Shareholders' Meeting of April 2, 2019.

(e) Elected by the Shareholders' Meeting of April 28, 2020.

(f) Confirmed as Director and Chairman by the Shareholders' Meeting on April 2, 2019; this latter position was renounced effective as of July 1, 2019.

(g) Member of the Control and Risk Committee.

Compensation for service on the committees	Detail of Compensation for serving on Committees								
	Honoraria for participating in meetings of the Control and Risk Committee (3)	Attendance fees for meetings of the Control and Risk Committee (3)	Honoraria for participating in meetings of the Compensation Committee (3)	Attendance fees for meetings of the Compensation Committee (3)	Honoraria for participating in meetings of the Related Party Transactions Committee (3)	Attendance fees for meetings of the Related Party Transactions Committee (3)	Honoraria for participating in meetings of the Oversight Board (3)	Attendance fees for meetings of the Oversight Board (3)	
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
159	23	9	30	4	30	14	40	9	
76	30	9	-	-	23	14	-	-	
78	-	-	15	2	16	11	27	7	
26	22	4	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
17	-	-	15	2	-	-	-	-	
356	75	22	60	8	69	39	67	16	
35	-	-	7	2	6	4	12	4	
9	-	-	7	2	-	-	-	-	
44	-	-	14	4	6	4	12	4	
400	75	22	74	12	75	43	79	20	
Compensation for service on the committees	Attendance fees for meetings of the Control and Risk Committee (4)		Attendance fees for meetings of the Compensation Committee (4)		Attendance fees for meetings of the Related Party Transactions Committee (4)				
10	-	4	-	1	-	5	-	-	
7	-	3	-	-	-	4	-	-	
7	-	3	-	-	-	4	-	-	
24	-	10	-	1	-	13	-	-	
24	-	10	-	1	-	13	-	-	
424	75	32	74	13	75	56	79	20	

(h) Member of the Compensation Committee.
 (i) Member of the Related Party Transactions Committee.
 (l) Member of the Oversight Board.
 (m) Elected by the Shareholders' Meeting of April 28, 2020 which also determined the compensation.
 (1) Compensation approved by the Shareholders' Meeting of April 2, 2019.
 (2) Compensation approved by the Board of Directors on February 13, 2020.
 (3) Compensation approved by the Board of Directors on May 3, 2019.
 (4) Compensation approved by the Shareholders' Meeting of April 28, 2020.

3.2 SCHEDULE OF MONETARY INCENTIVE PLANS FOR DIRECTORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Reference period: January 1, 2020 to December 31, 2020 (in thousands euros)

Beneficiary		Bonuses of the year				Bonuses of previous years			Other Bonuses
First and last name	Post held	Plan	Paid/ Payable	Deferred	Deferral period	No longer payable	Paid/ Payable	Still deferred	
Nicola Monti	Chief Executive Officer (from 01.01.2020 to 12.31.2020)	Annual Monetary Incentive Plan 2019 (BoD February 13, 2020)	220 (a)	-	-	-	275 (c)	-	-
Nicola Monti	Chief Executive Officer (from 01.01.2020 to 12.31.2020)	Long Term Monetary, three-year, Incentive Plan - Period 2019 - 2021 (BoD February 13, 2020)	-	-	-	-	-	375 (f)	-
Marc Benayoun	Chief Executive Officer (from 01.01.2019 to 06.30.2019)	Annual Monetary Incentive Plan 2019 (BoD May 3, 2019)	-	-	-	-	275 (d)	-	-
Total			220	-	-	-	550	-	-
Executives with strategic responsibilities									
Compensation in the reporting company		Annual Monetary Incentive Plan 2020	872 (b)	-	-	-	-	-	-
		Annual Monetary Incentive Plan 2019	-	-	-	-	1,043 (e)	-	-
		Long Term Monetary, three-year, Incentive Plan - Period 2019 - 2021 (BoD December 7, 2019)	-	-	-	-	-	1,542 (g)	-
Compensation from subsidiaries and affiliates		Annual Monetary Incentive Plan 2020	-	-	-	-	-	-	-
Total			872	-	-	-	1,043	1,542	-
Total			1,092	-	-	-	1,593	1,917	-

(a) Variable compensation for 2020. Remuneration paid directly to Transalpina di Energia Spa and not to the person.

(b) Variable bonuses for 2020 for eleven executives with strategic responsibilities.

(c) Variable compensation for 2019 for the office of Chief Executive Officer, referring to the period in which they held office (07/01/2019 - 12/31/2019), paid in 2020. Remuneration paid directly to Transalpina di Energia Spa and not to the person.

(d) Variable compensation for 2019 for the office of Chief Executive Officer, referring to the period in which they held office (01/01/2019 - 06/30/2019), paid in 2020. Remuneration paid directly to EDF Sa and not to the person.

(e) Variable bonuses for 2019 paid in 2020 for eleven executives with strategic responsibilities.

(f) Compensation deferred for the Three-Year Long-Term Monetary Incentive Plan - Period 2019 - 2021. Remuneration paid directly to Transalpina di Energia Spa and not to the person.

(g) Compensation deferred for the Three-Year Long-Term Monetary Incentive Plan - Period 2019 - 2021, for eleven executives with strategic responsibilities.

3.3 SCHEDULE OF EQUITY INTERESTS HELD BY DIRECTORS, STATUTORY AUDITORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The schedule that follows lists the equity interests that Directors, Statutory Auditors and Executives with Strategic Responsibilities, including those whose term of office ended during the year, their spouses, if not legally separated, and minor children held, directly or through companies they control, nominees or other parties, during the period from December 31, 2019 to December 31, 2020, in Edison and its subsidiaries at December 31, 2020, based on data obtained from the Shareholders' Register, communications received and other available information.

Reference Period: January 1, 2020 to December 31, 2020

First and last name	Post held	Investee Company	Number of shares held at the end of the previous year (12.31.2019)	Number of shares bought	Number of shares sold	Number of shares held at the end of the current year (12.31.2020)
<i>Directors in office at December 31, 2020</i>						
Marc Benayoun	Chairman		-	-	-	-
Nicola Monti	Chief Executive Officer		-	-	-	-
Béatrice Bigois	Director		-	-	-	-
Paolo Di Benedetto	Director		-	-	-	-
Fabio Gallia	Director		-	-	-	-
Angela Gamba	Director		-	-	-	-
Xavier Girre	Director		-	-	-	-
Jean-Bernard Lévy	Director		-	-	-	-
Florence Schreiber	Director		-	-	-	-
<i>Directors who resigned their office in 2020</i>						
Nathalie Tocci	Director		-	-	-	-
Nicole Verdier-Naves	Director		-	-	-	-
<i>Statutory Auditors in office at December 31, 2020</i>						
Serenella Rossi	Chairman Board Stat. Audit.		-	-	-	-
Lorenzo Pozza	Statutory Auditor		-	-	-	-
Gabriele Villa	Statutory Auditor		-	-	-	-
Executives with strategic responsibilities			-	-	-	-

MOTIONS

Dear Shareholders,

the report on compensation policy for the period 2020-2021 and on compensation paid by Your Company in 2020 (the **2020 Compensation Report**) was developed pursuant to and in implementation of the provisions of Article 123-ter of Legislative Decree 58/1998 and subsequent amendments (known as TUF). The article was last amended by means of Legislative Decree 49/2019. The report was prepared in accordance with the guidance provided in Article 84-quarter, introduced by the Consob in the Issuers' Regulations for the purpose of implementing the TUF, as last amended by the Consob with Resolution No. 21623 of 10 December 2020. In addition, the principles set forth in Article 5 of the Corporate Governance Code for Listed Companies, 2020 edition, and the recommendations of the Corporate Governance Committee are adopted as general reference guidelines on compensation policies for this Report.

The Shareholders' meeting is required to:

- i) approve "Section One" of the 2020 Compensation Report, which outlines the compensation policies adopted by Your Company in 2020 and proposed for 2021, based on the information provided in the report, for the members of the Board of Directors (including executives with special duties), executives with strategic responsibilities, and the members of the Board of Statutory Auditors, as well as the procedures followed for adopting and implementing said policy. The resolution is binding;
- ii) vote on the "Section Two" of the 2020 Compensation Report, which, by name for the members of the Board of Directors and Control Bodies and, in aggregate form, for executives with strategic responsibilities, indicates the remuneration paid in 2020 for any reason and in any form by the Company and its subsidiaries or associated companies. The resolution is not binding.

If you agree with its contents, we propose you adopt the following resolutions.

Motions for resolutions to the shareholders' meeting

"The Shareholders' Meeting,

- having taken note of the 2020 Compensation Report prepared by the Board of Directors, in application of the provisions of Article 123-ter of Legislative Decree 58/1998 and subsequent amendments and of the provisions set forth in Article 84-quater introduced by Consob in the Issuers' Regulations, as last amended by the Consob with Resolution No. 21623 of 10 December 2020;
- having examined "Section One" and "Section Two" of the 2020 Compensation Report;
- in consideration of the Corporate Governance Code for listed companies, to which the Company adheres;
- having obtained the favourable opinion of the Compensation Committee;

resolves

SECOND RESOLUTION

to approve "Section One" of the 2020 Compensation Report.

THIRD RESOLUTION

in favour of "Section Two" of the 2020 Compensation Report."

Milan, February 17, 2021

The Board of Directors
By: Nicola Monti
Chief Executive Officer

This document is also available on the
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