EDISON
EDF GROUP

2019
CORPORATE GOVERNANCE

Contents

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.

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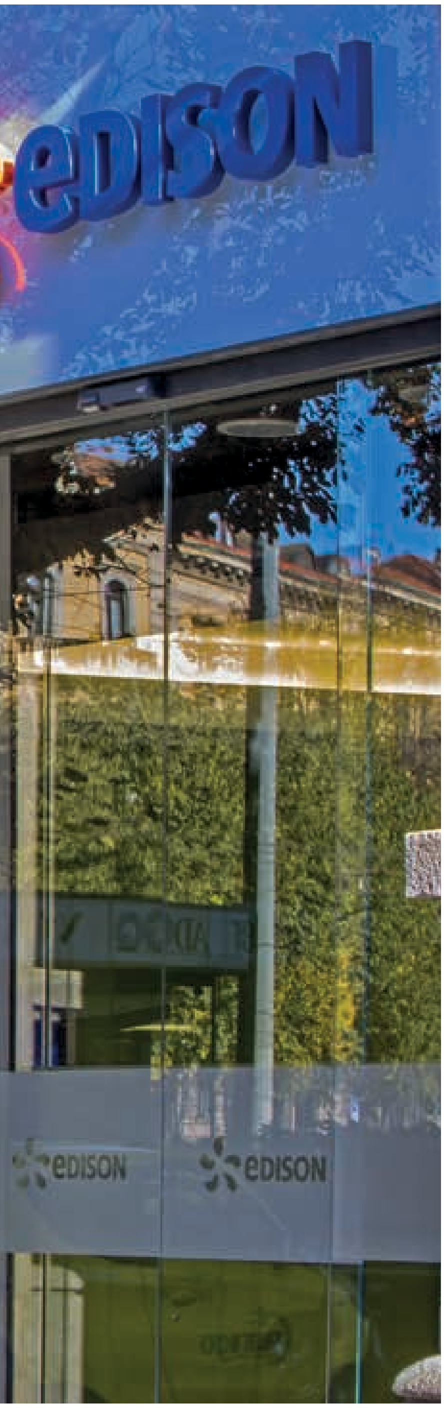

Report on Corporate Governance and on the Company's Ownership Structure

Contents

This Report on Corporate Governance and on the Company's Ownership Structure (hereinafter the "Governance Report" or "Report") and the Bylaws are available on the Company website (www.edison.it - "Governance - Governance - Bylaws and Corporate Governance Reports").

INTRODUCTION

FOREWORD

Edison is the oldest energy company in Europe and one of the leading energy companies operating in the sector. It was established in 1883 and its activities, after numerous and well-structured operations involving several companies over more than a century, merged into the current Company in 2002.

Edison is present along the entire value chain of electric power and hydrocarbons. In particular, the Group operates in the following main business areas: electricity generation, gas procurement and management of gas storage and distribution, development of gas transportation infrastructures, energy management, sales on the electricity and gas end market, energy efficiency services. The Group is active in the hydrocarbons exploration, development and production sector, even though during the year, consistent with the guidelines defined by the Company strategy, an agreement was reached for the transfer of said business segment to a specialised international operator in the sector, which is expected to be finalised by the first half of 2020.

The Edison Group is mainly active in Italy and is present in other European countries, in Africa and the Middle East.

For some time now, Edison and its subsidiaries have placed customers at the centre of their strategy, reinforcing development in the downstream area and complementing its offerings with energy efficiency services. At the same time, in particular from 2017, it decided to focus more heavily on generating electricity from renewable sources. In this new strategic scenario, a new brand identity and a new logo, viewed as an opportunity to strengthen business activities in the above-mentioned departments, were identified from 2016.

It should be pointed out that Edison, even though only its savings shares are listed on the electronic equities securities market ("MTA"), continues to be subject to the legal requirements applicable to "*companies with shares traded on a regulated market*" and, consequently, retains the status of a "*listed issuer*" pursuant to national laws in force.

In this regard, please note that, on May 24, 2012, WGRM Holding 4 Spa ("WGRM"), a subsidiary of EDF that owned 50% of Transalpina di Energia Srl ("Tde Srl"), purchased the remaining 50% interest in Tde Srl held by Delmi Srl ("Delmi", a company 51% owned by A2A Spa), hence becoming its sole shareholder. As a result of this transaction, TdE Srl, which at the time was Edison's controlling shareholder with a 61.3% interest in the Company's common share capital, launched a tender offer in accordance with Articles 102 and 106, paragraph 1, of Legislative Decree No. 58/1998 ("TUF" - Consolidated Finance Law), which deals with Edison common shares not held by companies of the EDF Group (the "Mandatory Offer"), in compliance with the obligation that arose in relation to it, jointly with WGRM and MNTC Holding Srl ("MNTC"), it too wholly-owned by EDF and then owner of 19.4% of the ordinary capital of Edison. Subsequently, Tde Srl offered to purchase, pursuant to art. 108, paragraph 1 of the TUF, the remaining common shares of Edison from the shareholders other than the companies of the EDF Group ("the "Purchase Obligation"). At the end of the above-mentioned process, EDF was thus the holder, through Tde Srl and MNTC, of a 99.5% interest in Edison's common share capital.

Due to the outcome of the Mandatory Offer and in fulfilment of the Purchase Obligation mentioned above, Borsa Italiana Spa ("Borsa Italiana"), by means of Resolution No. 7544 of August 7, 2012, then delisted the Edison common shares from the MTA, effective September 10, 2012.

Nevertheless, the Company elected to continue following the Corporate Governance Code promoted, among other things, by Borsa Italiana, in the manner described later in this Governance Report.

For the sake of complete disclosure, please also keep in mind that, subsequent to the delisting of the common shares, in accordance with the provisions of art. 6 of Edison's By-laws, the Company proceeded, during the period from November 2, 2012 to November 30, 2012, with the voluntary conversion of the savings shares into common shares, based on a ratio of 1 common share for each savings share held (the "Voluntary Conversion"), which ended with the conversion of 437,573 shares out of a total 110,592,420 savings shares originally outstanding. At the end of the Voluntary Conversion period, the savings shares continued to be traded on the MTA, as stated above.

Subsequently, as also mentioned in previous Reports on Corporate Governance, in 2013, following a series of corporate transactions that involved MNTC, Tde Srl and WGRM, the Edison shares owned by the EDF Group were concentrated at WGRM, first through the demerger of the latter, of MNTC and then, effective as of January 1, 2014, the absorption of TdE Srl by said WGRM, with WGRM changing its name to that of the absorbed company and relocating its registered office from Turin to Milan ("TdE").

As also stated in previous Reports on Corporate Governance, effective as of April 4, 2013 (date when the resolutions adopted by the Extraordinary Shareholders' Meeting of March 22, 2013 were recorded in the Company Register), certain articles of Edison's By-laws were amended to take into account the different rules applicable to the common shares and the savings shares, and the respective holders, and as result of the different conditions under which the shares of these two categories can be traded.

GOVERNANCE STRUCTURE

Consistent with its status as a company under Italian law Edison adopted a system of corporate governance, based on a conventional organisational model that comprises: the Shareholders' Meeting, a Board of Directors (which also operates through the Chief Executive Officer and the Directors who are empowered to represent the Company and is supported by Committees established with the framework of the Board of Directors), a Board of Statutory Auditors, the Independent Auditors and the 231 Oversight Board. In addition to those listed above, governance entities include the Special Meeting of Savings Shareholders.

The governance structure is integrated and enacted through the Company's management structure, the main components of which include the following:
- an Executive Committee ("Comex"), established in 2012, the composition of which was changed over time due to changes in the organisational structure, led by the Chief Executive Officer and comprised of the managers of the Divisions representing the Company's main business areas, which provides support for the activities of the Chief Executive Officer. This body includes the Directors of the 5 business Divisions (*Exploration & Production; Power Asset;* (which until July 2019 also included Engineering); *Midstream Gas, Energy Management & Optimisation; Gas & Power Market; Energy & Environmental Services Market*), and the Directors of the 7 management and cross-company and support Divisions (*Finance*; *Legal & Corporate Affairs*; *Human Resources & ICT; External Relations & Communication; Strategy, Corporate Development & Innovation*, *Sustainability, Institutions & Regulation* and, since July 2019, the Director of the newly formed *Engineering* Division;
- management committees to support top management in the management of specific and relevant decision-making processes and/or particular issues, including the Commitments and Investments Committee, the Risk Committee, the Audit and Ethics Committee and the *Advisory People Development Committee*;
- the organisational operating structure, consisting of business units and departments, each responsible for managing important and homogeneous business areas or areas that provide support and services to the business areas;

- the Code of Ethics, the specific models, protocols and management systems concerning issues governed by Legislative Decrees No. 231/2001 and No. 262/2005, concerning the protection of privacy and occupational and environmental safety, subject to systematic updates to take into account the evolution of regulations on the matter and changes in the Group's organisational structure, internal operating procedures, the proxy system and internal and external delegations of authority;
- the Internal Auditing Department, which reports directly to the Board of Directors, which provides support and liaison services for the activities of the Oversight Board and, at the operational level, is coordinated by the General Counsel, to which the Board of Directors assigned responsibility for facilitating interaction by the Internal Auditing Department with the Board of Directors, the Board of Statutory Auditors and the Oversight Board.

Lastly, for several years the Company has focused its efforts on economic growth, which is also able to minimize the impact of its activities on the environment and the social context. Starting from 2017, in line with the EU provisions incorporated into our legal system with Legislative Decree No. 254 of December 30, 2016, it has also prepared a Non-Financial Statement ("NFS") which is an integral part of the financial statements documentation. In this regard, please recall that starting from 2004 Edison was one of the first companies in Italy to prepare a Sustainability Report on a voluntary basis, which it subjected to a voluntary audit by the Independent Auditors. The NFS relating to the year 2019 was approved by the Board of Directors at its meeting on February 13, 2020.

In this respect please note that, within the Sustainability, Institutions & Regulation Division, there has been a specific unit for some time now - the Sustainability and Corporate Social Responsibility Initiatives Function - responsible for the management of matters linked to sustainable development.

At December 31, 2019, the Group included 88 subsidiaries (70 in Italy); 10 foreign companies under joint control and 16 affiliated companies (14 in Italy).

Neither Edison nor its subsidiaries are subject to non-Italian laws that can affect their governance structure.

The illustration that follows provides an overview of Edison's governance model.

Shareholders' Meeting

Convened in ordinary session, it approves the financial statements and appropriates the year's result, appoints and dismisses Directors, appoints Statutory Auditors and Independent Auditors and, convened in extraordinary session, it amends the By-laws and issues convertible bonds.

Board of Directors

It defines the strategic guidelines that must be followed by the Company and the Group under its control and is responsible for governing its business operations.

Board of Statutory Auditors

It monitors compliance with laws and By-laws, the performance and assignment of the statutory independent audits of the statutory and consolidated financial statements and the independence of the independent auditors, and it assesses their other appointments. It also performs a management control function and monitors the effectiveness of the internal control, monitoring and risk management systems as well as non-financial information.

Independent Auditors

It audits the financial statements and ascertains that the accounting records are properly maintained. It also performs a series of other audit activities required by law or assigned to it by the Board of Directors

Control and Risk Committee

It assists and supports, with a consultative and proposal making function, the Board of Directors in making assessments and decisions regarding the internal control and risk management system and periodic financial reports. It monitors the adequacy, effectiveness, efficiency and autonomy of the Internal auditing function and supervises sustainability issues.

Compensation Committee

It assists and supports, with an advisory and proposal making function, the Board of Directors in making assessments and decisions regarding the compensation and incentive plans of Directors and executives with strategic responsibilities.

Related Party Transactions Committee
(formerly Committee of Independent Directors)

It performs the functions required by the Consob Regulations and Edison's Procedure for Related-party Transactions. In addition, it issues the opinions required by the above-mentioned regulations.

Oversight Board (Legislative Decree 231/2001)

It is responsible for ensuring that the "231 Model" is functioning, compliant and applied effectively and is kept up to date.

■ Management entities
■ Control entities

ADOPTION OF CORPORATE GOVERNANCE CODES

As explained in the Foreword, even though only savings shares continue to be listed on the MTA, Edison continues to comply, on a voluntary basis, with the exceptions that will be explained below, with the Code of Conduct for Corporate Governance promoted by Borsa Italiana, among others. However, since its listing in December 2002, Edison has operated in line with what was previously implemented by its publicly traded subsidiary Montedison, which was absorbed in 2002.

As a result, the Company's system of corporate governance, which is the set of standards and behaviour guidelines deployed to ensure the efficient and transparent functioning of its corporate governance and internal control systems, was thus over time substantially consistent with the recommendations of the Code and was revised from time to time to reflect amendments to the Code.

Specifically with regard to the recommendations introduced in 2018 with regard to gender diversity for the composition of the Board of Directors and the Board of Statutory Auditors, these recommendations were taken into account with regard to the appointment of the Board of Directors immediately following the expiration of Law No. 120 of July 12, 2011, i.e., the appointment of the new Board of Directors at the Shareholders' Meeting held on April 2, 2019. With regard to the provisions introduced in this area by Law no. 160 of December 27, 2019 (the "2020 Budget Law"), which intervened on this matter by amending the previous regulations, these will be applied with the next appointments of corporate bodies; first and foremost with that of the Board of Statutory Auditors, which expires with the Shareholders' Meeting convened to approve the 2019 financial statements. Consequently, as explained in greater detail in the sections entitled "Composition of the Board of Directors" and "Composition of the Board of Statutory Auditors," the current set-up of Edison's governance bodies, even after the election of the new Board of Directors, complies with the diversity criteria set forth in the 2018 edition of the Code (the "Code").

Edison's current governance system, with the exceptions mentioned below, is consistent with the rules set forth in the Code. The Code is posted on Borsa Italiana's website (http://www. borsaitaliana. it/comitato-corporate-*governance*/codice/ codice.htm).

This Governance Report, as well as the Compensation Report, both included in this publication, incorporate an illustration of the corporate governance structure reviewed by the Board of Directors on February 13, 2020. It also lists, as they apply, the recommendations of the Code that the Company chose not to implement, explains the reasons why and describes any alternative conduct adopted. These reports also provide the disclosures required by the laws and regulations that apply to corporate governance and the compensation of Directors and executives with strategic responsibilities and the Board of Statutory Auditors.

OWNERSHIP STRUCTURE

STRUCTURE OF THE SHARE CAPITAL

Composition

As of February 13, 2020, Edison's share capital totalled 5,377,000,671.00 euros, divided into 5,267,224,718 common shares, par value of 1 euro each, equal to 97.96% of the total share capital, and 109,775,953 savings shares, par value of 1 euro each, equal to 2.04% of the total share capital.

In this regard, it should be noted that the changes in the composition of the share capital, compared with the previous year, are attributable to the exercise of the right to voluntarily convert savings shares into common shares recognised to savings shareholders in the event of failure to distribute the preferred dividend to the savings shares for the fifth consecutive year; this assumption occurred in 2019.

No financial instruments that convey the right to acquire newly issued shares through subscription are outstanding.

No options awarded to Group employees that convey the right to purchase Edison shares at pre-set prices (Stock Option Plans) are outstanding and, consequently, no capital increases earmarked for such purpose were carried out.

Rights of the Classes of Shares

The common shares, which are registered shares, convey the right to vote at the Company's Ordinary and Extraordinary Shareholders' Meetings, in accordance with the applicable provisions of the law and the By-laws, and provide their holders with any additional administrative and property rights attributed to voting shares pursuant to law.

The savings shares can be either bearer or registered shares, as the holder may choose, except for shares held by Directors, Statutory Auditors and the General Manager, if one is appointed, which must be registered shares. They do not convey the right to vote at the Company's Ordinary and Extraordinary Shareholders' Meetings. Pursuant to the By-laws, they convey the benefits and have the characteristics that are listed below in addition to those provided pursuant to law:

- a reduction in the share capital to absorb losses does not cause the par value of savings shares to decrease, except for the amount in excess of the aggregate par value of the other shares;
- the expenses incurred to protect the common interests of savings shareholders shall be defrayed through the use of a fund of up to 25,000.00 euros per year established by a resolution approved by a Special Shareholders' Meeting;
- if the savings shares are delisted, they will retain all of the rights attributed to them under the By-laws and may be converted into common shares according to the terms and conditions determined by a Shareholders' Meeting, which must be held within two months from the date of delisting;
- the remainder of the earnings shown in the duly approved financial statements, after allocating 5% to the statutory reserve, which must be set aside until the reserve reaches one-fifth of the share capital, are distributed to the savings shares up to an amount that may not be greater than 5% of their par value. If in a given fiscal year the savings shares receive a dividend that is less than the above-mentioned amount, the difference will be brought forward and added to the preferred dividend over the following four years;
- if no dividend is distributed to the savings shares for five consecutive years, these shares can be converted, one for one into common shares, upon a simple request by the shareholder,

during the period from January 1 to March 31 of the sixth year. The prerequisites for the exercise of this option were met, as mentioned in the previous Paragraph concerning the Capital Composition, during 2019;

- any remaining earnings that the Shareholders' Meeting decides to distribute are allocated to all of the shares such that the savings shares receive a total dividend that is greater than the dividend paid to the common shares by 3% of their par value;
- if reserves are distributed, the savings shares have the same rights as the other shares;
- however, if the Company has no earnings in a given year, the benefits listed above with regard to earning allocation may be provided by the Shareholders' Meeting through a resolution approving the distribution of reserves;
- upon dissolution of the Company, the savings shareholders take precedence in the redemption of the share capital up to the full par value of their shares;
- Resolutions to issue new savings shares with the same features as the savings shares outstanding, whether by way of a capital increase or through the conversion of shares of another class, do not require the approval of the savings shareholders convened in Special Meetings.

Lastly, for the sake of complete disclosure, please note that, as stated in the Foreword, in the event of delisting of the common shares, upon a simple request by the shareholder, the savings shares could have been converted one-for-one into common shares in accordance with the terms and conditions determined by Board of Directors and communicated to the market. More specifically, it is worth mentioning that the Voluntary Conversion option was available during the month of November 2012 and, consequently, this option provided under the By-laws may no longer be exercised.

In the event of a share capital increase, holders of common and savings shares are entitled to receive a prorated number of rights to acquire newly issued shares of the same class or, lacking such shares or for any difference, shares of another class.

The Company's savings shares have been traded on the MTA operated by Borsa Italiana since December 2, 2002. The common shares, which were also traded on the MTA, were removed as of September 10, 2012, as explained in the Foreword.

Powers to Carry out Capital Increases and Authorisations to Purchase Treasury Shares

The Board of Directors has not been granted the power to increase the Company's share capital, as allowed under art. 2443 of the Italian Civil Code, nor is it authorized to purchase treasury shares.

Restrictions on Transfers of Shares, Ownership Limitations and Acceptability Clauses

The Company By-laws contain no restrictions of the right to transfer shares, no ownership limitations and no acceptability clauses.

STOCK OWNERSHIP

Shareholders with Significant Equity Interests

The table that follows, which is based on the data in the Shareholder Register and reflects communications received pursuant to law and other information available as of February 13, 2020, shows that there is no party, other than the EDF Group, that holds, directly or indirectly (including through third parties, nominees and subsidiaries), an interest greater than 3% of the voting stock ("Significant Equity Interests").

A breakdown of the interest held by EDF in Edison's common share capital is as follows:

	Common shares	% of common share capital	% of total share capital
TdE Spa (formerly WGRM) [1]	5,239,669,098	99.48	97.45
Total for the EDF Group	**5,239,669,098**	**99.48**	**97.45**

1. A wholly owned subsidiary of EdF International Sas, which, in turn, is a wholly owned subsidiary of EDF, and subject to its management and coordination authority.

A list of shareholders with Significant Equity Interests is available on the Company website (www.edison.it -) (www.edison.it - Investor Relations - Stocks - Share capital and shareholders) and on the Consob website (www.consob.it).

Special Controlling Rights

No securities that convey special controlling rights have been issued or are outstanding.

Mechanism for the Exercise of Voting Rights Within an Employee Stock Ownership Plan

There are no employee stock ownership plans.

Voting Right Restrictions

The By-laws contain no provisions restricting the exercise of voting rights.

Agreements Deemed Significant Pursuant to Art. 122 of the TUF

To the best of the Company's knowledge, there are no agreements deemed significant pursuant to art. 122 of the TUF.

Change of Control Clauses

Information about significant agreements executed by Edison or its subsidiaries who are parties to the Agreements at December 31, 2019, as defined in Article 93 of the TUF, that could become enforceable or could be subject to change or cancellation in the event of a change in Edison's control is provided below.

Financing Facilities

A change of control over Edison could have a material impact in the following cases:

- a loan agreement, originally for 250 million euros, provided to Edison in December 2010 by the European Investment Bank (EIB) to finance the conversion of some gas fields owned by Edison Stoccaggio Spa into underground gas storage facilities (see the Notes to the separate and consolidated financial statements), with regard to which, if the EIB were to reasonably believe that a change of control over Edison had occurred or was about to occur, such event could justify a request for early repayment of the credit line.

- *Contrat cadre de gestion de trésorerie* (GBP – EUR – USD) executed on April 1, 2015 by Edison and EDF. Should Edison cease to be a "subsidiary" of EDF, the agreement shall be automatically cancelled, effective as of the date of change in Edison's status, and Edison shall immediately repay the sums it received by EDF and any other amounts owed pursuant to the contract (see Notes to the separate and consolidated financial statements);

- *Contrat de financement Ligne de crédit* of 600 million euros, signed on April 10, 2019, between Edison and EDF. Should the controlling interest that EDF holds in Edison directly or indirectly decrease to less than 80% of the capital and/or voting rights of Edison, EDF will have the right to demand the early repayment of any amounts already loaned and the payment of any other amounts owed pursuant to the contract (see Notes to the separate and consolidated financial statements).

- A loan agreement for 150 million euros signed on November 9, 2017 by Edison and the EIB to finance the construction and commissioning of five new onshore wind power plants and the complete rebuilding and commissioning of three existing onshore wind power plants, for a total capacity of roughly 165 MW, owned by E2i Energie Speciali S.r.l. The same clause applies to the loan agreement for the original 250 million euros provided to Edison by the EIB (see notes to the separate and consolidated financial statements).

Commercial Agreements

- Contract between Fenice S.p.A. and FCA Group Purchasing s.c.r.l., signed on January 24, 2019 for the provision of energy services for FCA's industrial sites in Italy. FCA will have the right to terminate all or part of the contract due to the sale by Fenice of a business operation to a third party not controlled by or affiliated with Edison and/or EDF, as well as on verification of an event that jointly involves the transfer of control of Fenice by both Edison and EDF, unless such sale or transfer is carried out for the advantage of any company controlled by or affiliated with Edison or EDF.

- Contract between Fenice S.p.A. and CNH Industrial Italia S.p.A., signed on January 24, 2019 for the provision of energy services for FCA's industrial sites in Italy and Spain. CNH Industrial will have the right to terminate all or part of the contract due to the sale by Fenice of a business operation to a third party not controlled by or affiliated with Edison and/or EDF, as well as on verification of an event that jointly involves the transfer of control of Fenice by both Edison and EDF, unless such sale or transfer is carried out for the advantage of any company controlled by or affiliated with Edison or EDF.

If it resulted in a significant downgrading of Edison's credit rating, a change in the parties that exercise control over Edison could have a material impact on the following contracts:

- annual natural gas transmission contract signed with Snam Rete Gas Spa: in order to maintain access to the transmission infrastructures, Edison would be required to provide a bank guarantee enforceable on sight for an amount equal to one-third of the maximum annual consideration payable for transmission capacity;
- annual natural gas storage contract signed with Stogit Spa: in order to maintain access to the storage facilities, Edison would be required to provide a bank guarantee enforceable on sight for an amount equal to one-third of the maximum annual consideration payable for storage capacity;
- annual natural gas storage contract signed with Edison Stoccaggio Spa: in order to maintain access to the storage facilities, Edison would be required to provide a bank guarantee enforceable on sight for an amount equal to one-third of the maximum annual consideration payable for storage capacity;
- regasification contract signed with Terminale GNL Adriatico Srl on May 2, 2005 for a term of 25 years effective from the date of the first LNG delivery to the terminal (November 2, 2009): in order to maintain access to the transmission infrastructure, Edison would be required to provide a bank guarantee enforceable on sight for an amount equal half the maximum annual fee payable.

Insofar as long-term contracts to import natural gas are concerned, the contract signed with Sonatrach (an Algerian state company) in 2019 contains stipulations whereby Sonatrach can cancel the contract without being required to pay compensation if there is a change in Edison's control.

Tender Offer Regulations

Insofar as Tender Offers are concerned, in view of the fact that Edison's common shares are no longer listed, the Company By-laws provide no exceptions to the provisions of the passivity rule referred to in art. 104, paragraphs 1 and 1-bis, of the TUF and none of the neutralisation rules set forth in art. 104-bis, paragraphs 2 and 3, of the TUF have been introduced.

Controlling Entity and Management and Coordination Authority

EDF acquired control of the Company, pursuant to the definition provided in art. 93 of the TUF (Consolidated Finance Law), effective May 24, 2012.

Neither EDF nor TdE (formerly WGRM), which is the company that holds a direct interest in Edison, exercised management and coordination authority over Edison in 2019, as in previous years. This is because, on the one hand, TdE is a mere holding company with no organisational structure and, on the other hand, Edison, even after EDF took control, has maintained and continues to maintain its characteristics of management and organisational autonomy substantially unchanged. This is because Edison actually has a well-structured corporate organisation that is capable of performing all of the Company's activities and functions; it has its own distinct strategic and financial planning process, within which its Board of Directors approves the budget and the Medium-term Plan; and it has the ability to make proposals regarding the implementation and evolution of the business. Because of its geographical location and the technical and professional characteristics and qualities of its management and Edison's corporate organisation, Edison carries out management and coordination activities for the EDF Group in some specific business sectors (exploration, production, mid-stream and gas supply). Consequently, in 2019, no acts, facts or circumstances concerning or affecting the Company's operations that would make Edison and its subsidiaries subject to management and coordination by EDF and TdE were verified.

Based on its management autonomy, and availing itself of said organisation, and consistent with the strategic guidelines defined independently by its Board of Directors, Edison has increasingly focused its activities in the area of electric power generation, particularly in 2019, with a focus on renewable sources, notwithstanding the importance of thermoelectric generation. This is in addition to the strengthening, commenced in 2016 with the acquisition of control of Fenice SpA, of the portfolio of energy services to end customers, including the public administration, and of the down-stream portfolio with the acquisition of Gas Natural Vendita Italia SpA in 2018: thanks to these initiatives, Edison has strengthened its market positioning within the competitive reference scenarios. Furthermore, with regard to the hydrocarbons operations, the rationalisation of the *Exploration & Production* portfolio, commenced in 2018, was followed in 2019 by a business decision by Edison's Board of Directors to divest this business, which is becoming less and less synergistic and complementary with the core business adopted by the Company (in line with the trend confirmed by similar disposal processes involving the main European energy operators), and with a capital-intensive approach that is less and less compatible with Edison's policy of allocating its financial resources to the development of the above-mentioned guidelines of its business. This decision was counterbalanced by the choice of the progressive diversification of gas supply channels through long-term contracts. In this last area, and more generally in the mid-stream gas sector, moreover, Edison's own skills have long been acknowledged in the market.

Edison, again based on the capabilities of its corporate organisation, directly exercises management and coordination activities over virtually all of the Italian companies controlled directly or indirectly through its subsidiary Fenice, limited to subsidiaries in the energy efficiency sector.

OTHER INFORMATION

Provisions Applicable to the Composition and Activities of the Board of Directors and Its Committees and to the Election and Replacement of Directors

The composition and activities of the Board of Directors are governed by the following articles of the By-laws: 14 (Board of Directors), 16 (Corporate Officers - Committees), 17 (Powers), 18 (Convening, meetings and resolutions of the Board of Directors). Please see the information provided in the corresponding sections of this Report.

Information about the composition and operating mechanisms of the Committees of the Board of Directors is provided in the above-mentioned art. 16 of the By-laws and in the section of this Report entitled "Internal Committees of the Board of Directors."

The election and replacement of Directors are governed by the above-mentioned art. 14 (Board of Directors) of the By-laws. Additional information is provided below in the section of this Report entitled "Election of Directors."

As mentioned in previous Reports on Corporate Governance, please note that, due to the delisting of the common shares, effective April 4, 2013, the provisions of the By-laws that required and governed the filing of slates of candidates for the election of members of the Board of Directors were deleted and those concerning the replacement, for any reason, of Directors while they are still in office were simplified. This action was taken in part in response to an interpretative clarification provided by the Consob, as adopted in art. 144-ter of the Issuers' Regulations, according to which the provisions of the TUF concerning the election of members of the Board of Directors and the control entity are applicable only to companies "with shares that actually have the opportunity of contributing to the election of management and control entities, which do not include savings shares."

On that occasion, some provisions regarding the activities of the Board of Directors were also amended.

Provisions Applicable to the Composition, Election and Replacement of the Board of Statutory Auditors

The composition and activities of the Board of Statutory Auditors, as well as the election and replacement of Statutory Auditors are governed by art. 22 (Board of Statutory Auditors) of the By-laws. Please see the information provided in the corresponding sections of this Report.

Please note that the above-mentioned article was amended, most recently effective April 4, 2013, because, due to the delisting of the common shares, the provisions of the By-laws that require and govern the filing of slates of candidates for the election of members of the Board of Statutory Auditors were deleted and those concerning the replacement of Statutory Auditors while they are still in office were amended. This action was taken in part in response to the above-mentioned interpretative clarification provided by the Consob.

Provisions Applicable to the Activities of the Shareholders' Meeting and Relevant Rights of Shareholders

The process of convening and holding Shareholders' Meetings and the relevant rights of shareholders are governed by Title III of the By-laws. Please see the information provided in the corresponding sections of this Report.

Please note that certain articles contained in the above-mentioned Title III were amended, most recently effective April 4, 2013, to take into account the different rules applicable to the common and savings shares, with respect to the different trading status of the two classes of shares, following the delisting of just the common shares.

Provisions Applicable to Amendments to the By-laws

The By-laws may be amended by a resolution adopted by an Extraordinary Shareholders' Meeting and, limited to amendments required to comply with statutory regulations, by the Board of Directors, as allowed pursuant to art. 17 of the By-laws.

The By-laws currently in effect have been published on the Company website, at the address www edison it- Company - *Governance* - *Governance* - By-Laws.

Exceptions to Disclosure Requirements

Please note that the Company elected to no longer comply with the requirement to publish an information memorandum in connection with material transactions involving acquisitions, divestments, capital increases through asset conveyances, mergers and demergers.

In light of the changes in the reference legislative framework, the Company decided, in line with the best practices followed by other companies with listed financial instruments and in continuity with the legislation previously in effect, that it will continue to abide by the choice made since 2016 to communicate to the market quarterly financial information on a consolidated basis, in addition to its annual and semiannual financial reports. With respect to the past, this information is now more concise and more focused on business trends. In any event, it is still published within the same terms as those set forth by the old rules, i.e., by the forty-fifth day subsequent to the end of the quarter. In addition, following the practice adopted by almost all listed companies, starting from 2020 Edison will only prepare the consolidated semiannual financial report.

CORPORATE GOVERNANCE

The role of the Board of Directors is to define the strategic guidelines that must be followed by the Company and the Group under the Company's control and is responsible for governing its business operations. Accordingly, it enjoys the most ample powers to carry out all actions, including acts of disposition, that it may deem useful for the furtherance of the corporate purpose, the sole exception being those that the law expressly and exclusively reserves for the Shareholders' Meeting. The Board of Directors delegated some of its management responsibilities to the Chief Executive Officer, in accordance with the conditions specified below.

As stated in previous Reports on Corporate Governance, the following three committees, all of which make proposals and provide advice, operated within the framework of the Board of Directors: the Control and Risk Committee, the Compensation Committee and the Related Party Transactions Committee (formerly Committee of Independent Directors).

BOARD OF DIRECTORS

Role of the Board of Directors

The Board of Directors is responsible, also through the bodies delegated by it, for guiding and governing the Company, with a view to pursuing the creation of value in the medium-long term for the benefit of shareholders. In its actions, the Board of Directors also takes into account the interests of other relevant stakeholders for the Company.

For these purposes, over time the Board of Directors has saw fit to retain responsibility, and therefore not delegating the tasks to executive directors, for a series of decisions concerning highly significant issues and transactions, in addition to the powers attributed to it pursuant to law and the By-laws.

The Board of Directors meets on a regular basis and operates in a fashion that ensures an effective discharge of its duties, including reliance on preparatory work by committees established within the Board itself.

Definition of strategies, examination and approval of the Plans

The Board of Directors defines the strategies of the Company and the Group. In particular, the Board of Directors has jurisdiction over the review and approval of the strategic plan, which is prepared on a consolidated basis and includes the industrial and financial plans, and periodically monitors their implementation.

The Board of Directors approved the budget 2020 and the Medium-Term Plan 2021-2023, at a meeting held on December 7, 2019, after having shared, in a previous meeting, the assumptions of the scenario of the prices of the commodities of the Group (oil, electric power and natural gas), the euro/dollar exchange rates, changes in demand for electric power and natural gas, and the regulatory and development assumptions of the business, together with the key objectives, including in terms of sustainable development, and the challenges identified.

Previously, as explained in the various Governance Reports, the Board of Directors, in view of the persistent instability of the energy scenario and taking into account the extreme volatility and uncertainty of the reference economic scenarios, had instead considered it preferable to approve only the budget by merely examining a medium-term plan, after having shared its assumptions, key objectives and the main changes envisaged.

The plan and budget are drawn up by the corporate structures responsible for this, previously examined by Comex and specifically assessed by the Control and Risk Committee also in terms of sustainability, which, if necessary, presents its observations to the Board of Directors.

In addition, the Board of Directors annually validates, for the purpose of the impairment tests applied to the financial statements, the economic development assumptions and the projections incorporated into the industrial plan used in that regard. With regard to the 2019 budget, this sharing was carried out at the meeting of February 13, 2020.

As for the monitoring activity, it has been an established practice of the Board of Directors to compare quarterly actual and planned results, as listed in the approved budget, usually when financial statements are approved. On those occasions, special attention is paid to a set of economic variables regarding the Group's various areas of business and to the main financial gauges and any differences between "reported" data and projected results are discussed and analysed. A similar review is carried out "on a final basis" with regard to the main investments approved by the Board of Directors.

Definition of the Type and Level of Risks Compatible with the Issuer's Strategic Objectives

The Board of Directors defines the nature and level of risk compatible with the strategic objectives of the Company and the Group referred to in the "Foreword", including in its assessments all the elements that may be relevant to the medium/long-term sustainability of the activities of the Company and the Group.

In this regard, as explained in section of this Report entitled "Internal Control and Risk Management System," Edison has developed an integrated risk management model in accordance with the international principles of Enterprise Risk Management (ERM), the COSO framework specifically, to identify the Company's priority risks, pre-emptively assess their potential negative effects and take appropriate actions to mitigate them. Specifically, the risk assessment process also took into account the risks that could become significant in terms of sustainability over the medium/long-term. The updated risk map is then examined on a yearly basis by the Board of Directors at the meeting during which it also approves the budget for the next year.

Over the years, the Company developed specific safeguards for some of the risks identified within this integrated model, with the aim of managing and limiting the impact of the various risks on the Group's economic and financial equilibrium. More specifically, as explained in greater detail in the section of this Report entitled "Internal Control and Risk Management Systems," in relation to the Group's exposure to the risk of fluctuations in the prices of energy commodities handled, as well as to the exchange rate risk for those commodities denominated in foreign currency, the Company has for some time now employed an *Energy Risk Policy*. The policy defines the governance environment, monitoring and control of these risks, and provides for the adoption of specific risk limits in terms of Economic Capital, both with regard to the entire portfolio of *asset* and Group contracts (the "Industrial Portfolio"), both for the physical and financial trading on commodities, segregated into special portfolios (the "Trading portfolios"), separated from the Industrial Portfolio.

In addition, like every year, during the approval of the budget, the Board of Directors approves the document entitled "Edison Risk Management Framework for Energy Market Risk", whereby it identifies the principles and defines the main strategies for hedging commodity risk and the relative exchange risk and establishes the risk limits to be respected during the subsequent years.

With respect to 2019, the decision regarding the maximum limit of Economic Capital for the Industrial Portfolio was approved during the meeting on December 7, 2018 and, relating to 2020, during the meeting on December 7, 2019.

With regard to credit risk management, the Credit Risk Policy was updated in 2019, highlighting it to the Control and Risk Committee and the Board of Directors.

As part of the Enterprise Risk Management process, the Environmental Social and Governance risks and the associated mitigation actions were also evaluated.

Definition of Corporate Governance and the Group's Structure

The Board of Directors has jurisdiction over defining corporate governance and the Group's structure.

During 2019, there were no significant changes in the Group's managerial organisational structure, with the exception of some changes in the members of Comex, the committee composed of the directors of the main business divisions, which supports the Chief Executive Officer in identifying the Group's lines of action and development and in assessing the main initiatives to be implemented. First of all, based on the initiative of the Chief Executive Officer, shared by the Board of Directors, the number of members of the Executive Committee was increased by one unit, as a result of the separation of the Engineering Division from the Power Asset Division, effective from July 2019. In addition, new Directors were appointed for the Gas&Power Market Division and the *Sustainability, Institutions & Regulation* Division following the exit from the Group of the previous managers.

The year 2019 saw a continuation of the activities of the Transformation Team, established in 2016 and composed of managers and professionals, in support of the transformation of the organisational model and of managerial conduct in light of the development of the company business and ongoing innovations, in particular due to digital technologies. On this point, please also refer to what is specified in the paragraph "Composition of the Board of Directors" and in the NFS.

In addition, the Board of Directors decided to exit the Group from the E&P business, which is no longer considered to be a core business, and to strengthen its activities in the renewable energy sector, which led to the acquisition of the entire share capital of EDF En Italia SpA, with its 18 subsidiaries operating in the wind and photovoltaic energy production sector, and EDF EN Services Italia Srl., which provides Operations & Maintenance services to the renewable energy production facilities of Group companies. In addition, the Fenice Group continued to streamline and simplify its corporate structure with the absorption of Edison Facility Solutions Srl and West Side Srl into Zephyro Spa, which changed its name to Edison Facility Solutions.

Assessment of the Effectiveness of the Organisational, Administrative and Accounting Structure, with Special Emphasis on the Internal Control and Risk Management System

The Board of Directors reviews and assesses periodically -usually in connection with the approval of the annual and semi-annual financial report, but also based on preliminary activities carried out by the Control and Risk Committee (which in this regard is based on the in-depth analyses performed and the results produced by the Internal Auditing Department and the Risk Office) and checks performed by the Board of Statutory Auditors- the adequacy of the Company's organisational, administrative and accounting system, with special emphasis on the internal control and risk management system.

Starting in 2016, specifically with regard to risk management, the Board of Directors reviewed more in detail, based on the same documents provided to the Control and Risk Committee, the analyses performed and the results achieved, using the integrated risk management model adopted by the Group. This is to ensure, on the one hand, a better implementation of the principle laid down in the Code and, on the other hand, compliance with the indications contained in Consob communication no. 0009517 of February 3, 2016 which required the active involvement of the administrative body in the processes of management, monitoring and control of risks deriving from derivative transactions and greater attention of the control body on the adequacy of the Company's organisational structure to comply with EMIR rules. As in the past, the Control and Risk Committee in any event continues to carry out a preventive investigative activity, providing its assessments and recommendations to the Board of Directors.

For 2019, the assessment, which covered both Edison and all of its subsidiaries, was carried out at the meetings held on February 14, 2019, July 24, 2019 and, finally, on February 13, 2020. Additional assessments were then performed in connection with the validation of specific corporate reorganisation activities.

In the course of 2019, as usual, on the occasion of the approval of the budget 2020, the Board of Directors also shared and approved the risk map. In addition, at the time of the approval of the 2019 semi-annual results and the 2020 budget, it also shared the updating of the risk profile with specific regard to the Group's main risks: i.e., i) market risks; ii) counterparty and country risk; iii) risks inherent in the use of financial derivatives; iv) EMIR compliance risks and the relative mitigating actions.

With regard to this issue see the information provided in the section of this Report entitled "Internal Control and Risk Management System."

Assessment of the Overall Operating Performance and Reporting by Delegated Entities

As required by the Code and by current laws, the Board of Directors reviews periodically the results from operations, starting with the approval, each quarter, of the financial statements for the period.

Moreover, pursuant to law, the Code and the By-laws, the officers to whom power has been delegated report to the Board of Directors and the Board of Statutory Auditors at least on a quarterly basis to explain the work performed in the exercise of their powers. In addition, the Chief Executive Officer has been following for some time the specific practice of including in the Agenda of each meeting of the Board of Directors, irrespective of the time that elapsed from the previous meeting, a report by the CEO on the work he performed and on major transactions executed by the Company and its subsidiaries that did not require the prior approval of the Board of Directors. As a rule, these reports are supported by a series of memoranda and presentations that are sent to the Directors and the Board of Statutory Auditors together with the Agenda for each scheduled meeting of the Board of Directors.

Approval of Material Transactions Executed by the Company and Its Subsidiaries

Furthermore, based on the provisions of the By-laws and the resolution adopted by the Board of Directors, most recently on April 2, 2019, and due to the turnover in the office of the Chief Executive Officer (as better detailed in the section "Election of Directors") of June 19, 2019, the Board of Directors is competent to resolve on the matters indicated below, considered especially significant, which augment those powers that are reserved to the Board pursuant to law and cannot be delegated to individual Directors, or by specific internal procedures:

a) reduction of the Company's share capital when an eligible party request redemption of its shares;
b) decisions concerning the approval of the business plan and budget;
c) Opening or closing Edison secondary headquarters and relocation of the registered office within Italy;
d) designation of the Directors authorised to represent the Company;
e) amendments to the Company By-laws to comply with statutory requirements;

f) Mergers and demergers in the situations referred to in art. 2505 and 2505-bis of the Italian Civil Code and those referred to in art. 2506-ter of the Italian Civil Code;
g) bond placements;
h) contracts to sell and buy natural gas with a duration of more than 36 months, when the quantities of gas equivalent involved are greater than 10 TWh/y for each contract; i) contracts to sell and buy electric power with a duration of more than 36 months, when the quantities involved are greater than 5 TWh/y for each contract;
l) contracts to sell and buy other energy commodities, steam, crude oil and its derivatives, coal, securities representative of Green Certificates, energy efficiency certificates, guarantees of origin, CO2 emissions rights and other similar securities or rights with a duration of more than 36 months, when the amount involved is greater than 150 million euros (or equivalent amount in another currency) for each contract;
m) Contracts to buy or acts of disposition of property (other than the assets specifically mentioned in other letters), commercial and industrial agreements, contracts for the provision of services and, in general, any other agreement or contract involving goods or services necessary to carry out the Company’s operating activities involving an amount greater than 200 million euros (or equivalent amount in another currency) for each contract or agreement;
n) Granting, receiving or repaying ahead of schedule financing facilities, assumption of debt and other banking and financial contracts of any type involving an amount greater than 200 million euros (or equivalent amount in another currency) for each contract;
o) contracts involving financial instruments traded in the money market and financial derivatives that may or may not hedge foreign exchange, interest rate and commodity price risks involving an amount greater than 200 million euros (or equivalent amount in another currency) for each contract;
p) Contracts involving investment (other than those listed in Section o) below) involving an amount greater than 50 million euros (or equivalent amount in another currency) for each contract;
q) contracts involving purchases, acquisitions under any title and in any form (e.g., in connection with a capital increase or the establishment of a company), conveyances or other disposals (in whole or in part, in any form and under any title, including without any limitation the establishment or granting of pledges, encumbrances, restrictions, beneficial interest rights or other third-party rights) of securities, equity interests and ownership stakes in companies, enterprises and other entities, companies and business units involving an amount greater than 50 million euros (or equivalent amount in another currency) for each contract;
r) granting or releasing encumbrances, pledges, collateral and personal guarantees, other guarantees or similar rights on tangible and intangible assets (different from encumbrances, pledges, guarantees or rights set forth in other letters) involving an amount greater than 50 million euros (or equivalent amount in another currency) for each transaction;
s) related-party transactions that qualify as “Highly Material Transactions” in accordance with the Procedure Governing Related-party Transactions approved by the Board of Directors on December 3, 2010, as amended;
t) any other contract or transaction not expressly mentioned in the preceding letters that entails expense commitments greater than 50 million euros (or equivalent amount in another currency) for each contract or transaction.

At the above-mentioned meeting of April 2, 2019, the Board of Directors again confirmed the criteria for identifying highly material transactions executed by subsidiaries that would require its prior approval, initially identified at the meeting of October 26, 2012, where it specified that, when transactions are carried out by a subsidiary, the issues that, if carried out by Edison, would be outside the jurisdiction of Edison’s Chief Executive Officer, require the prior approval of Edison’s Board of Directors.

As explained in previous Reports on Corporate Governance, in view of the number of and the activities carried out by the subsidiaries, the Board of Directors did not establish any qualitative/ quantitative criteria for the identification of the most significant subsidiaries: this requirement thus applies to all subsidiaries, with only those operating in functional unbundling mode being excluded.

In 2019, the Board of Directors approved the completion of a material transaction carried out by subsidiaries.

Self-assessment by the Board of Directors and Its Committees

In continuity with the previous approach, in 2019 the Board of Directors agreed to carry out a self-assessment of the size, composition and functioning of the Board of Directors and its Committees, appointing independent Directors with the assistance of the Secretary to the Board of Directors and the Board structure.

In the circumstance, with the support of an external independent company, the questionnaire used was completely revised, simplified in its structure and updated with the introduction of new sections to take into account the evolution of the reference regulation. In any case, the possibility of individual interviews was retained for administrators who requested this.

The questionnaire was distributed to the individual directors; the first theme analysed was the results of the self-assessment activity, carried out in the previous Board mandate, in order to register the progress status of works; then the focus was placed on the key issues for the successful functioning of the Administrative Body: size and composition of the Board, effectiveness of the Board of Directors in terms of the key issues, method of work, cohesion and interaction, organisation of the work of the Board of Directors, roles and responsibilities of the directors, committees established within the Board of Directors.

The results, that were presented to the Board of Directors at a meeting held on February 13, 2020, as in the past, show a positive overall assessment of the activities carried out by the Board of Directors and its committees and of the Company's governance, as outlined below.

As regards the composition of the Board of Directors, the total number of directors is considered adequate to enable an effective joint work capacity, a situation already confirmed in previous years. In terms of diversity, the composition of the Board by tenure and gender diversity is balanced. Both the mix of expertise, including managerial, and the level of knowledge of the Directors were found to be adequate for a sound management of the Company and the high level of their professionalism, as well as adequate representativeness of directors with international experience was confirmed.

The Directors are generally satisfied with the continuous induction and training initiatives carried out by the Company during the year, and the members of the Board of Directors consider that the methods applied to enhance knowledge within the Board are effective. In particular, the Directors appreciated the visit to a production site and are in favour of continuing said initiative, which has a become an annual event. With regard to the Board's activities, the issues reserved for its jurisdiction were found to be exhaustive and the assessment of its operating modalities and how time was allocated to the different issues discussed at the meeting was positive. All Directors are aware of the responsibility the role involves, come prepared to meetings of the Board and the Committees and participate in a professional manner, contributing to the debate.

In the area of documents and information flows, the assessment confirmed that the documents submitted to the Board of Directors were accurate, noting that the advanced-delivery timing of five days for the documents was adequate. It also confirmed the expression of appreciation for the support provided by the on-line portal, and rated as positive the level of analytical details provided in the information flows between the Chief Executive Officer and the Board of Directors. Also, it rated favourably the presentations provided at Board meeting by Company managers. Lastly, the accuracy of the formulation of the agenda and the minutes of Board meetings and the adequacy of the rationale provided for the resolutions were also confirmed.

Likewise, the number of committees and their respective attributions were again found to be adequate and their operating activities were judged as efficient, also with regard to the preparatory work carried out by the committees in connection with decisions reserved for the Board of Directors, which they report on habitually to said Board. On the whole, the Committees operated with autonomy and authority, effectively supporting the Board with the preliminary investigations on the work themes within their competence.

Lastly, regarding the Company's organisation, the organisational, administrative and accounting structure was found to be adequate and the same was true for the information provided to the Board of Directors. Lastly, the governance structure was also assessed as effective.

Constant participation in meetings was guaranteed.

The analysis generated a series of recommendations the implementation of which was delegated by the Board of Directors to the Chief Executive Officer.

As regards recommendations about the professional competencies that should be reflected among the members of the Board of Directors and regarding the issue of the number of posts at other companies compatible with the post of Director at Edison, please see the sections of this Report entitled "Rules of Operation of the Board of Directors" and "Election of Directors.".

Rules of Operation of the Board of Directors

Edison's Directors act and deliberate with full knowledge of the issues at hand and independently, pursuing as their primary objective the creation of value for the shareholders, and for major stakeholders more generally, over a medium/long-term time horizon.

Taking into account the respective professional competencies, they devote to the diligent discharge of their duties the necessary amount of time, considering also the work they perform at the internal committees of the Board of Directors.

In accordance with the recommendation of the Code, since 2016 the Board of Directors has expressed an indication of the maximum number of posts compatible with the effective performance of the office. In this regard, the maximum number of posts of Director or Statutory Auditor that may be held at other companies listed on regulated markets (including abroad) and financial, banking and insurance companies or companies of significant size that are not part of the group to which Edison belongs was set at five. This approach was reaffirmed at the time of the renewal of the Board of Directors by the shareholders' meeting called to approve the 2018 financial statements. Beyond this consideration, the Board of Directors continues to believe that such a determination is primarily a consideration that the shareholders should make when electing Directors and, secondarily, a decision incumbent on each Director when accepting an appointment.

All the directors who have followed one another during 2019 have complied with the recommendation. The table annexed to this Report lists the posts held as Director or Statutory Auditor by Directors in office at December 31, 2019, showing those held by EDF Group companies.

With regard to non-compete obligations, we wish to point out that the Shareholders' Meeting (which under the By-laws has the authority to activate such obligations when electing Directors, should it deem it necessary) did not avail itself of this right and that, in the course of the year, the Board of Directors, based on the information obtained each year, did not uncover any issues worthy of the attention by the Shareholders' Meeting.

It also worth mentioning that, as explained in previous Reports, a special protocol entitled "Protocol for the Management of Related-party Transactions," sets forth rules of conduct that govern the position of Directors who may have an interest, albeit potential or indirect, in a transaction that the Company plans to carry out. Specifically, when a transaction requires the prior approval of the Board of Directors, the Director affected by the transaction is required to inform the Board of Directors about his interest in the transaction, explaining the nature, terms, origin and scope of said interest. If, on the other hand, a transaction does not require the prior approval of the Board of Directors and falls within the scope of the power awarded to the Director affected by it, including when the transaction is being executed by means of a special power of attorney issued by the same Director, the Director in question is required to refrain from executing the transaction and cause his representatives to do the same, choosing instead to submit the transaction to the Board of Directors for prior approval. In any case, the resolution of the Board of Directors must contain an adequate explanation of the reasons for the transaction and of the benefits that the transaction would have for the Company. Therefore, in the first half, the transactions carried out by Edison and its parent company EDF were subject to specific approval by Edison's Board of Directors, irrespective of their value and nature, due to Edison's Chief Executive Officer working position in EDF as at June 30, 2019. In addition, throughout the year, transactions with the EDF Group were reviewed by the Related-party Transactions Committee and, if necessary, approved by the Board of Directors, when of a significant size or extraordinary nature.

Meetings of the Board of Directors and Information for Directors

Pursuant to the By-laws, the Chairman or the Chief Executive Officer have the power to convene meetings of the Board of Directors and define the meeting's Agenda.

Meetings of the Board of Directors may also be convened by the Board of Statutory Auditors or by individual Statutory Auditors, with notice given to the Chairman of the Board of Directors. They may also be convened at the request of at least two Directors. These options were never used during the year.

The notice of the meeting must be given by means of a written communication, which must be sent at least five days ahead of the date set for the meeting, or at least two days ahead in urgent cases.

Meetings are chaired by the Chairman of the Board of Directors or, should he be absent or unavailable, by another Director designated by the Board of Directors, who guides the meeting progress and coordinates its activities. In such cases, the Chief Executive Officer usually chairs the Meeting.

In order to facilitate the attendance of Directors, meetings of the Board of Directors may be held via teleconferencing or videoconferencing, provided all participants can be identified and are able to follow the proceedings, participate in real time in the discussion of the items on the agenda and receive, transmit and review documents.

A meeting of the Board of Directors is validly convened when a majority of the Directors in office are in attendance and it adopts resolutions by a favourable vote of the majority of the Directors in attendance, with abstaining Directors excluded from the count.

The Chairman of the Board of Directors and the Chief Executive Officer, who is the party directly responsible for the activities/transactions submitted to the Board of Directors for review and, pursuant to the By-laws, has himself the power to convene meetings of the Board of Directors, ensure, through the Secretary to the Board of Directors, that adequate information is provided about the items on each meeting's agenda. Specifically, both officers shall strive to ensure that the documents concerning the items on the meeting's agenda are made accessible to Directors and Statutory auditors five days in advance of the date of the Board meeting, as specified by the Board of Directors upon completion of its self-assessment conducted in 2016. As a rule, these documents (always available also either in English or French, depending on the nationality of the Directors sitting on the Board) are sent concurrently with the notice of the meeting, except in urgent cases and in instances when there is a particular need for confidentiality. Also in said circumstance, in 2019 the documentation was sent to the directors with advance of no less than two days, and the matters were, nonetheless, dealt with exhaustively.

In order to streamline the organization of the documents concerning meetings of the Board of Directors, the Company has been providing for some years a "shared work area" through the adoption of a specific electronic portal dedicated to the management of these documents, which has reduced transmission, consultation and filing time and increased speed and security for accessing documents reserved for the Board of Directors, thereby optimizing the process. The documents concerning each meeting are instantaneously filed, independently of the date individual documents are sent, based on the order in which items are listed on the agenda and are always kept available on-line, facilitating their subsequent consultation. Access to the portal, which is managed by an organisational unit headed by the Secretary to the Board of Directors, is protected with personal user IDs and passwords.

In 2019, aside from justified and limited exceptions, the required documents were sent, in the majority of cases, at least six days before the date of the Board meeting, which is in line with the practice followed the previous year. The Board of Directors determined during the self-assessment that the methods and timing with which these documents were made available in 2019 were appropriate, and that the information provided before the meetings, as supplemented during the course of the meetings, was adequate and exhaustive.

The professional expertise of the members of the current Board of Directors has made them fully capable of adequately understanding the obligations and responsibilities inherent in the office they hold. As in the previous year, the Chairman, in agreement with the Chief Executive Officer, decided to conduct a few induction sessions in 2019 and during Board meetings, regarding in-depth analysis of specific matters reported by the Directors as part of the self-assessment conducted in 2018. These in-depth studies focused in particular on: the strategies and activities of the energy efficiency sector and the organisation of the division to which they belong; the strategic guidelines in the renewable energy sector, the Group's sustainability policies and targets and their consistency with the strategic objectives and the national context; the evolution of regulations in the power generation sector (capacity market); the review of investments made. In addition, on the occasion of the Board meeting of May 3, 2019, a visit to a plant for which the subsidiary Fenice provides energy efficiency services was organised.
Edison's Directors are also systematically invited to training events open to the public about the energy market.

In any event, specifically with regard to the duties of the Board of Directors, the Company has developed for quite some time an "Information Guide for Directors" that summarises the main statutory and regulatory provisions and governance rules applicable to the Board of Directors and the Board Committees. The Guide also includes for easy consultation the main reference corporate documents (Company By-laws, rules for the delegation of powers to executive Directors, operating rules for the Board of Directors and committee operating procedures, etc.).

In 2019, the Board of Directors met nine times, with each meeting lasting an average of about one hour and 45 minutes. The average attendance of Directors at Board meetings was 92.59%. A breakdown is provided below:

Directors	**Number of Board of Directors meeting attended in 2019**	**Percentage**
In office at December 31, 2019		
Marc Benayoun	9 out of 9	100
Nicola Monti	5 out of 5	100
Béatrice Bigois	7 out of 9	77.78
Paolo Di Benedetto	8 out of 9	88.89
Fabio Gallia	7 out of 8	88.89
Xavier Girre	7 out of 8	88.89
Jean-Bernard Lévy	8 out of 9	88.89
Nathalie Tocci	9 out of 9	100
Nicole Verdier-Naves	9 out of 9	100
Left post in 2019		
Marie-Christine Aulagnon	1 out of 1	100
Gian Maria Gros-Pietro	1 out of 1	100
Sylvie Jéhanno	4 out of 4	100

The attendance of meetings of the Board of Directors by Statutory Auditors in 2019 is shown in a table provided in the section of this Report entitled "Board of Statutory Auditors."
The manager members of the Executive Committee are invited to attend meetings of the Board of Directors and report on the operations for which they have direct operating responsibility. The General Counsel attended all meetings of the Board of Directors.

A calendar of meetings of the Board of Directors scheduled for the following year to review annual and interim results is communicated annually to Borsa Italiana, usually in December for the following year, and posted on the Company website (www.edison.it - Company - *Investor Relations* - Financial Calendar). The calendar for 2020 was published on December 23, 2019 and the Company confirmed the established practice of convening a meeting of the Board of Directors early in February to approve the financial statements. Four more meetings have been scheduled for 2020, in addition to the one held in February.

Election of Directors

For the reasons explained in the "Other Information" section, the By-laws in effect since April 4, 2013 no longer require the filing of slates of candidates for election to the Board of Directors. Current provisions require that nominations, complete with the documents required pursuant to laws and regulations, be filed at the Company's head office within the deadline and in the manner stated in the Notice of the Meeting. If such information is not provided, they may be filed directly at the Shareholders' Meeting.

The nomination of each Director must be accompanied by: information disclosing the identity of the parties filing the nominations; professional curricula of each candidate, listing any management and control posts held at any other companies and indicating whether a candidate qualifies as an independent Director pursuant to both the TUF and the Code; affidavits by which the candidates attest that there are no issues that would make them incompatible or unelectable or would cause them to be removed from office, that they meet the requirements for election as Directors pursuant to current laws and the By-laws and that they accept the nomination

The Board of Directors' decision not to establish a Nominating Committee, as required by the Code's recommendations, was repeatedly confirmed in consideration of the current highly concentrated stock ownership structure. This structure was actually further consolidated with the acquisition of virtually exclusive control by EDF and the delisting of Edison's common shares. In fact, no situations that can normally encourage the administrative body to present its list of candidates to the shareholders' meeting exist. However, this does not exclude the option, should it become appropriate, on expiry of each mandate, of enabling the entire Board of Directors to provide the controlling shareholder with recommendations about its size and composition, also with regard to managerial and professional skills.

In this regard, as in previous Board of Directors' renewals, also with regard to the appointment of the new Board of Directors in 2019, the outgoing Board of Directors provided certain indications. This is in the wake of the results of the self-assessment and in accordance with the recommendations of the Code. In fact, in its explanatory report to the Shareholders' Meeting of April 2, 2019, it suggested that, in determining the composition of the Board of Directors to be elected, account should be taken of the fact that the Board of Directors should be represented, as was the case for previous mandates, by the different business sectors that make up the Company, and the main professional and managerial skills necessary for the good management of the company, also ensuring the presence of directors with international experience. The Board also recommended that it continue to ensure that the various Committees set up within the Board of Directors contain individuals characterised by the specific professional skills required by the Code, such as adequate experience in accounting and financial matters, and/or risk management and/or remuneration policies.

The Board of Directors, with the same methods, also recommended the appointment of an adequate number of Directors possessing the independence requirements necessary pursuant to law and the Code, i.e., at least three.

On the subject of gender balance, the Board of Directors, even though the provisions of the law on the subject were no longer applicable as this was the fourth renewal of the mandate following their introduction, decided to suggest that shareholders comply with the provisions of the Code regarding the weight to be given to the less representative gender, recommending, in the report mentioned above, that at least one third of the directors belong to the less represented gender.

The controlling shareholder accepted these recommendations.

Lastly, in order to enable the Directors to devote the necessary time to the performance of their tasks and adequate availability to discharge their duties effectively, while remaining convinced that the determination of these issues is first of all the responsibility of the individual Directors upon accepting their appointments, and taking into account, if applicable, participation in any of the Board Committees, the Board of Directors confirmed the recommendation, already issued in the past, that no Director should hold more than five posts as Director or Statutory

Auditor at companies listed on regulated markets (including abroad),in financial, banking and insurance companies or companies of significant size that are not part of the group to which Edison belongs.

All Directors are complying with this recommendation.

Directors are elected for a maximum term of three years and may be re-elected. The By-laws do not contain any mechanisms for staggered expirations of the term of office of individual Directors.

TdE nominations for election to the Board of Directors currently in office, together with the motion regarding the length of the term of office, were published as soon as they were received from TdE, the controlling shareholder, on March 28, 2019. At that time, TdE held 99.484% of the voting share capital. On the day after, the relevant documents were made available and published on the Company website (www.edison.it - Our Company - Governance - Shareholders' Meeting - Archive - Shareholders' Meeting of April 2, 2019 - Documents). During the Shareholders' Meeting of April 2, 2019, TdE also filed motions regarding the compensation of Directors, taking into account and consistent with the recommendations contained in the Compensation Report submitted to the same Shareholders' Meeting.

With regard to the issues mentioned above, all of the directors elected by the Shareholders' Meeting on April 2, 2019 were nominated by TdE, the controlling shareholder. The above-mentioned Shareholders' Meeting also confirmed the number of Directors at nine, electing the current Board of Directors for three years, until the Shareholders' Meeting called to approve the 2021 financial statements.

With regard to succession plans, the Board of Directors agreed not to adopt a succession plan for the executive Directors, since it does not believe that the selection of individuals asked to perform this role or the adoption of the corresponding selection criteria can be made by the Company ahead of the time when the need for a replacement may arise. This is because the choice of a new executive Director requires ad hoc considerations. The decision not to adopt a succession plan, formalised by the Board of Directors in 2012, was confirmed over time. This evaluation takes account, in particular, of the composition of the existing shareholding structure and the relevant size of the network of managerial personnel that make up the international group of the majority shareholder. On the other hand, for executives with strategic responsibilities and, more generally, for the management, the Company has employed a specific succession process for some time now.

Moreover, in 2019, following the appointment of the new Board of Directors due to the expiration of their term of office, a change in the posts of Chairman and Chief Executive Officer occurred in 2019, due to the resignation of Jean-Bernard Lévy and Marc Benayoun, who also remained Directors, and the resignation of Sylvie Jéhanno from the Board of Directors. In this circumstance, the Board of Directors made an uninterrupted choice, considering it appropriate, on the one hand, to elect Marc Benayoun as Chairman and, on the other hand, to co-opt Nicola Monti, Director of one of Edison's core businesses, also appointing him Chief Executive Officer, in order to ensure continuity in the management of the Group. Nicola Monti will be in charge until the next Shareholders' meeting.

Furthermore Nicole Verdier-Naves resignated from her position as director with effect from the shareholders' meeting called to approve the 2019 financial statements. Therefore the above-mentioned shareholders' meeting is asked to proceed with the appointment of two directors.

Composition of the Board of Directors

Under the By-laws that went into effect on April 4, 2013, the number of Directors can vary from a minimum of five to a maximum of 13 members.

The composition of the Board of Directors must be consistent with the criteria provided in the applicable provisions concerning gender parity and the required minimum number of independent Directors. The By-laws contain no mention of any additional qualifications beyond those set forth in the relevant laws and regulations, nor do they specify professional or independence requirements taken from the Code or specific professional characteristics for the Directors. As regards the observance of the recommendations of the Code regarding the composition and the characteristics of the Directors, please refer to the section of this Report entitled "Election of Directors."

As mentioned earlier, the Board of Directors in office at December 31, 2019 was comprised of nine Directors: six men, two of whom qualified as independent, and three women, one of whom qualified as independent. The number of Directors was unchanged on the date this Report was approved (February 13, 2020). It should be noted, in this regard, that at the Shareholders' Meeting for the appointment of the Board of Directors a fourth woman was appointed, who subsequently resigned. When co-opting the new Director (who later became Chief Executive Officer), the Board of Directors, however, elected a man because it considered it preferable to draw the candidate from the top management structure, choosing one of the directors most involved in managing the Company's business. Even after this change, the composition of Edison's Board of Directors was consistent with current regulations concerning gender balance. In the meantime, this regulation has been amended by the Budget Law 2020 and the new provisions will be taken into account at the first renewal of the administrative body following the entry into force of the new legislation.

All the Directors who served on the Board in 2019 were equipped with adequate competencies and professional skills. Specifically, their respective backgrounds include expertise in such areas as law, economics, finance, and organisational management, as well as subjects more specifically applicable to the businesses pursued by the Company and the Group. The curricula *of the directors in office as at December 31, 2019* are attached to this Report.

Diversity policies are applied in relation to the composition of the Board of Directors and the Board of Statutory Auditors, as both boards are suitably diversified in terms of age, gender and educational and professional background, as well as nationality, as can be seen in the information provided above as well as the curricula. Also in light of this, the Board of Directors did not consider it necessary to formalise the approval of such policy preferring, as specified previously, to provide indications in its report to the shareholders' meeting called to resolve on the appointment of the directors. Moreover, the company, through the Chief Executive Officer, with the support of the Advisory People Development Committee in the process of defining and modifying general policies and systems for the development and management of people, carries out specific inclusion and diversity programmes. Programmes that, starting in 2017, have been accelerated also through the activities carried out by a structure, the Transformation Team, consisting of manager and professionals, whose different work groups were concerned by the theme of inclusion and gender equality with regards to the entire company organisation, as explained in greater detail in the NFS, which highlights and comments on the objectives that Edison has set itself in terms of inclusion.

The following Directors were in office at December 31, 2019 (and they continue to be in office at February 13, 2020):

Name, characteristics and post held	Date when last elected	Date when first elected(*)
Jean-Bernard Lévy Chairman (until June 30, 2019 and subsequently Director) Non-executive Director	Shareholders' Meeting of April 2, 2019. Elected also as Chairman by the same Shareholders' Meeting	Board of Directors of December 12, 2014. Elected Chairman by said Board
Marc Benayoun Chief Executive Officer until June 30, 2019 and, subsequently, non-executive director Chairman	Confirmed Director by the Shareholders' Meeting of April 2, 2019 and Chief Executive Officer by the Board of Directors on the same date, subsequently with effect from July 1, 2019, appointed Chairman by the Board of Directors on June 19, 2019	Board of Directors meeting of December 8, 2015 that also appointed him Chief Executive Officer effective January 1, 2016
Nicola Monti Chief Executive Officer since July 1, 2019 Executive Director Non-executive Director from June 19 to June 30, 2019	Co-opted Director by the Board of Directors on June 19, 2019, which, effective July 1, 2019, appointed him Chief Executive Officer	-
Béatrice Bigois Non-executive Director	Shareholders' Meeting of April 2, 2019	Board of Directors of June 4, 2012
Paolo Di Benedetto Non-executive independent Director Lead independent director Chairman of the Related-party Transactions Committee and the Remuneration Committee and member of the Control and Risk Committee and the Oversight Board	Shareholders' Meeting of April 2, 2019	Shareholders' Meeting of March 22, 2013
Fabio Gallia Non-executive independent Director Chairman of the Control and Risk Committee and member of the Related Party Transactions Committe	Shareholders' Meeting of April 2, 2019	-
Xavier Girre Non-executive Director Member of the Control and Risk Committee	Shareholders' Meeting of April 2, 2019	-
Nathalie Tocci Non-executive independent Director Member of the Related Party Transactions Committee, the Compensation Committee and the Oversight Board	Shareholders' Meeting of April 2, 2019	Shareholders' Meeting of March 22, 2013
Nicole Verdier-Naves Non-executive Director Member of the Compensation Committee	Shareholders' Meeting of April 2, 2019	Board of Directors of June 4, 2012

(*) if different from the date of last appointment.

The following Directors served on the Board earlier in 2019:

Name, characteristics and post held	Date when last elected	Date when first elected(*)
Marie-Christine Aulagnon Non-executive Director Member of the Control and Risk Committee (1)	Shareholders' Meeting of March 22, 2016	-
Gian Maria Gros-Pietro Non-executive independent Director Lead independent director Chairman of the Related-Party Transactions Committee and Member of the Control and Risk Committee, the Compensation Committee and the Oversight Board	Shareholders' Meeting of March 22, 2016	Shareholders' Meeting of October 28, 2005
Sylvie Jéhanno Non-executive Director	Shareholders' Meeting of March 22, 2016	-

(*) if different from the date of last appointment.
(1) Chairman from September 20, 2017 to April 1, 2019

Chairman and Executive Directors

Pursuant to the By-laws and unless pre-empted by the Shareholders’ Meeting, the Board of Directors has the right to select its Chairman. It can also delegate its powers to one of its members and appoint an Executive Committee and other committees with specific functions, defining their tasks, powers and rules of operation.

Pursuant to the By-laws, the Chairman and the Chief Executive Officer are the Company’s legal representatives before third parties and in judicial proceedings.

The 2019 financial year was characterised by a discontinuity, compared to the previous three years, in the persons who held these positions. As explained in the section of this Report entitled “Election of Directors,” the role of Chairman was held until June 30, 2019 by Jean-Bernard Lévy, Chairman and General Manager of EDF, the controlling shareholder, most recently confirmed in this capacity by the Shareholders’ Meeting of April 2, 2019, which elected the current Board of Directors. Subsequently, following the resignation from office, the role was held by Marc Benayoun.

Marc Benayoun served as Chief Executive Officer until June 30, 2019, having been confirmed in office, most recently by the Board of Directors on April 2, 2019, which was held after the above-mentioned Shareholders’ Meeting; he resigned his office effective July 1, 2019. During his term of office, he did not serve as a Director in companies outside the EDF Group. With effect from July 1, 2019, the Board of Directors of June 19, 2019 appointed Nicola Monti, former director of the Power Asset and E&P divisions, as Chief Executive Officer after his co-option as director following the resignation of Sylvie Jéhanno, appointed director by the shareholders’ meeting of April 2, 2019.
Also Nicola Monti does not serve as a Director at other companies outside the EDF Group.

The Board of Directors, in accordance with the recommendations of the Code and consistent with past practice, again chose not to provide the Chairman with operational authority or a specific role in the development of business strategies, but gave him jurisdiction over institutional, guidance and control issues.

The Board of Directors gave to Chief Executive Officer the most ample powers to manage the Company. Consequently, acting without the support of an additional signatory, he can carry out any actions that are consistent with the corporate purpose, subject to statutory limitations and excluding those transactions that, as stated in the section of this Report entitled “Role of the Board of Directors,” the applicable laws and resolutions adopted by the Board of Directors have placed under the Board’s sole jurisdiction.
The content of the proxies granted to the Chief Executive Officer is unchanged since 2012. Since February 2007, the Board of Directors has also appointed the Chief Executive Officer to oversee the functionality of the internal control system, handling, among other things,the identification of the main business risks and verifying the adequacy, effectiveness and efficiency of the system, as explained in more detail in the section on the “Internal Control and Risk Management System”. Since 2012, this assignment has been broadened to include risk management.

Therefore, based on the foregoing considerations, only the Company’s Chief Executive Officer qualifies as an Executive Director according to the Code and consequently, is the Company’s most senior manager (chief executive officer). The interlocking directorate situations referred to in the Code do not apply in this case.

Independent Directors

The current Board of Directors includes three Directors who meet statutory independence requirements and qualify as independent in accordance with the guidelines provided by the Code. Paolo Di Benedetto, Fabio Gallia and Nathalie Tocci. Therefore, the percentage weight of independent directors on the Board currently in office is equal to one third of the total number of directors.

Previously, during 2019 and until the appointment of the new Board of Directors, in addition to the aforementioned Paolo Di Benedetto and Natalie Tocci, Gian Maria Gros-Pietro was an independent director.

In accordance with the procedure adopted by the Board of Directors to verify the independence of Directors, Directors must declare their eligibility to qualify as independent Directors when the nominations of candidates are filed and when they accept their nomination, and their credentials are verified by the Board of Directors at the first meeting held after their nomination. The results of this process are disclosed to the market.

An independent Director must also undertake to inform promptly the Board of Directors of any situation that could undermine his or her ability to meet the independence requirement. On the other hand, a commitment to remain independent while in office and, should that not be the case, to resign is not required. In this area, in view of the fact that the independence requirements of the Italian Civil Code do not match exactly those of the Corporate Governance Code and the circumstance that the verification process is based in part on elements of a discretionary nature, the Board of Directors preferred to avoid the adoption of automatisms and base the decision on assessments by the Board of Directors based on additional available evidence. In this regard, please note that, upon approving the Report on Corporate Governance, the Board of Directors renews the request for credentials from the independent Directors, asking them to confirm that they meet the requirements of the applicable law and the Code. The Board of Directors and the Board of Statutory Auditors, respectively, verify the truthfulness of the affidavits and ascertain whether the above-mentioned requirements and procedure are being properly applied. Since 2006, with regard to this review, specific attention is being paid to the new definition of independent Director provided by the Code and, since 2008, to the definition introduced by the TUF. Since the time when the current independence criteria were included into the Code, the Board of Directors has chosen not to set predetermined quantitative criteria for assessing the independence requirement. Specifically, it concluded that the information requested from independent Directors upon their acceptance of the post, which includes filling out a special form at the time they sign their independence affidavit, which must be updated at least once a year, is sufficiently analytical to enable the Board to make the appropriate assessments as to whether the independence requirement is met or not. The Board of Directors has reaffirmed this position, most recently when it approved the 2019 Report on Corporate Governance.

With regard to the Board of Directors currently in office, a review of compliance with the independence requirements was performed after its election, at the Board meeting of April 2 2019, with the results of the review conducted on February 13, 2020 at the meeting held to approve the Report on Corporate Governance for 2019, being communicated to the market on the same day.

With regard to the verifications carried out with regard to the independent directors in office until the date of the Shareholders' Meeting of April 2, 2019, reference should be made to the provisions of the 2018 Governance Report.

The Board of Statutory Auditors reports to the Board of Directors the findings of the reviews it performed during the year and discloses them in its Report to the Shareholders' Meeting, which should be consulted for additional information.

In 2019, two meetings and, in 2020, one meeting, were held of only the independent Directors at the initiative of the Lead Independent Director, during which the matters relating to Edison’s long-term strategies and the resulting changes in the Group profile, particularly with regard to the segment for the sale of gas and electricity and hydrocarbons, development of the renewable energy production sector and the Company’s exit from the E&P sector, as well as the functioning of the Board of Directors, the relative self-assessment process and other issues concerning the Company, were discussed.

As in every year, the independent directors have also taken action at the request of the Board of Directors, to carry out the procedure relating to the Board’s self-assessment process.

Information about the meetings of the Committee established by the Board of Directors to evaluate related-party transactions is provided in the section of this Report entitled “Composition of the Related Party Transactions Committee and activities performed in 2019”.

Lead Independent Director

Lastly, it is worth mentioning that, following EDF’s assumption of control of the Company, in October 2012, the Board of Directors identified a Lead Independent Director from among the Independent Directors, to be entrusted with the tasks indicated in the Code. This decision was taken because, in interpreting the Code with a substantive approach, the Board found that the requirements for such an appointment did exist at the time, due to the fact that the Chairman of Edison’s Board of Directors also served as EDF’s Chairman and General Manager. This choice was also confirmed by the Board of Directors, which was held after the Shareholders’ Meeting convened in 2019 to elect the current Board of Directors and continued to do so after Marc Benayoun was elected Chairman.

Also in 2019, the Lead Independent Director was able to meet both with the Chairman and the Chief Executive Officer in connection with issues relating to Edison’s prospective evolution and the main initiatives undertaken during the year.

INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

In December 2002, upon the listing of the Edison shares on the MTA and consistent with the Code’s recommendations, with the aim of facilitating the activities of the Board of Directors, the Company established within the framework of its Board of Directors the Control and Risk Committee and the Compensation Committee. On January 1, 2011, these Committees were joined by the Related Party Transactions Committee (formerly Committee of Independent Directors), established in compliance with the Consob Regulation governing related-party transactions. For the reasons mentioned in the section of this Report entitled “Election of Directors”, a Nominating Committee was not established, as required by the Code. However, the Code’s recommendation to establish for this purpose an ad hoc committee, or combine or redistribute among existing committees specific functions regarding sustainability and relations with stakeholders was implemented in 2016 and these responsibilities were assigned to the Control and Risk Committee, as explained in the “Control and Risk Committee” section of this Report.

All committees have at least three members and the activities of each committee are coordinated by a Chairman.

The tasks and rules of operation of each committee are defined in a resolution approved by the Board of Directors and were amended and integrated over time, also by means of a resolution approved by the Board of Directors, usually after an initial review by the affected committee.

Each committee can hold meetings through audio/videoconferencing and relies on the support of the appropriate corporate department. A Secretary of the committee must draw up minutes of each committee meeting. Each committee must provide regular reports to the Board of Directors on the work performed at the earliest available Board meeting.

In the performance of its functions, each committee can access the information and Company organizations it may need to discharge its duties.

RELATED PARTY TRANSACTIONS COMMITTEE

Operation of the Related Party Transactions Committee and Related Party Transaction Procedure

The Related Party Transactions Committee performs the tasks reserved for its jurisdiction by the Consob Regulation that governs related-party transactions ("Consob's Related-party Regulation") and specified in the internal procedure for such transactions adopted by the Board of Directors in December 2010 and revised most recently in November 2014 (the "Related-party Procedure") pursuant to the provisions of the above-mentioned Consob Regulation, which went into effect on January 1, 2011. This procedure was published on the Company website (www. edison.it - Our Company - Governance - Other regulated information - Related-parties). The committee's operating rules were adopted, by a resolution of the Board of Directors on March 22, 2013, to take into account the new organization adopted by the Company at the end of 2012, with the favourable input of the committee members. In 2013, the Board decided, again with the favourable opinion of the Related Party Transactions Committee, to avail itself of the option, provided in the Consob's Related-party Regulation, of excluding from the implementation of the provisions of said Regulation the resolutions concerning the compensation of Directors with special roles and executives with strategic responsibilities, if the conditions set forth in art. 13, section 3, letter b), of the above-mentioned Regulation are met (Compensation Committee, comprised of a majority of independent Directors and preparation of a report on the policies of remuneration of directors with special roles and executives with strategic responsibilities, submitted to the Shareholders' Meeting for a vote). In this case, the relevant assessments are carried out by the Compensation Committee. These rules were confirmed by the Board of Directors that impanelled the committee currently in office. In 2014, the procedure was further modified to allow the Board of Statutory Auditors to be informed of the calling of meetings and, if necessary, participate in them.

The Related-party Procedure governs the decision-making process and the disclosure rules for related-party transactions.

Consistent with the requirements of the above-mentioned Consob Regulation, the Board of Directors has sole jurisdiction over the approval of related-party transactions executed by Edison directly or through its subsidiaries that qualify as Highly Material Transactions.

In the Related-party Procedure, the parameters recommended by the Consob are applied to qualify Highly Material Transactions. Transactions classified as Highly Material include transactions for amounts that exceed a threshold equal to 5% (i) of the Company's consolidated shareholders' equity (i.e., as of January 1, 2019, transactions valued at more than 294.3 million euros) or (ii) of total consolidated assets (i.e., as of January 1, 2019, transactions involving assets or liabilities valued at more than 529.3 million euros). These values are halved in case of transactions with EDF and its subsidiaries (Edison's subsidiaries exclused). Transactions that, while they exceed the above-mentioned thresholds, are of a regular nature, in that they are executed under standard market terms ("Regular Transactions") or carried out with subsidiaries or affiliated companies in which no material interests are involved ("Intercompany Transactions") do not qualify as Highly Material Transactions.

According to the procedure, when a Highly Material Transaction involves one of the subject matters over which the Shareholders' Meeting has decision-making jurisdiction, the Board of

Directors has exclusive jurisdiction over the drafting of the motion that will be submitted to the Shareholders' Meeting.

Pursuant to the Related-party Procedure, Related Party Transactions Committee must be comprised of three non- executive and independent Directors when tasked pursuant to the Consob's Related-party Regulation with performing a review and providing an opinion. In addition, none of the committee members may qualify as a related party with regard to an individual related-party transaction about which the committee is being asked to render an opinion. When, based on the process defined in the Related-party Procedure, one or more members of the committee qualify as a related party or are otherwise related to the counterparty in a way that could impair their independence from the counterparty with regard to the transaction at hand, the opinion is rendered by an Alternative, Equivalent Oversight Entity, activated as the circumstance requires, the composition of which is defined in the Related-party Procedure.

The Related-party Procedure also establishes that any member of the Related Party Transactions Committee who may have an interest, directly or on behalf of a third party, in a transaction with a related party must disclose this interest to the other committee members, detailing the nature, timing, origin and scope of said interest.

A meeting of the Committee of Independent Directors shall be deemed to have been validly convened when a majority of its members is in attendance, provided that the absent member expressed his consent to the meeting being held. The committee approves resolutions by a majority vote of its members, the abstaining members not being counted, or with the unanimous vote of its members, when a two-member Alternative, Equivalent Oversight Entity is activated. If a member abstains or if the two member of which the Alternative, Equivalent Oversight Entity is comprised cast opposing votes, an independent expert will be asked to render an opinion.

The Committee of Independent Directors may request the support of one or more independent consultants of its choosing, retained at the Company's expense. In the case of Less Material Transactions, expenses may not exceed 350,000 euros. There is no limit for Highly Material Transactions but cost may not be demonstrably unreasonable.

Independent consultants retained to support the committee may be invited to attend committee meetings. The Chairman of the Board of Directors, the Chief Executive Officer and other Company executives or employees may also be invited merely for information purposes. In addition, as specified above, notice that a committee meeting is being convened must also be given to the Board of Statutory Auditors, whose members have the right to attend those meetings.

The committee may delegate to its Chairman or another committee member the task of becoming involved in the information gathering and negotiation phases of Highly Material Transactions. With regard to these transactions, the delegated committee members have the right to request additional information and make recommendations to the Company's governance bodies or to the parties in charge of the negotiations and the information gathering process.

The committee must be provided with an adequate flow of information regarding the characteristics of the transactions with regard to which it is being asked to render an opinion before its implementation and is required to promptly submit its opinion to the Board of Directors or to the party with decision- making authority. The methods and timing of the above-mentioned information flows are governed by the provisions of the Related- party Procedure. Notwithstanding the above, at the first Board meeting held after each committee meeting, the Committee Chairman usually informs the Board of Directors of all the activities performed.

In the performance of its work, the committee is supported by the Corporate Affairs Department, which has established a dedicated support unit.

In order to allow the Board of Directors to adopt its decisions with regard to related parties, the procedure specifies the timing and scope of the flows of information that must be supplied to the Directors with regard to the characteristics of a Transaction, particularly in the case of Highly Material and Less Material Transactions.

Lastly, the Related-party Procedure requires that the Directors and Statutory Auditors be provided, on a quarterly basis as a minimum, with information about the implementation of Highly Material and Less Material Related- party Transactions, if the information differs from what was originally communicated, and that, as it has been an established Company practice, the annual financial statements and the interim reports on operations must include a special section for Related-party Transactions.

It is also worth mentioning that the Protocol for the Management of Related-party Transactions is part, since 2008, of the 231 Model and that the main provisions of the Related-party Procedure were later incorporated in this protocol. In order to enhance compliance with this protocol by the interested parties, the information flows that must be signed by the managers of the various Company Divisions and Departments were revised in 2014, introducing an express declaration about compliance, for issues under their jurisdiction also concerning subsidiaries, with the requirements of the Related-party Protocol applicable to them.

Composition of the Related Party Transactions Committee and activities performed in 2019

The Related Party Transactions Committee has been in office, in its current composition, since April 2, 2019 and includes the following three independent directors: Paolo Di Benedetto (Chairman), Fabio Gallia and Nathalie Tocci. The members were appointed by the Board of Directors, upon proposal of the Chairman. In the previous three years, the Committee was composed of the following three independent directors: Gian Maria Gros-Pietro (Chairman), Paolo Di Benedetto and Nathalie Tocci.

The Related Party Transactions Committee met sixteen times in 2019. On those occasions it reviewed and assessed a series of transactions, including one that qualified as a "Highly Material Transaction" and a further four qualified as "Less Material Transactions" pursuant to the Related-party Procedure, with regard to which it expressed a favourable opinion. The Committee also reviewed two other contracts that, while qualifying as regular transactions under market conditions, had as counterparty the parent company EDF.

In 2019, the average attendance of Directors at committee meetings was 100%. A breakdown is provided in the table below. The average length of each meeting was about one hour.

Meetings of Related Party Transactions Committee at 31 December 2019

Committee members	Number of meetings attendance of the Committee in the year 2019	Percentage
In office at December 31, 2019		
Paolo Di Benedetto	16 out of 16	100
Fabio Gallia	15 out of 15	100
Nathalie Tocci	16 out of 16	100
Left post in 2019		
Gian Maria Gros-Pietro	1 out of 1	100

As usual, the committee invited to attend its meeting the General Counsel, the Chief Financial Officer and the Secretary of the Board of Directors, as well as the managers responsible for the areas concerned by the reviewed transactions. One or more members of the Board of Statutory Auditors took part in all the meetings of the Related Party Transactions Committee, with the exception of two meetings where the Committee members met separately.

Transactions with Related Parties executed in 2019 are reviewed in the "Intercompany and Related-party Transactions" section of the separate and consolidated financial statements.

The Related Party Transactions Committee also met once in 2020 to express its opinion on the early repayment of a shareholder loan by a subsidiary and on the allocation to the Chief Executive Officer of an LTI plan for the duration of his term of office and on the proposal to amend the compensation package of the Chief Executive Officer for the remainder of his term of office. For details about this second transaction, please refer to the Compensation Report.

COMPENSATION COMMITTEE AND COMPENSATION OF DIRECTORS

Attribution and Composition of the Compensation Committee

Following the election of the Board of Directors by the Shareholders' Meeting on April 2, 2019, upon a motion by the Chairman, the Board appointed the members of the Compensation Committee, confirming the committee's functions and the rules that govern its activities. In particular, where the conditions set out in art. 13, paragraph 3, letter b), of Consob's Related-party Regulation are satisfied, as already specified in the section entitled "Operations of the Related Party Transactions Committee and Related Party Transaction Procedure", said Committee expresses, in place of the Related Party Transactions Committee, its judgments on the issues related to the compensation of Directors with special roles and other executives with strategic responsibilities.

The Compensation Committee is responsible for providing consulting support and making recommendations to the Board of Directors in the following areas:

a) provide opinions and/or recommendation regarding the compensation policy of Directors;
b) submit recommendations or render opinions about the compensation of the Chairman of the Board of Directors, the Chief Executive Officer and other Directors who perform special functions within the Company;
c) evaluate the guidelines and criteria concerning management's compensation, specifically with regard to executives with strategic responsibilities, and express the corresponding opinion;
d) make recommendations or render opinions on the definition of performance targets related to the short-term and medium/long- term variable component, for those Directors who are awarded such a component and for top management, specifically regarding executives with strategic responsibilities;
e) verify that the performance targets have in fact been achieved and, consequently make recommendations or render opinions for determining the amount of the variable component based on the results achieved, respectively for the Directors to whom this component applies and for top management, specifically regarding executives with strategic responsibilities;
f) assess periodically the effectiveness, overall consistency and concrete implementation of the compensation policy for the parties mentioned in the letters above, benchmarking it against the market and making recommendations in this area;
g) provide opinions and recommendations for any medium/long-term compensation plans for executive Directors and management;
h) review the Annual Compensation Report and provide its opinion about it to the Board of Directors prior to its submissions to the Shareholders' Meeting.

The Compensation Committee, in its current composition, has been in office since April 2, 2019. There are three non-executive directors: Paolo Di Benedetto (Chairman and independent), Nathalie Tocci (independent) and Nicole Verdier-Naves. The members were appointed by the Board of Directors, on the proposal of the Chairman, who also decided to reduce the number by one member. In the previous three years the Committee was in fact composed of four non-executive directors, i.e.: Paolo Di Benedetto (Chairman and independent), Gian Maria Gros-Pietro (independent), Nathalie Tocci (independent) and Nicole Verdier-Naves.

At the aforementioned meeting of April 2, 2019, the Board deemed, on the basis of the experience of the competences of the members making up the committee, that all directors appointed met the professional requirements established by the Code, so the recommendation with regard to adequate knowledge of financial and compensation policy issues was observed.

Committee meetings are duly convened when a majority of its members are present and adopts resolution with an absolute majority of the attendees. The Chairman and the Chief Executive Officer have the right to attend committee meetings exclusively to provide consulting support but are not allowed to participate in the committee's deliberations, it being understood that they cannot be present when issued concerning their compensation are discussed by the committee. From time to time, other Directors, employees and independent experts providing consulting support, as well as the Chairman of the Board of Statutory Auditors or another Statutory Auditor may be invited to attend committee meetings

The Committee Chairman provides the Chairman of the Board of Directors and the Chief Executive Officer with recommendations about items that should be included in the Agenda of Board meetings. At the first Board meeting held after each committee meeting, the Committee Chairman usually communicates to the Board of the Directors the resolutions adopted by the committee, which may take the form of a proposal, regarding assessments and opinions on issues within its jurisdiction.

The committee reports to the Shareholders' Meeting, within the framework of the Report on Corporate Governance, on the methods followed in performing its functions.

Even though the Board of Directors did not approve a specific budget, the committee is provided on an ongoing basis with the financial resources it needs to perform the tasks assigned to it.

In organising its meetings, the committee is supported by the Secretary to the Board of Directors, who drafts the minutes of the meetings and coordinates the committee's activities with the Board of Directors, and by the Manager of the Human Resources & ICT Division, who usually attends committee meetings to provide the necessary technical support at the committee's request.

Activities Performed by the Compensation Committee

In 2019, the Committee held three meetings. On those occasions, based in part on information provided by the Company, it performed the following activities:

- assessed the actual implementation of the compensation policy for 2018 with respect to what was defined previously, as well as the consistency and accuracy of the actual results of the management of the policy by management (including the top managers with strategic responsibilities);
- verified the level of achievement of the reference targets for the variable portion of the compensation for the 2018 reporting year of the Chief Executive Officer, top managers and, more in general, the common reference targets for the Company as a whole applicable to top managers and for all management;
- assessed the adequacy of the proposed remuneration policy guidelines for the 2019 financial year for the management (including top managers with strategic responsibilities) and directors who hold special roles;

- examined and expressed a favourable opinion on the 2018/2019 Remuneration Report of the Board of Directors
- examined and formulated proposals and recommendation regarding the targets forming the basis of the 2019 MBO for the Chief Executive Officer and for the common company-wide reference targets for top management (including those with strategic responsibilities) and for all management;
- verified the level of achievement of the reference objectives underlying the 2016-2018 medium/long-term incentive plan (LTI) for managers with strategic responsibilities;
- proposed to the Board of Directors a new 2019-2021 medium/long-term incentive plan (LTI) for managers with strategic responsibilities.

The committee submitted its recommendations to the Board of Directors for review and approval, insofar as issues under the Board's jurisdiction are concerned, and shared with the Chief Executive Officer any considerations concerning issues under his jurisdiction.

In 2020, the Committee held one meeting during which, based on the information provided by the Company, it:
- assessed the actual implementation of the compensation policy for 2019 compared with the defined plans, as well as the consistency and accuracy of the final data regarding said policy;
- verified the level of achievement of the reference targets for the variable component of the compensation for the 2019 financial year of the Chief Executive Officer, of the top management (including managers with strategic responsibilities) and more generally the common corporate objectives for the entire management;
- assessed and expressed its guidance and opinions on the proposed remuneration policy guidelines for the year 2020;
- examined and expressed its positive opinion on the Report on the Compensation on policy and on Compensation paid in 2019-2021;
- examined and expressed its judgments regarding the assignment of a medium/long-term 2019-2021 Incentive Plan (LTI) to the Chief Executive Officer, in line with that defined by the Board of Directors for executives with strategic responsibilities, as part of a more general proposal to revise the associated overall remuneration package applicable for the residual duration of the mandate.

In 2019, the average attendance of Directors at committee meetings was 100%. A breakdown is provided in the table below. The average length of each meeting was about one hour.

Meetings of the Compensation Committee at December 31, 2019

Committee members	Number of meetings attendance of the Committee in the year 2019	Percentage
In office at December 31, 2019		
Paolo Di Benedetto	3 out of 3	100
Nathalie Tocci	3 out of 3	100
Nicole Verdier-Naves	3 out of 3	100
Left post in 2019		
Gian Maria Gros-Pietro	1 out of 1	100

The Chairman of the Board of Statutory Auditors attended all of the meetings held in 2019.

Compensation of Directors

The compensation of the Board of Directors is determined by the Shareholders' Meeting, while the compensation of the Chairman, the Chief Executive Officer and the Directors who serve on Board Committees is determined by the Board of Directors, upon a proposal or recommendation by the Compensation Committee and based on the input of the Board of Statutory Auditors. More detailed information is provided in the special report on the compensation policy approved by the Board of Directors on February 13, 2020 (the "2019 Compensation Report"), which was prepared in accordance with the provisions of the applicable regulations and is reproduced in the second part of this publication.

Severance Indemnities for Directors

Information about the severance indemnities of Directors is provided in the 2019 Compensation Report.

CONTROL AND RISK COMMITTEE

Attribution and Composition of the Control and Risk Committee

Subsequent to its election, the new Board of Directors confirmed for the Control and Risk Committee appointed on April 2, 2019 the same functions and attributions as in the past, consistent with the organisation adopted by the Company at the end of 2012, which were expanded in accordance with one of the alternatives offered in 2015 by the Code, attributing to the committee also the supervision of sustainability issues related to the exercise of the Company's businesses and the dynamics of its interaction with all stakeholders.

The Control and Risk Committee is responsible for providing consulting support and making recommendations in the following areas:

a) together with the Corporate Accounting Documents Officer and considering the input of the Statutory Independent Auditors and the Board of Statutory Auditors, it assesses the correct use of the accounting principles and their consistency with those used in the consolidated financial statements and review the accounting treatment of the principal Company transactions, particularly with regard to their effect on financial reporting;
b) It renders its opinion to the Board of Directors on the guideline of the internal control and risk management system and the compatibility degree of such risks with a management of the Group's business that is consistent with the chosen strategic objectives.
c) it expresses its opinion to the Board of Directors on the effectiveness of the internal control system and the risk management process. In this endeavour, the committee is supported by the Internal Control Officer (now in charge of Internal Auditing), a function performed by the Internal Auditing Manager.
d) it reviews the work plan submitted by the Internal Auditing Department and its periodic reports regarding the issues listed in the preceding letter, as well as the findings of particularly significant reports prepared by that Department.
e) it monitors the adequacy, effectiveness, efficiency and independence of the Internal Auditing Department;
f) if appropriate, it recommends that the Internal Auditing Department perform audits of specific operational areas, notifying the Director responsible for overseeing the internal control and risk management system.;
g) give its opinion on the appointment and dismissal of the Head of the Internal Auditing Department and on the appropriateness of the financial resources allocated to it; in this respect, it should be noted that the opinion on the appointment was not provided for as obligatory because it is preferred, on the one hand, to leave more discretion to the Board of Directors and, on the other hand, it has been assessed that the procedures adopted by the Company for the replacement of key persons in the company organisation (including, precisely, the Internal Auditing Manager) and the definition of the related remuneration ensure a sufficiently thorough process of selection and evaluation of stakeholders and remuneration consistent with the general guidelines assessed by the Compensation Committee;

h) Upon request by the Board of Directors or the Director responsible for overseeing the functionality of the internal control and risk management system, it provides opinions concerning specific aspects of the internal control system and the mapping and management of the main risks.
i) It evaluates, with the input of the Board of Statutory Auditors the findings of the Statutory Independent Auditors in the audit report and the management letter concerning key issues uncovered during the statutory independent audit.
l) It carries out all other tasks assigned to it by the Board of Directors.
m) It reports to the Board of Directors at least semi-annually, when the annual and semi-annual financial reports are approved, on the work it performed and on the effectiveness of the Company's internal control and risk management system.
n) to support, with an adequate preliminary activity, the evaluations and decisions of the Board of Directors related to the management of risks deriving from prejudicial facts;
o) it supervises sustainability issues related to the performance of the Company's activities and the dynamics of its interaction with all stakeholders.

The Control and Risk Committee in office since April 2, 2019 is comprised of three non-executive Directors, including two independent Directors: Fabio Gallia (independent with the role of Chairman), Paolo Di Benedetto (independent) and Xavier Girre. The Committee was appointed by the Board of Directors upon the proposal of the Chairman, who also decided to reduce the number of members by one. During the previous three-year period, it was also comprise of four non-executive Directors, including two independent Directors: Marie-Christine Aulagnon (Chairperson since September 20, 2017), Béatrice Bigois (Chairperson until September 20, 2017), Paolo Di Benedetto (independent) and Gian Maria Gros-Pietro (independent).

Compared with the past, the composition of the Committee currently in office is consistent with the Code's general requirement to ensure a majority of independent Directors and the chairmanship of an independent Director, but does not comply with the requirement for an issuer controlled by another publicly traded company (as was the case for Edison after May 24, 2012) to ensure that all Directors are independent. The presence also of a non-independent director, even if non-executive, and therefore not involved in the operational activities of the Company, is justified by the undoubted and proven professionalism and training of the person in relation to these tasks.

At that meeting the Board deemed, on the basis of the experience of the members on the committee, that all Directors appointed met the professional requirements established by the Corporate Governance Code, so the recommendation with regard to adequate experience in accounting, financial and risk management issues was met.

Committee meetings are validly convened when a majority of its members are present. Resolutions are adopted with an absolute majority of the votes.

The Chairman of the Board of Directors and the Chief Executive Officer are entitled to attend committee meetings merely in a consultative capacity.
At the committee's invitation, meetings of the committee are attended on a regular basis by the Chairman of the Board of Statutory Auditors or another Statutory Auditor, so as to ensure the delivery to this entity of the flow of information and suggestions recommended by the Code. As a rule, the following parties are invited and attend committee meetings for their entire duration: the Chief Financial Officer, the General Counsel, the Secretary to the Board of Directors, the Risk Officer, the Accounting & Tax Manager, the Planning, Control & Corporate Credit Manager, the Gas Midstream, Energy Management & Optimisation Manager and the Independent Auditors. From time to time, other Directors, employees and experts may be invited to attend meetings in a consulting capacity.

Even though the Board of Directors did not approve a specific budget, the committee is provided on an ongoing basis with the financial resources it needs to perform the tasks assigned to it.

The Internal Auditing Department provides the committee with support in organising its meetings. The manager of the Internal Auditing Department serves as the Committee's Secretary. The committee is required to meet at least five times a year.

At the first Board meeting held after each committee meeting, the Committee Chairman communicates to the Board of the Directors the resolutions adopted by the committee, which may take the form of a proposal to the Board with regard to issues within its jurisdiction.

Activities Performed by the Control and Risk Committee

The committee met five times in 2019 and once since the beginning of 2020. On those occasions it engaged in the following activities:

- examined the statutory and consolidated financial statements for 2018 and 2019, the 2019 half-yearly financial report and the interim reports on operations for the first and third quarters of 2019, as well as the findings developed through the audits of the annual financial statements and half-yearly report, assessing the findings presented by the Statutory Independent Auditor in the letter of suggestions and the report on key issues that emerged in the course of the independent statutory audit and, with the input of the Independent Auditors and Board of Statutory Auditors, the correct use of the accounting standards and their consistent application to prepare the consolidated financial statements;
- reviewed the 2020 forecast data, limited to risk profiles and financial issues;
- reviewed the updated map of the main risks, assessing the trend of the risk profiles associated with the business activities in relation to the risk mandate for 2019 and rendered a favourable opinion about the risk limits set for 2020;
- reviewed the periodic reports on the assessment of the internal control and risk management system and on the merit the results of all of the audits performed in 2019, assessing the completion progress and analysing particularly significant finding, and the results of the self-assessment process of the internal control and risk management system;
- shared the updated risk profile specifically with regard to the main risks of the Group and related mitigation actions;
- provided the Board of Directors with its opinion regarding:
  - updates to the 231 Model and the corresponding conduct protocols;
  - the adequacy of the internal control and risk management system and its effectiveness;
  - the semi-annual revision of the 2019 Audit Plan;
  - the 2020 Audit Plan;
  - the main characteristics of the internal control and risk management system;
- monitored the activities of the Internal Auditing Department in 2019, taking into account the findings of the internal Quality Assessment Review (QAR);
- monitored activities in the areas of sustainability and Corporate Social Responsibility, in particular in relation to the company policy on sustainability and the obligation of drawing up the "Non-financial Statement".

In 2019, the committee did not ask the Internal Auditing Department to perform audits of specific operational areas.

The committee reported five times to the Board of Directors about the work it performed; on three of those occasions it also reported on the reviews it performed of the adequacy and effective functionality of the internal control and risk management system.
In 2019, the average attendance of Directors at committee meetings was 81.25%. A breakdown is provided in the table below. The average length of each meeting was about two hours.

Meeting of the Control and Risk Committee at December 31, 2019

Committee members	Number of Committee meetings attended in 2019	Percentage
In office at December 31, 2019		
Fabio Gallia	4 out of 4	100
Paolo Di Benedetto	5 out of 5	100
Xavier Girre	1 out of 4	25
Left post in 2019		
Marie-Christine Aulagnon	1 out of 1	100
Béatrice Bigois	1 out of 1	100
Gian Maria Gros-Pietro	1 out of 1	100

The Chairman of the Board of Statutory Auditors attended all Committee meetings.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Edison's internal control and risk management system is a structured and organic set of rules, procedures and organizational structures designed to allow for proper business management consistent with the targets set by the Company, through an adequate process of identifying, measuring, managing and monitoring the main risks. This system is integrated within the organizational, administrative and accounting structure and, more generally, Edison's system of corporate governance. It is based on the Corporate Governance Code of listed companies which Edison follows, taking domestic and international models and best practices as a reference. The internal control and risk management system permeates every aspect of the Company's operations and involves different parties who perform specific functions and discharge specific responsibilities.

Parties Involved

Board of Directors

For several years, the Board of Directors, working with the support of the Control and Risk Committee, has defined the guidelines of the Internal Control System, which in 2013 were updated, integrating them with the risk management guidelines, which the Company has been following for some time, adopting a conduct consistent with them.
Based on the above-mentioned guidelines, the Board of Directors defines each year the type and level of risks compatible with the Company's strategic objectives, as explained in the section of this Report entitled "Role of the Board of Directors."

As required by the Code, the Board of Directors regularly reviews the main risks faced by the Company and, based on the findings presented in the report prepared by the Control and Risk Committee, assesses the adequacy, efficacy and effectiveness of the internal control and risk management system at least once a year.

Moreover, starting with the 2017 financial statements, EU Regulation 537/2014 required public-interest entities, such as Edison, to have their company engaged for the statutory audit of the accounts address a dedicated report on the findings of the audit to the Internal Control and Auditing Committee (in the Italian system, this body has been identified as the Board of Statutory Auditors). In turn, the Board of Statutory Auditors is responsible for sending the "additional" report to the Board of Directors accompanied by any observations. As a result, as of 2018, the assessment of these aspects is no longer the responsibility of the Control and Risk Committee, which in any event continues to be informed of them.

Director Responsible for Overseeing the responsibility for the Internal Control and Risk Management System

As mentioned above, the Board of Directors entrusted to the Chief Executive Officer responsibility for overseeing the functionality of the internal control and risk management system. As part of this assignment: the Chief Executive Officer, with the support of the Chief Financial Officer and the Risk Officer, mapped the key business risks, which were periodically reviewed by the Board and implemented the guidelines of the Internal Control and Risk Management System, overseeing the system's design, implementation and management, verifying on an ongoing basis its adequacy, effectiveness and suitability for handling changes in operating conditions and in the legislative and regulatory framework.

During 2019, the Chief Executive Officer made a request to the Internal Auditing Department regarding the performance of checks on a specific operational area.

Control and Risk Committee

Please see the previous section of this Report for information about the jurisdiction and activities of this committee.

Internal Auditing Department

The Internal Auditing Department, established in May 2003, is responsible for performing internal audits, with the goal of assisting the Board of Directors, the Control and Risk Committee and the Company's management in the pursuit of a correct functioning of the internal control and risk management system, protecting and increasing the value of the organisation, providing objective, risk-based assurance, consulting and expertise, and thus facilitating the achievement of the Company's objectives. In February 2004, acting upon a proposal by the Chief Executive Officer, the Board of Directors assigned to the manager of the Internal Auditing Department the task of assessing the adequacy and effectiveness of the overall internal control and risk management system.

Hierarchically, the Internal Auditing Department, which does not perform any operational function, reports directly to the Board of Directors (and to its Chairman for the full Board), which assigned to the General Counsel the task of providing operational coordination for the activities of the Department and its manager, serving as liaison between the above-mentioned Department and the Board of Directors, the Board of Statutory Auditors and the Oversight Board. The Board of Directors then delegated to the Chief Executive Officer, in his capacity as the Director responsible for the internal control and risk management system, responsibility for ensuring that the Department is provided with the resources needed to discharge its duties and for defining the compensation of the Department's manager, determined in a manner consistent with the Group's management compensation policies, in accordance with general guidelines reviewed by the Compensation Committee. The current manager, Paolo Colapenna, was appointed on July 29, 2013 upon a recommendation by the Chief Executive Officer, in his capacity as the Director responsible for the Internal Control and Risk Management System, with a favourable opinion provided by the Control and Risk Committee and the input of the Board of Statutory Auditors. The compensation, which, as mentioned above, was defined by the Chief Executive Officer at the request of the Board of Directors, and, more specifically, the incentive package for this manager are consistent with the tasks assigned to him.

The Department operates on the basis of a Mandate approved by the Board of Directors. The Mandate was last updated at the end of 2019 to take into account both the new features relating to the Internal Auditing mission as expressed in the international standards for the auditing profession (IPPF), and the organisational changes in the Audit Department that led to the creation of the new "Personal Data Protection" function and the appointment of the Internal

Auditing Manager as Operational & Compliance Officer. Under this mandate, the Department is required to prepare a work plan, defined using risk-based methods to identify the initiatives that should be implemented, and specify the necessary resources, based on information derived from the following sources: Group’s strategic plan and budget; Risk Assessment - Enterprise Risk Management (ERM); mapping of operating risks of the Business Divisions; 262 and 231 compliance; recommendations from management; reports by the Chief Executive Officer and the Chairman of the Control and Risk Committee; control self-assessment activities; assessments by the Internal Auditing Department; results of previous audits; Independent Auditors. The audit plan is then submitted to the Control and Risk Committee and, starting in 2014, approved by the Board of Directors. The Plan is updated at least once every six months. Activities include monitoring the actual implementation of the recommendations that resulted from audit engagements (follow-up).

At least once every six months, the Internal Auditing Department reports to the Control and Risk Committee about the results of its audit engagements and supports the committee in performing audit and assessments of the internal control and risk management system.

Also once every six months, the Internal Auditing Department reports to the Board of Statutory Auditors with regard to the work performed and its assessments of the internal control and risk management system. On those occasions, the Board of Statutory Auditors is systematically informed of the results of audits performed, specifically with regards to any issues uncovered and the corresponding improvement actions agreed upon with management.

The Internal Auditing Department operates in accordance with the international standards for the internal auditing profession; this quality certification (Quality Assessment Review), achieved since 2009, was renewed in 2018 for another five years further to a review by an external, independent certifier.

In 2019, the Department’s Work Plan, which concerned, inter alia, the reliability of the IT systems included in the accounting and reporting systems, was completed as expected.

The manager of the Internal Auditing Department has direct access to all information useful for discharging the assigned tasks. Moreover, owing in part to the fact that he attends the meetings of the Control and Risk Committee and the Oversight Board, of which he is the Secretary, receives and assesses any additional information and assists the Control and Risk Committee in assessing the internal control and risk management system.

Other Parties Involved

The risk management process is coordinated by the Risk Officer, who reports to the Chief Financial Officer. The Risk Officer also provides management with support in defining the overall risk strategy and policies and in analysing, identifying, evaluating and managing risk and defining and managing the corresponding control and reporting system. For the management of the most significant risks to the company, a management committee named the Risk Committee has been established, which is described in the “Elements that Characterize the Internal Control and Risk Management System” section.

The managers in charge of each Business Unit, Department or Division are responsible for designing and managing the internal control system for the operations under their jurisdiction and for monitoring that the system is operating effectively, in accordance with the framework defined by the Board of Directors and the instructions provided to implement those guidelines. The activity has been integrated into the processes deployed to identify, monitor and manage risks, as explained below. All employees, each within the scope of his or her responsibilities, must contribute to ensuring that the internal control and risk management system is operating effectively.

Board of Statutory Auditors

Pursuant to law, the Board of Statutory Auditors monitors the effectiveness of the Company's organization, of the system of internal control and of the administrative and accounting system, as stated in the report submitted by the Board of Statutory Auditors to the Shareholders' Meeting, which should be consulted for additional details. A comment about the flow of information between the Board of Statutory Auditors and the other governance entities is provided in the sections of this Report entitled "Rules of Operation of the Board of Statutory Auditors" and "Control and Risk Committee."

Elements that Characterize the Internal Control and Risk Management System

Organisational Model Pursuant to Legislative Decree No. 231/2001 - In July 2004, Edison and its main subsidiaries adopted the organisational model pursuant to Legislative Decree No. 231/2001 (the 231 Model) designed to prevent the perpetration of the unlawful acts referred to in the corresponding Decree and, consequently, shield the Company from administrative liability. The Model, which was adopted following a detailed analysis of the Company's operations to identify activities with a risk potential, includes a series of general principles, rules of conduct, control tools, administrative procedures, training and information programs, and disciplinary systems that are designed to prevent, as much as possible, the occurrence of the above-mentioned crimes. The 231 Model includes a general section that explains the Model's function and principles, as well as the content of Legislative Decree No. 231/2001 and other main reference statutes, and a section that represents the 231 Model's own core and reviews the 231 Model's content: from its adoption to the identification of at-risk activities, the definition of protocols, the characteristics and modus operandi of the Oversight Board, the information flows, the training and information activities, the penalty system and Model updates. The Model is completed by its annexes, which are an integral part of the 231 Model itself: 1) Code of Ethics, 2) Protocol to monitor the risk profiles identified in each unit, and 3) Expense Regulations and Guidelines for the management and award of powers of attorney.

The Board of Directors appointed an Oversight Board ("OB"), which is responsible for ensuring that the 231 Model is functioning effectively and is kept up to date, and is required to report to the Board of Directors and the Board of Statutory Auditors at least once every six months. The OB is supported by the Internal Auditing Department, which established a dedicated support unit called Corporate Compliance & Ethics Function, as well as by the Legal & Corporate Affairs Division and the Human Resources & ITC Department. The General Counsel and the manager of the Internal Auditing Department also act as the Strategic Ethics & Compliance Officer and the Operational Ethics & Compliance Officer, respectively.

Even though the law now provides the option of attributing to the Board of Statutory Auditors the functions of the OB, Edison's Board of Directors did not find it appropriate to use this option, due to the special complexity of Edison's organisation and the specific competencies required to perform the tasks assigned to the OB. Virtually all of the subsidiaries designated as the OB a member of their Board of Statutory Auditors, who, in the case of major subsidiaries, is supported by a qualified external consultant.

The Oversight Boards of Edison and its subsidiaries receive information flows on a regular basis (every six months from the individuals responsible for the Model's implementation ("Unit Officers").

The 231 Models of Edison and the subsidiaries are continuously updated in light of specific risk assessment activities in relation to the new types of crime introduced over time into the group of presumed crimes for 231/2001, as well as in light of organisational changes within the Group. An update of Edison's 231 Model, approved by the Board of Directors at a meeting held on December 7, 2019, was carried out in 2019, to adapt to the new crime 231 of "trafficking in illicit influences", through the integration of certain rules of conduct contained in the Code of Ethics and in the most impacted decision protocols. In this circumstance the anti-corruption guidelines adopted by the Company have also been integrated. Edison's 231 Model will be updated again in 2020 to take into account two of the most recently introduced crimes in the 231 area (tax crimes and cybersecurity). An update of the 231 models and the anti-corruption guidelines of the subsidiaries, based on the work carried out by Edison, is in progress.

In addition, training programs about the 231 Model, the Code of Ethics and the Anti-corruption Guidelines, launched in 2014 continued in 2019 with the offering of multimedia on-line courses to all employees and help them achieve sufficiently detailed knowledge of those documents.

The Board of Directors appointed Edison's current OB on April 2, 2019. Its members include: an outside professional (Pietro Manzonetto), who serves as Chairman, and two independent Directors (Paolo Di Benedetto and Nathalie Tocci). In the previous three years it consisted of the same external professional (Pietro Manzonetto), with the role of Chairman, and two independent directors (Paolo Di Benedetto and Gian Maria Gros-Pietro).

On May 3, 2019, the Board of Directors, acting upon a recommendation by the Compensation Committee, confirmed for the members of the OB the same compensation amounts as in the previous mandate and confirmed the decision of awarding to the Chairman, who is not a Director, a higher compensation than the other two members.

The OB met four times in 2019 and held a joint meeting with the Oversight Boards of the Subsidiaries, and a meeting in 2020. At those meetings, it primarily reviewed the findings of audit engagements, the information flows it received from the Unit Officers and the 231 training and compliance activities, as well as the other ethics & compliance initiatives undertaken, and received information on the progress made in updating the Model of Edison and the subsidiaries and the Anti-corruption Guidelines. The OB reported every six months to the Board of Directors on the 231 Model's adequacy and actual functioning, submitting a special report.

In 2019, the members' average attendance at meetings of the Oversight Board was 100%. The average length of each meeting was about one and a half hours.

Code of Ethics - In September 2003, Edison approved a Code of Ethics that is consistent with best international practices. The Code, which defines the principles and values that are the foundation of corporate ethics and the corresponding rules of conduct and implementation procedures, has become an integral part of the 231 Model. The Code, which has been approved by the Group's subsidiaries, is binding with regard to the conduct of all Group associates (Directors, employees and anyone who acts in the Company's name by virtue of special proxies or powers of attorney), i.e., anyone who, for any reason and irrespective of the nature of the contractual relationship, contributes to the achievement of the Company's purposes and objectives. A copy of the Code is provided to all employees and associates of the companies that adopted it. As already stated in previous Reports, the Code of Ethics has been subject to periodic revisions and updates, the last of which took place in December 2019, with the insertion of a new prescription within the rule of conduct governing "Relations with the Public Administration".

Anti-corruption Guidelines - In May 2015, Edison's Board of Directors, in view of the strategic choices made by the Company in recent years, which caused the Group to increase its activities outside Italy, and considering the efforts being made by national and international institutions to avert and prevent corruption crimes, adopted the "Anti-corruption Guidelines". These guidelines play a key role within the broader policy pursued by the Group to stress and further emphasize its firm position of absolute rejection and opposition for any type of corruptive conduct, also in the case of activities carried out in foreign countries. The compliance programme thus developed, which insofar as Italy is concerned complements the 231 Model, is aimed at providing all Edison associates, as well as all those who contribute to the achievement of the Company's purposes and objectives, with a systematic framework of the existing principles and rules that must be complied with at all times to prevent the occurrence of corruptive episodes in the areas of operating activity deemed to be most at risk. The corporate governance bodies of Italian and foreign subsidiaries independently adopted the "Anti-corruption Guidelines" and promptly ensure their timely dissemination and implementation. More recently, at a meeting held on December 7, 2019, Edison's Board of Directors adopted an updated version of the Anti-Corruption Guidelines, with the aim of including conduct that falls within the scope of the new "trafficking in illicit influences."

Accounting Control Model pursuant to Law No. 262/2005 concerning financial disclosures - Following the enactment of Law No. 262/2005 on the protection of investments, Edison upgraded, when appropriate, the accounting procedures it uses to prepare financial disclosures and defined the governance rules for the 262 Accounting Control Model it developed, as well as the rules to manage on an ongoing basis regular audits and certifications of the adequacy and effective operation of the 262 Model it developed and assigned responsibilities within its organisation. Additional information is provided in the section of this Report entitled "Financial Statement Reporting and Risk Management and Internal Control System in Relation to the Financial Disclosure Process".

Tax Control Framework - Edison has a *Tax Policy* which sets out the basic principles and guidelines of its tax strategy and is a means of dissemination, with the aim of ensuring the correct and timely compliance with tax obligations and more generally the compliance with tax regulations, and to ensure the correct and efficient management of the Group's taxation system. To this end, the Group has adopted and implemented a Tax Control Framework (TCF) which is part of the broader internal control and risk management system, consisting of a system for detecting, managing and monitoring tax risks in relation to the activities falling within the processes managed by the various business areas, and based on the following key features:
- a body of corporate regulations relating to the management of tax-relevant processes and a set of Risk & Control Matrices which describe the tax risks potentially applicable to corporate processes and the existing control mechanisms to mitigate the risk;
- a system of information flows between Edison's Accounting & Tax Department and the Group's organisational units;
- a process for the periodic control of the TCF's adequacy and effective implementation.

The Internal Auditing Department, supporting the CFO and the Accounting & Tax Department, has the duty of assessing, through testing activities, the efficiency and effective application of the TCF.

Safety, Environmental Protection and Quality - Edison has adopted a system of procedures and organisational structures specifically designed to manage data security issues (including those related to compliance with privacy statutes), the protection of the environment, the safety of its facilities and employees, and the quality of the services it provides.

Compliance with Other Laws and Regulations - The task of monitoring changes in and compliance with laws and regulations has been assigned to the Legal & Corporate Affairs Division (for general legal and corporate issues) and to the Sustainability, Institutions & Regulation Division (for issues related to industry regulations), and as of May 7, 2018, to the Personal Data Protection Function (for privacy and personal data protection issues (GDPR)

Data Protection Officer - On May 4, 2018, Edison's Board of Directors approved a New Privacy Management Model, defining guidelines for the management of corporate and intragroup organisational relations and for the necessary coordination of operating and compliance activities with regard to the processing of personal information To coordinate the methods for managing personal data processing and the full implementation of the new legislative context, the Board of Directors appointed a Data Protection Officer (DPO) at its meeting on May 4, 2018.

Ethics & Compliance Officer - To fully achieve its mission of developing sustainable energy solutions, Edison has enacted a system of policies and procedures to ensure that all of its business activities are inspired by ethics and compliance. In this context and in line with the group policy and best practices on Ethics and Compliance as of December 14, 2018, specific Ethics & Compliance Officers were introduced to supplement institutional responsibilities on the matters of ethics and compliance, to promote the guidelines and policies concerning business ethics and company compliance, and supervise the existing system of policies and regulations, encouraging their updating and dissemination within the Company, employee training on the relative content and the monitoring of their application. In order to effectively fulfil these responsibilities, Edison has identified the person of the *General Counsel*, member of ComEx, and Head of the Legal & Corporate Affairs Division, Strategic *Ethics & Compliance Officer*, with the primary responsibility of identifying ethics and compliance guidelines and targets and ensuring that they are shared during meetings of the Audit and Ethics Committee as well as the Executive Committee; at the same time, the individual responsible for the Internal Auditing Department was appointed as the Operational Ethics & Compliance Officer who, within the scope of the targets and guidelines defined as noted above and under the supervision and coordination of the Strategic Ethics & Compliance Officer, ensures that the operational implementation plans are supervised and guarantees periodic reporting on their proper implementation.

Anti-trust Code - To supplement the compliance requirements of Code of Ethics, the Company adopted an Anti-trust Code that sets forth rules of conduct that must be followed to comply with antitrust laws.

Strategic Planning, Management Control and Reporting - Edison has adopted a structured planning, management control and reporting system that it uses to define the Company's strategies and objectives and develop its budget and business plan.

Enterprise Risk Management (ERM) - As mentioned earlier in this Report, Edison developed an integrated risk management model (ERM). The main purpose of ERM is to adopt a systematic approach to mapping a company's priority risks, pre-emptively assess their potential negative effects and take appropriate actions to mitigate them. With this in mind, Edison adopted a risk mapping and risk scoring methodology that assigns a relevance index to each risk based on an assessment of its overall impact, probability of occurrence and level of control, and a Corporate Risk Model, developed in accordance with best industry and international practices that places within an integrated framework the different types of risks that characterise the business in which the Group operates:
- risks related to the external environment, depending on market conditions, the competitive environment within which the Group operates and changes in the political, legislative and regulatory framework;
- operational risks related to business processes, structures and management systems, in particular with regard to production and marketing activities;
- strategic risks, relating to the definition and implementation of the Company's strategic guidelines.

More specifically, with the coordination of the Risk Office, the managers of the various Company departments map and assess risks within their scope of activity through a risk self-assessment process and provide an initial indication of the mitigating actions associated with those risks. The results of this process are then consolidated at the central level into a mapping system in which risks are prioritised based on the scores assigned to them and aggregated, so as to facilitate the coordination of mitigation plans within the framework of an integrated risk management approach. The Enterprise Risk Management process is closely linked with the medium/long-term planning process with the aim of associating the Group's overall risk profile with the projected profitability resulting from the plan/budget document. The results produced by the ERM and risk self-assessment are communicated at scheduled intervals at meetings of the Control and Risk Committee and the Board Directors and are used by the Internal Auditing Department as a source of information for the preparation of specific risk-based audit plans.

The ERM system is supported by a dedicated IT tool. The main risks and uncertainties affecting Edison and its subsidiaries are discussed in a separate chapter of the Report on Operations and in the notes to the consolidated financial statements.

Energy Risk Management - In 2006, consistent with best industry practices, the Company, based on a favourable opinion by the Control and Risk Committee (formerly the Internal Control Committee) approved an Energy Risk Policy that defines the objectives and guidelines of the Group's risk management policy with regard to Group commodity activities. With regard to the risk tied to fluctuations in the prices of the energy commodities it uses, the derivative products and the related foreign exchange risk, the Group adopted a governance structure that includes the following:

(i) approval of the overall risk ceiling for the Group by the Board of Directors of Edison;

(ii) creation of a Risk Committee that comprises the Chief Executive Officer, Chief Financial Officer, Risk Officer, the manager of the Gas Midstream, Energy Management & Optimisation Division, the manager of the Exploration & Production Division and the Chief Executive Officer of the subsidiary Edison Energia and, until the absorption of the company by Edison, that of Edison Trading, and is responsible for reviewing, at least once a month, the levels of assumed risks, comparing them with the ceilings approved by the Board of Directors, and approving the hedging strategies that may be appropriate if the approved ceiling has been exceeded;

(iii) separation of the organisation responsible for measuring and controlling risk exposure and defining risk- hedging strategies, which is centralised at Edison under the supervision of its Chief Financial Officer, from financial market transactions, centralised at Edison Trading for commodity transactions and at the Finance & Treasury Department for foreign currency transactions. For further details on risk management, please refer to the "Risks and Uncertainties" section of the Report on Operations.

System of Corporate Operating Procedures - In order to ensure that corporate directives are properly implemented and the risks entailed by the achievement of corporate objectives are minimised, Edison adopted a set of procedures that regulate internal processes, governing both activities that are carried out internally by each organisational entity and transactions with other entities.

Information Systems - Virtually all of Edison's and its subsidiaries' corporate processes are supported by information systems developed with latest-generation technologies and packages capable of supporting both the activities of the business areas and accounting and financial processes. The use of these systems is governed by internal procedures that guarantee safety, privacy and correct use. In addition, availability (i.e., the possibility of accessing data when needed) is guaranteed by a highly redundant hardware and software architecture to minimise the possibility of single point of failure; privacy (i.e., the availability of data and information only to authorised users) is assured by a segregation of duties implemented in the systems by means of user profiles; security is guaranteed by a hardware and software infrastructure designed specifically with this requirement in mind, which is maintained on an ongoing basis and tested periodically. In addition, since 2017, applications have been transferred to the data centre of the parent company EDF in Noé (France), with further strengthening of security and the level of redundancy in the case of a disaster. Applications are highly integrated in order to minimize any instance of multiple data entries and automate process flows. A portion of the services is provided under outsourcing contracts with top suppliers who are IT industry leaders. These contracts cover all of the tools (periodic reporting, organisation of the service, SLA, penalties) to facilitate management and control by Edison.

Organisational Structure - The Group's overall organisational structure is defined by a system of Organisational Communications issued by the Chief Executive Officer, consistent with the corporate governance model. These Communications identify the managers who are responsible for the various Divisions, Departments and Business Units. In turn, the managers who are responsible for the various Divisions, Departments and Business Units develop similar Organisational Communications, which, once they are published following a review by the Chief Executive Officer, define the Group's organisation at the operational level Any employee can access the Organisational Communications on the Company intranet. The Board of Directors is informed on a regular basis about major organisational changes and reviews those that are particularly significant.

Delegation of Power and Authority - Executive powers are conveyed to managers through general or special powers of attorney that convey powers commensurate with their management responsibilities. The 231 Model includes guidelines that govern the awarding of powers of attorney.

Human Resources - In the area of human resources, Edison has adopted an official procedure to recruit and hire employees and to plan and manage employee training and uses a structured, multi-year system to plan for human resource needs. A process to evaluate the performance and professional potential and skills of executives, professionals and newly hired employees with college degrees and formal compensation policies that are based on an systematic comparison with best practices and on market conditions are also in use. In the case of executives and middle managers with significant business responsibilities, a portion of their compensation is variable and is commensurate with the achievement of objectives that are set each year in accordance with a structured performance management system. This system includes a long-term incentive programme for management based on medium/long-term objectives. Edison has been providing training about internal controls for a number of years. The objectives and content of these training program are described in a separate section of the Report on Operations.

Sustainability - Sustainable development is a central element of Edison's business model. The creation of value depends on the ability to combine economic objectives with the evaluation and mitigation of environmental and social impacts, and generating long-lasting value for all of Edison's relevant stakeholders. For further details on this matter, please refer to the Non-Financial Statement.

The effectiveness of the elements characterising the internal control system outlined above is monitored directly by corporate managers, each in the area under his or her jurisdiction, and, independently, by Edison's Internal Auditing Department, which carries out risk-based auditing and assessment activities. The findings of each audit are submitted to the Chief Executive Officer and the Company's managers and are presented on a regular basis to the Control and Risk Committee, which, in turn, reports to the Board of Directors and the Board of Statutory Auditors.

Financial Statement Reporting and Risk Management and Internal Control System in Relation to the Financial Disclosure Process

Financial reporting plays a pivotal role in establishing and consolidating solid and constructive relationships between the company and its stakeholders, making a significant contribution, together with business performances, to the creation of value for shareholders.

Edison, being aware of the significance of financial reporting, developed an internal control system aimed at ensuring the credibility, accuracy, reliability and timeliness of financial information, with respect both to internal entities and the market.

In order to foster efficient coordination and exchange of information between the Parent Company and the subsidiaries and ensure the correct construction of the separate and consolidated financial statements, the Group adopted, and constantly updates an adequate set of rules and documents. Specifically, this set of rules includes the Group's accounting principles, administrative and accounting procedures, guidelines, the fast closing procedure, operating instructions, accounting manuals and accounts plan.

Because Edison is an Italian company with savings shares traded on an Italian regulated market, it is required to appoint a Corporate Accounting Documents Officer (the "Documents Officer"), who, pursuant to law, has specific attributions, responsibilities and certification and declaration obligations. Pursuant to the By-laws, the Documents Officer must be selected by the Board of Directors, based on a prior opinion from the Board of Statutory Auditors, as per mandatory requirements, among executives with proven multi-year experience in the fields of administration, finance and/or control at companies listed on regulated markets. On October 26, 2012, the Board of Directors decided to entrust this assignment jointly to Roberto Buccelli, in his capacity as Accounting & Tax Manager, and Didier Calvez, in his capacity as Chief Financial Officer. The Board of Statutory Auditors rendered a favourable opinion with regard to these appointments. The Chief Executive Officer, being duly authorized by the Board of Directors, provided each one of the above-mentioned parties with all necessary operating authority. The respective compensation packages were defined consistent with the compensation policies for Group managers, taking into account the general guidelines reviewed by the Compensation Committee. More specifically, the incentive mechanisms for these managers are consistent with the tasks entrusted to them.

In accordance with statutory requirements, the Documents Officer is responsible for the internal control system insofar as it applies to financial reporting. Consequently, he defines the administrative and accounting procedures needed to ensure that adequate controls are applied in the preparation of periodic financial reports and any other financial communication and, in a special report annexed to the statutory financial statements, the semi-annual financial statements and the consolidated financial statements, certifies, together with the Chief Executive Officer, that the above-mentioned procedures were effectively applied.

The guidelines that must be followed within the Edison Group in terms of the obligations deriving from art. 154-bis of the TUF with regard to the preparation of corporate accounting documents and the corresponding certification requirements are defined in the Model pursuant to Law No. 262/2005 (the "262 Model").

In particular, the 262 Model, through its own "Accounting Control Model Regulation,":

- defined the roles and responsibilities of the Organisational Units involved in various capacities. More specifically,
  Specifically, the Processes, Compliance and Systems Function of the Accounting & Tax Department is responsible for deploying and concretely implementing, through the Documents Officer, the activities needed to guarantee the effectiveness of the accounting control system;
- it defined the operating methods that should be used to carry out the activities to comply with the above-mentioned legal obligations;
- it introduced, in support of the drafting of the certifications and declarations by the Documents Officer and the Chief Executive Officer and requires the managers of the Company's Operating Units and the CEOs/Chairmen of companies that do not fall within the scope of Edison's management and coordination to provide an internal certification, through the associated internal communication process, of the completeness of the information and that the correct functioning of the accounting control system established pursuant to Law No. 262/2005;
- attributed testing activities to the Internal Auditing Department;
- formally identified specific managers of Divisions/ Departments/Business Units/Functions and specific operational officials who serve as "focal points", in order to effectively implement the above.

More specifically, the internal accounting control system outlined in the 262 Model rests on the following characterizing elements:

- a body of corporate procedures governing the preparation and disclosure of financial information including, but not limited to, the Group Accounting Manual, a procedure for the preparation of period reports called "fast- closing" procedure (inspired by best international practices, which is updated monthly and defines in detail the roles and responsibilities of company Divisions/ Departments, the support systems, the reporting details and the process deadlines), operating financial statement instructions, reporting procedures, accounting calendars, etc.
- a process carried out under the supervision of the Documents Officer and in concert with the Chief Executive Officer to map the main risks related to accounting information and the key controls to monitor the identified risks (administrative/accounting risk assessment. The risk assessment process is performed every year;
- for each relevant area/accounting information, the establishment of accounting processes and flows that are deemed critical and specific control activities through the development of special control matrices that describe for each process (or accounting flow) that has been identified as critical and/or sensitive the standard control activities (key controls) and the relevant operating unit officers responsible for implementing the 262 Model. These controls are validated and, if necessary, updated on a quarterly basis.
- designation of a specific company function, identified as the Processes, Compliance and Systems Function of the Accounting & Tax Department, responsible, with the support of the organisational units, for reviewing and updating on a regular basis the body of Group accounting procedures;
- a process involving activities to assess periodically the adequacy and actual implementation of the 262 Model and the identified key controls. The assessment is broken down into two levels: a) self- assessment by the organisational units, carried out by each organisational unit officer with regard to the processes/ flows under his jurisdiction; b) independent assessment performed by the Internal Auditing Department. The audit plan is reviewed by the Control and Risk Committee and approved by the Board of Directors.
- a process of documentation and internal communication, carried out by managers of Divisions/Departments/ Business Units/Corporate Functions and by the Chief Executive Officers/Chairmen of the companies that do not fall within the scope of Edison's oversight and control or of companies that adopt specific accounting procedures.
- a process to provide the market with a formal attestation that the accounting control system pursuant to Law No. 262/2005 is functioning correctly.

The 262 Model was subject to updating and adjustment most recently in 2016 following the acquisition of control of the Fenice group.

Overall Assessment of the Effectiveness of the Internal Control and Risk Management System

In 2019, the Board of Directors, based on the information and the evidence collected with the support of the investigative work performed by the Control and Risk Committee and the contribution provided by management and the manager of the Internal Auditing Department in the manner described earlier in this Report, determined that, overall, the existing internal control and risk management system allows, with reasonable certainty, an adequate management of the mapped risks and, at the same time, contributes to improving the management of the Company as a whole.

In this regard, it is important to point out that this assessment, insofar as it refers to the internal control and risk management system in its entirety, reflects the limitations inherent in such a system. Specifically, even a well-conceived and functioning internal control and risk management system can guarantee only with "reasonable certainty" an adequate management of the main mapped risks.

Coordination Among the Parties Involved with the Internal Control and Risk Management System

The Company analytically identified the activities of the parties involved with the internal control and risk management system, specifying concrete coordination modalities to make more efficient the activities of each one of them. As mentioned earlier in this Report, the Chairman of the Board of Statutory Auditors and/or another Statutory Auditor, as well as several managers more directly involved in the management of business risks and the Chief Executive Officer, also as officer in charge of the internal control and risk management system, regularly attend the meetings of the Control and Risk Committee. The Control and Risk Committee reports to the Board of Directors at least twice a year on its activities and, with the support of the Internal Auditing Manager, on the adequacy of the internal control and risk management system. The Chairman of the Board of Statutory Auditors and/or another Statutory Auditor also regularly attend meeting of the OB. Moreover, the Board of Statutory Auditors periodically meets with the Documents Officer, the Independent Auditors and the various Company functions involved in the processes and procedures that specifically require verification by the Board of Statutory Auditors, including those concerning the internal control and risk management system.

TREATMENT OF CORPORATE INFORMATION

At the proposal of the Chief Executive Officer, Edison has adopted and amended over time a procedure for the management of corporate information, particularly with regard to the subset of confidential and insider information. In this regard, please note that, even though only its savings shares continue to be publicly traded, Edison is still required to comply with market abuse rules, as they apply to the treatment of insider information.

The procedure, entitled "Internal handling and external communication of confidential and insider information concerning Edison and its financial instruments", governs the roles, responsibilities and operational management modalities with regard to identifying and verifying confidential and insider information and disclosing it to the market (including, if the requirement can be met, activating the embargo procedure). If applicable, the procedure also governs the entering of data in the Insider Register and the treatment and internal circulation of the information and its communication to outsiders (complying with special safeguards).

All members of the corporate governance bodies, employees and associates of Edison and its subsidiaries who have access to insider information are required to comply with the above-mentioned procedure.

Insofar as roles and responsibilities are concerned, the procedure identifies the top management as having Group-wide responsibility for disclosing insider information to the market and indicates under which conditions top management, or individual members of the Executive Committee, can decide to activate the procedure to "delay" the disclosure of insider information to the market.

However, as soon as the presence of insider information for which a decision was made to delay its disclosure to the market is verified, the Divisions, Departments and Corporate functions, as well as the managers of subsidiaries are responsible for implementing all of the security measures required to ensure that insider information is treated confidentially and segregated, limiting its circulation only to those parties who need access due to their function or assignment.

In addition, senior managers and other management personnel (each for the information over which he or she has jurisdiction) must inform employees and outsiders of the insider status of the information to which they have access and which is not being immediately disclosed to the market, communicating the activation of the delay procedure and making sure that all outsiders who receive such information be required pursuant to law, regulation, Company By-laws or contract to respect the confidentiality of the documents and information they are receiving.

The procedure defines the process for determining the moment when information should be qualified as insider information and the methods for managing the information until it is disclosed to the market or the underlying project is cancelled.

Specific provisions of the procedure deal with the method for entering data in and updating the register of parties who have access to insider information. They state that parties may be entered in the register on a permanent basis or in connection with specific events. In line with the EU provisions, listing in the “Permanent” section is limited to parties who, because of their function, the position they hold or the specific responsibilities entrusted to them, have access to all insider information, while parties who, because of their involvement in certain non-recurring projects or activities and/or their temporary performance of certain functions/ responsibilities, or because of a specific assignment, have access for a limited period of time to insider information concerning individual events are listed in the “Single Event” section. However, the establishment of a section reserved for individual events always presupposes the activation of a process to embargo the disclosure of the information to the market.

Responsibility for identifying the parties who should be listed in the “Permanent” section of the Insider Register rests with Edison’s senior managers, while listings in the “Single Event” section can be carried out by senior managers and by managers for the affected areas under their jurisdiction. The procedure also deals with the method for informing the parties entered in the register, updating their information and deleting their names. Within the Board of Directors, only the Chairman and the Chief Executive Officer are listed in the “Permanent” section, while the other Directors and the Statutory Auditors are listed in the “Single Event” section in connection with information concerning specific transactions that could be brought to their attention from time to time. As a rule, a party is listed when he/she gains access to the documents prepared for a meeting of the Board of Directors convened to review the transaction subject of the insider information.

The analyses conducted in 2018 did not reveal any substantial changes to be made to the Procedure in light of the content of the guidelines issued by Consob on this matter in October 2017.

As specified in the section “Elements that Characterise the Internal Control and Risk Management System”, the procedure was also incorporated in a protocol (the “Protocol for the Management of Confidential and Insider Information”), which is an integral part of the 231 Model and, in order to enhance compliance with the relevant 231 Protocol on this matter by the interested parties, the information flows that must be signed by the managers of the various Company Divisions and Departments require an express declaration about compliance, for issues under their jurisdiction also concerning subsidiaries, with the requirements of the Insider Information Protocol applicable to them.

The Directors and Statutory Auditors are also informed, upon appointment, of the obligations arising from their knowledge of insider information as well as the disclosure obligations if they or people closely linked with them perform transactions on the issuer’s financial instruments. In this regard, as stated in previous Governance Reports, these disclosure obligations regarding transactions on the issuer’s financial instruments also apply to members of the Executive Committee, as they are qualified as executives pursuant to the EU Regulation, all of whom are also listed in the “Permanent” section of the Insider Register.

As already stated in the previous Report of *Governance* for the reasons indicated therein, from 2017 the Board of Directors has planned to:

i) no longer include a blackout period in the publication process for quarterly reports, requiring it only for mandatory financial reports (annual financial statements and semi-annual report), as the Company does not provide preliminary data to the market;
ii) to make the duration of the blackout period consistent with the time-frame provided in the EU Regulation, i.e., starting 30 calendar days before the publication of the press release regarding the annual financial statements or the semi-annual report and until the publication of the press release.

The 2020 blackout periods are as follows:

- from January 14 to February 13
- from June 29 to July 29.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors monitors the Company's compliance with the applicable laws and its By-laws and has a management control function, being specifically required to verify that: the principles of sound management are being followed; the structure of Company's organization, its system of internal controls and its administrative-accounting system are adequate and the administrative- accounting system is reliable; the Code is being concretely implemented; the procedure adopted by the Company regarding related-party transactions is being complied with; and the Company provided its subsidiaries adequate instructions regarding the obligation to disclose insider information to the market. It also supervises compliance with provisions concerning the Non-Financial Statement.

It is not responsible for performing an independent statutory audit of the financial statements, a task that, pursuant to law, must be entrusted to an independent auditing firm chosen among those listed in a special register maintained by the Ministry of the Economy and Finances. However, it is required to submit to the Shareholders' Meeting a detailed proposal concerning the selection of the Independent Auditors.

The Board of Statutory Auditors is also required to perform the functions assigned by law to the Internal Control and Auditing Committee, created by Legislative Decree No. 39 of January 27, 2010 in implementation of a European Union directive concerning independent statutory audits of annual and consolidated financial statements, as most recently amended by Legislative Decree No. 135 of July 17, 2016 on the basis of the requirements laid out in EU Regulation 537/2014. Accordingly, it monitors the disclosure of financial information; the effectiveness of internal control, internal auditing and risk management systems; the engagement and performance of the statutory independent audit of annual and consolidated financial statements and the independence of the Independent Statutory Auditors, since 2017 authorising engagements that are not mandatory, other than the statutory legal audit of the accounts assigned to Edison's auditor and its network In addition, as specified in the section "Internal Control and Risk Management System - Parties Involved - Board of Directors", since the 2017 financial statements, the Board of Statutory Auditors has examined the content of the "additional" report prepared by that auditor pursuant to art. 11 of the above-mentioned regulation and reports on it to the Board of Directors.

Election of the Board of Statutory Auditors

Nominations for election to the post of Statutory Auditor, equipped with the documents required pursuant to laws and regulations, must be filed at the Company's head office within the deadline and in the manner stated in the Notice of the Meeting or, absent such information, may be filed directly at the Shareholders' Meeting.

The nomination of each Statutory Auditor must be accompanied by: information about the identity of the shareholders who are submitting the nominations; a professional curriculum vitae listing any management and control posts held at any other companies; and an affidavit by which the candidate declares that there are no issues that would make them incompatible or unelectable or would cause them to be removed from office and that they meet the requirements for election as Statutory Auditor pursuant to current laws and the By-laws; and that they accept the nomination. In this regard, please note that, as required by the Decree of the Ministry of Justice dated March 30, 2000, the By-laws list the professional requirements for Statutory Auditors. In any event, persons who do not meet the requirements of independence, integrity and professionalism set forth in the relevant statutes and the By-laws or who already serve on the maximum allowed number of posts of administration and control bodies, determined in accordance with the applicable regulations, cannot be elected.

Elected Statutory Auditors serve for a term of three years and may be re-elected.

The By-laws do not impose any other restrictions on Statutory Auditors, other than those set forth in the legislation currently in effect regarding the total number of posts that may be held. The purpose of these provisions is to ensure that the Statutory Auditors can devote the necessary time to the performance of their duties. In any event, responsibility for assessing whether a Statutory Auditor is performing his/her function effectively should rest with the shareholders upon the Statutory Auditor's election and with the Statutory Auditor upon acceptance of the assignment.

Nominations for the election of the current members of the Board of Statutory Auditors were published as soon as they were received from TdE, the controlling shareholder, on March 29, 2017, which also made a proposal regarding compensation, along with the relative documentation. The proposals and the relative documentation were simultaneously made available on the Company website(www.edison.it - Our Company - Governance - AGM - Shareholders' Meeting of March 30, 2017). At that time, TdE held 99.484% of the voting share capital.

With regard to the issues mentioned above, all of the Statutory Auditors elected by the Shareholders' Meeting on March 30, 2017 were nominated by TdE, the controlling shareholder.

The term of office of this Board of Statutory Auditors will end with the Shareholders' Meeting convened to approve the 2019 financial statements.

In this regard, with regard to the recommendations of the Code regarding the composition of the new Board of Statutory Auditors, the Board of Directors has recommended that the shareholders adopt diversity criteria, including gender diversity with regard to the composition of the Board of Statutory Auditors. Specifically, given the impossibility of applying, as it currently stands, the legislative provision on gender balance introduced by the 2020 Budget Law in the case of Boards of Statutory Auditors comprised of three Statutory Auditors and three Alternates, as required by Edison's By-laws, the Board of Directors suggested that this rule be interpreted based on the numerical criterion provided by the Code for the least represented gender (at least one-third of the Statutory Auditors and Alternate Auditors). This interpretation was confirmed by Consob with its communication no.1/20 dated January 30, 2020. The Board also expressed the hope that the Board of Statutory Auditors will have people with different and complementary professional backgrounds within it, so as to allow for the effective performance of the functions that the Board of Statutory Auditors is called upon to perform, and that all Statutory Auditors will meet the independence requirements provided for by law, as well as those provided for by the Code for Directors, with the necessary adjustments.

Composition of the Board of Statutory Auditors

Pursuant to Company By-laws, the Board of Statutory Auditors must be comprised of three Statutory Auditors and three Alternates.

The composition of the Board of Statutory Auditors must also comply with the requirements of the applicable gender parity provisions.

The current members of the Board of Statutory Auditors are: Serenella Rossi (Chairwoman), Lorenzo Pozza and Gabriele Villa. The Alternate Auditors are Silvano Corbella, Elisabetta Bertacchini and Luigi Migliavacca.

All elected Statutory Auditors are listed in the Register of Independent Auditors, except for the Chairwoman, and meet the requirements of current laws and the By-laws, as well as the Code's independence requirements for Directors, applied, with the requisite adjustments to the Statutory Auditors. After the appointment, the Board of Directors, having taken note at the meeting of April 4, 2017, of the statements made by the Statutory Auditors and the checks conducted by them with respect to independence, disclosed their results to the market. The Board of Statutory Auditors also performed that verification, which was successfully concluded, on the occasion of the meeting during which it reviewed the Company's Governance Report for 2017, 2018 and 2019, again reporting the results to the Board of Directors at the meetings held on February 14, 2018, February 14, 2019 and February 13, 2020.

This Report includes a table that lists the posts that the Statutory Auditors currently in office hold at other companies.

With respect to the diversity policy applied in relation to the Board of Statutory Auditors, please refer to the "Composition of the Board of Directors" section.

Compensation of the Board of Statutory Auditors

The compensation of the Statutory Auditors is determined by the Shareholders' Meeting that elects them.

The compensation of the Board of Statutory Auditors currently in office was determined by the Shareholders' Meeting of March 30, 2017, which made provision for a gross annual compensation of 75,000 euros for the Chairman and 50,000 euros for each Statutory Auditor. This remuneration, which was revised upwards at the last renewal, is to be considered commensurate with the commitment required, the importance of the role held, and the size and sector-based characteristics of the company.

Additional information about the compensation earned by the Statutory Auditors in 2019 is provided in the 2019 Compensation Report, which is reproduced in the second part of this publication.

With regard to the remuneration proposals for the appointment of new Board of Statutory Auditors, the Board of Directors considers it preferable, in view of the controlling role of the body, not to make specific proposals in this regard and to entrust the Shareholders' Meeting with any assessment on the subject based on the suggestions contained in the Code.

Rules of Operation of the Board of Statutory Auditors

To the best knowledge of the Board of Directors, the Statutory Auditors operate autonomously and independently of everyone, including the shareholders who elected them.

The Board of Statutory Auditors is required to meet at least once every 90 days. Meetings of the Board of Statutory Auditors may be held via teleconferencing or videoconferencing, provided all participants can be identified and are able to follow the proceedings, participate in real time in the discussion of the items on the agenda and receive, transmit and review documents.

In 2019, the Board of Statutory Auditors met twenty times. The average attendance of the Statutory Auditors at these meetings was 98.33%. A breakdown is provided in the table below:

Statutory Auditors	Number of Board of Statutory Auditors meetings attended in 2019	Percentage
In office at December 31, 2019		
Serenella Rossi	20 out of 20	100
Lorenzo Pozza	20 out of 20	100
Gabriele Villa	19 out of 20	95

The average length of each meeting was about two hours.

In addition, the Statutory Auditors attended meetings of the Board of Directors held in 2019. As shown in the table below, their average attendance percentage was 92.59 %. A breakdown is provided below:

Statutory Auditors	Number of meetings attended of the Board of Directors in the year 2019	Percentage
In office at December 31, 2019		
Serenella Rossi	9 out of 9	100
Lorenzo Pozza	8 out of 9	83.33
Gabriele Villa	8 out of 9	83.33

The Chairman of the Board of Statutory Auditors coordinates the activities of this entity and serves as liaison with other corporate bodies involved in the governance of the system of controls. Also during 2019, the Chairman of the Board of Statutory Auditors was invited to attend the meetings of the Compensation Committee and those of the OB and attended them on a regular basis. In addition, all Statutory Auditors were informed about upcoming meetings of the Related Party Transactions Committee and at least one Statutory Auditor - typically the Chairman of the Board of Statutory Auditors - usually attended the meetings. Lastly, the exchange of information between the Board of Statutory Auditors and the Control and Risk Committee takes place through the regular attendance to committee meetings by one or more Statutory Auditors and a representative of the Independent Auditors is invited on a regular basis to attend meetings of the Board of Statutory Auditors to report on the findings of the audits they performed. In addition, usually once a year, the Company's Board of Statutory Auditors meets with the Boards of Statutory Auditors of the main subsidiaries to exchange information about the Group's activities.

In addition, based on the information that the Board of Statutory Auditors obtains at meetings of the Board of Directors regarding the activities carried out by the Internal Auditing Department and the Control and Risk Committee, it regularly performs in-depth reviews together with the Internal Auditing Manager, who is periodically invited to attend meetings of the Board of Statutory Auditors to provide, when appropriate, additional information about the outcome of completed activities and reviews. On those occasions, specific issues are discussed and clarifications may be requested from managers involved with the above-mentioned review activities, primarily for the purpose of hearing reports about any corrective actions carried out.

To the best of the Board of Directors' knowledge, in view of the number of meetings held during the year by the Board of Statutory Auditors and the participation of the body in the meetings of the Board of Directors and the various committees that the Statutory Auditors were invited to attend, it is to be considered that the Statutory Auditors have devoted the necessary time to the performance of their duties.

With reference to the implementation of specific initiatives aimed at providing the Board of Statutory Auditors with adequate knowledge of the business in which the Company operates, the Company's dynamics and their evolution, as well as the regulatory and self-regulatory framework of reference, the Board of Statutory Auditors, in addition to taking part in the in-depth analysis carried out during the Board of Directors' meeting on the various issues relating to the business, the Group meets systematically with the Directors of the main corporate functions, who provide, in coordination with the Chief Executive Officer, the in-depth analyses requested by the body, making the relevant supporting documentation available to the Board of Statutory Auditors.

The Board of Statutory Auditors did not indicate to the Board of Directors that there was a need to propose corrective actions with regard to the main corporate processes.

In 2019, the Board of Statutory Auditors did not request the Internal Auditing Department to perform audits of specific operational areas or Company transactions.

In 2019, the Board of Statutory Auditors rendered opinions on, and when required by provisions in force authorised, the additional assignments that the Company and its subsidiaries awarded to Edison's Independent Auditors and to other entities belonging to its network, verifying that the above-mentioned assignments were within the statutory limitations of exercisable activities. The Board of Statutory Auditors also ascertained the Independent Auditors' independence and performed all of the other functions assigned to the Internal Control and Auditing Committee pursuant to law.

The Board of Statutory Auditors also carried out the process for the selection of Edison's new Independent Auditors by the Shareholders' Meeting convened to approve the 2019 financial statements, making a reasoned proposal. In this circumstance, at the beginning of 2020, the Board of Statutory Auditors also saw fit to acquire the opinions of the Boards of Statutory Auditors of the main subsidiaries.

The Board of Statutory Auditors adopted the Code's recommendation requiring that its members disclose any direct or third-party interest they may have in specific transactions submitted to the Board of Directors. No situation with respect to which the members of the Board of Statutory Auditors would have been required to make disclosures of this type occurred in 2019.

In order to enable the Board of Statutory Auditors to efficiently discharge its duties, a dedicated Company unit that reports to the office of the Secretary to the Board of Directors provides the Board of Statutory Auditors with the necessary support.

RELATIONS WITH SHAREHOLDERS

Even though only Edison's savings shares continue to be listed on the MTA and EDF indirectly owns about 99.48% of Edison's voting share capital, the Board of Directors resolved to maintain an organisational structure capable of delivering timely information and preparing Company documents that are relevant to the holders both of common shares and savings shares.

With this in mind, the Company has maintained constantly updated on its website a special page devoted to corporate governance issues, which contains, inter alia, the Reports on Corporate Governance and the Compensation Reports, and an Investor Relations page, which contains key information about the Company. Both sections are easily accessible from the home page.

Edison, acting directly or through representatives, engages in an ongoing dialogue with the financial markets with the specific goal of complying with the laws and rules governing the dissemination of insider information and the procedures that apply to the circulation of confidential information. The Group's behaviour and procedures are designed to avoid disparity of treatment in the disclosure of information and ensure effective compliance with the principle requiring that all investors and potential investors be provided with the same information about the Company. As part of the credit rating valuation processes, Edison interacts with the rating agencies, supplying them with the necessary information to formulate valuations, in accordance with the methods and conditions of the mandates of these agencies, and promptly provides the market with the results of their valuations.

In 2019, the Company continued to promptly inform the market, and therefore also its shareholders, of any event or decision that could have a material impact on their investment. It also made available on its website (www. edison.it Investor Relations and Governance) press releases disclosed through the "eMarket SDIR" system and notices published in the press with regard to the exercise of rights inherent in the securities it has issued, and documents concerning Shareholders' Meetings or otherwise provided to the public. This was done so as to ensure that these parties are informed about the issues on which they will be asked to cast their votes.

As part of a constructive dialogue, in 2019 the Company met with the common representative of savings shareholders, at his request, to provide clarifications on certain items in the financial statements as at December 31, 2018.

The management of relations with shareholders and their representatives for the exercise of their rights is entrusted to the Corporate Affairs & Governance Department, and that of financial communication with institutional investors and relations with rating agencies to the Investor Relations structure (Valeria Minazzi).

SHAREHOLDERS' MEETING

The Shareholders' Meeting is the tool by which shareholders, through their vote on resolutions, express their will. Resolutions adopted pursuant to law and the Company's By-laws are binding on all Shareholders, including absent or dissenting Shareholders. However, when permitted, dissenting Shareholders have the right to demand redemption of their shares.

The Shareholders' Meeting adopts resolutions on issues that the law reserves for its jurisdiction, which include mainly those concerning the financial statements and the appropriation of the result for the year, the election and dismissal of Directors, the election of Statutory Auditors and the selection of the Independent Auditors, when convened in ordinary session, and amendments to the By-laws, including capital increases and the issuance of convertible bonds, when convened in extraordinary session. Please note that, as allowed pursuant to law and in accordance with the By-laws, jurisdiction has been transferred to the Board of Directors with regard to deliberations concerning: reductions of share capital if shareholders demand redemption of their shares, opening and closing secondary head offices, attributing to Directors the power to represent the Company, amending the By-laws to make them compliant with statutory requirements, mergers and demergers in the instances referred to in art. 2505 and art. 2505-bis of the Italian Civil Code, also as cited in art. 2506-ter of the Italian Civil Code, bond issues and the relocation of the Company's head office elsewhere in Italy.

Convening of Shareholders' Meetings

Pursuant to art. 9 of the By-laws, Shareholders' Meetings are convened by means of a notice drafted in compliance with legislation in force and published within the statutory deadline on the Company's website. The notice is also distributed through the "eMarket SDIR" system, filed with the authorised storage mechanism "eMarket Storage" and published in condensed form in a newspaper with national circulation. The By-laws leave to the discretion of the Board of Directors the choice of newspaper between Il Sole 24 Ore and Corriere della Sera. The Company has always published its notices in Il Sole 24 Ore.

The ordinary deadline (which also concerns the Shareholders' Meeting for the approval of the financial statements and, since there is no list voting, the appointment of the corporate bodies) for the publication of the notice is 30 days before the date of the meeting. Shorter deadlines of twenty-one and fifteen days apply, respectively, to (i) Shareholders' Meetings convened to approve share capital transactions, when losses exceed one-third, or liquidation, and (ii) in the event of a tender offer, to authorise the Board of Directors to carry out transactions that could be in conflict with the offer.

The Company makes available to the public copies of the documents relevant to the Shareholders' Meeting, which it usually prepares also in English, by depositing them at the Company's head office, publishing them on its website via a link on its homepage (www.edison.it), through the "eMarket SDIR" circuit and at the authorised storage mechanism "eMarket Storage", within the deadline required pursuant to the provisions of laws and regulations.

Activities of the Shareholders' Meeting

The Shareholders' Meeting is validly convened and can validly adopt resolutions, both in ordinary and extraordinary session, in accordance with the laws in effect at any given time.

Activities and Attributions of the Special Meeting of Savings Shareholders

The Special Meeting of Savings Shareholders is responsible for: the election and dismissal of the common representative and any liability actions towards him, the approval of resolutions by the Company's Shareholders' Meeting that undermine the rights of savings shareholders, the establishment of a fund for expenses needed to protect their common interests, the settlement of disputes with the Company and any other subject of common interest.

The Special Meeting is governed by the provisions of the laws applicable to Special Meetings of Savings Shareholders and, if compatible, the relevant provisions of the By-laws for the Extraordinary Shareholders' Meeting.

Right to Attend Shareholders' Meetings

Pursuant to art. 10 of the By-laws, the right to attend, participate and exercise the right to vote at the Shareholders' Meeting is governed by the provisions applicable to shares eligible for centralized clearing.

More specifically, considering the different trading status of the common shares, delisted from the MTA as of September 10, 2012, and the savings shares, still listed on the MTA, the amendments to the By-laws approved by the Shareholders' Meeting on March 22, 2013 introduced a different deadline regarding the time of possession that must be used to certify, in the communication provided by the intermediary, the registration in the account of the party eligible to vote (the record date). For the savings shares, the statutory deadline of the close of business on the seventh stock market trading day prior to the date set for the Shareholders' Meeting on the first calling continues to apply, as in the past, while for the common shares the deadline has been shortened to the end of the second business day before the date set for the Shareholders' Meeting.

The shares are freely transferable at all times, but credit and debit entries posted to the accounting records after the above-mentioned seven-day or two-day deadline will be irrelevant for the purpose of determining the eligibility to exercise the right to vote at the Shareholders’ Meeting.

A party’s eligibility is certified by means of a communication issued by an intermediary certifying that, on the abovementioned dates, the shares were deposited in the party’s account in dematerialised form with the centralized clearing system. Pursuant to the applicable laws, the Company must receive the above-mentioned communication before the Shareholders’ Meeting is called to order on the first calling. Any party eligible to attend and vote at the Shareholders’ Meeting has the right to be represented in accordance with the applicable laws. As required by the relevant rules, the Company By-laws allow electronic filing of a proxy, carried out by sending the proxy form to the certified e-mail address provided in the notice of Shareholders’ Meeting. In addition, the Company shall designate for each Shareholders’ Meeting a party to whom shareholders may grant their proxies.

Holding Shareholders’ Meetings

The Company did not adopt Shareholders’ Meeting regulations because it believes that the power attributed by the By-laws to the Chairman of the Meeting (who is responsible for managing the Meeting), which include determining the Meeting’s agenda and the voting method, are sufficient to maintain an orderly performance of Shareholders’ Meetings, thereby avoiding the risks and inconveniences that could result, should a Shareholders’ Meeting fail to comply with Meeting regulations. However, upon calling the Shareholders’ Meeting to order, the Chairman of the Meeting always asks shareholders to make remarks that are concise and pertinent to the item on the agenda and keep to a maximum of ten minutes the length of their remarks, so that everyone may have a chance to be recognized. This decision was most recently confirmed by the Board of Directors following the delisting of the common shares.

In 2019, a Shareholders’ Meeting was held on April 2, 2019. The Shareholders’ Meeting adopted resolutions concerning: the approval of the 2018 financial statements, allocation of the result and the appointment of a new Board of Directors. The same Shareholders’ Meeting also cast a favourable consultative vote on the first section of the Compensation Report.

Because of the particular stock ownership structure, the April Shareholders’ Meeting was attended by the Chief Executive Officer Marc Benayoun, by the independent directors Paolo Di Benedetto and Nathalie Tocci, and by members of Board of Statutory Auditors. On that occasion, the Chairman reported, also in response to specific requests by the common representative of savings shareholders before the shareholders’ meeting, and ordinary shareholders, and in accordance with the right of the attendees to obtain information, on the individual themes and on the activities carried out. In addition, the questions posed before the Meeting and the corresponding answers provided by the Company were annexed to the minutes of the Shareholders’ Meeting.

The Compensation Committee did not believe that reporting to the Shareholders’ Meeting about the methods by which the committee exercises its functions was necessary, given that this information is already contained in the Report on Corporate Governance and the Compensation Report provided to the shareholders before the Meeting.

The Board of Directors did not deem it necessary to promote initiatives that would encourage greater attendance at the Shareholders’ Meetings, since, following the transactions discussed in the introduction to this Report, the EDF Group has acquired virtually total control of the share capital represented by common shares and the share capital percentage represented at the shareholders' meetings is already quite high.

The market capitalisation of Edison savings shares in 2019, calculated on the basis of the average closing prices recorded in 2019, compared with the average of the same prices recorded in 2018, increased by 5.6%. The same, calculated on the basis of the average closing price for the month of December, increased by 8.3% compared to the corresponding average price for December 2018. The changes felt the effects of the conversion of 378,894 savings shares to common shares, as represented in the section "Capital structure - Composition".

Meeting of Savings Shareholders

No savings shareholders' meetings were held in 2019.

Additional Shareholders' Rights and Methods of Exercise

The Company By-laws do not convey to the shareholders any rights beyond those provided to them pursuant to law nor do they provide methods of exercise that are different from those set forth in the applicable laws and regulations.

However, the Company reserved the right to consider the possibility of introducing in its By-laws the options allowed by Legislative Decree No. 27/2010 concerning the exercise of actions and prerogatives provided for the protection of minority shareholders once the case law has become established. The developments that affected the control structure and, more specifically, the Edison common shares, as described above, rendered this issue no longer relevant. Similar considerations were developed regarding the additional options available under subsequently enacted legislation.

In addition to the rights reserved to them by law, savings shares are entitled to the rights set forth in the Company's By-laws, which are referred to in the Section entitled "Rights of Classes of Shares.

INDEPENDENT AUDITORS

Attributions of the Independent Auditors

The Independent Auditors retained to perform independent statutory audits of the financial statements are required by law to ascertain whether the accounting records are properly maintained and record faithfully the results from operations, and whether the statutory financial statements and the consolidated financial statements comply with the rules governing their preparation and provide a fair and truthful presentation of the financial position, cash flows and operating result for the period, rendering an opinion on the financial statements and the consistency of the Report on Operations with the information provided in the financial statements. A similar review of the semiannual financial report is performed by the Independent Auditors on a voluntary basis, pursuant to a recommendation by the Consob. In addition, the Independent Auditors are required, pursuant to law, to review certain disclosures of the Report on Corporate Governance and, since 2017, to prepare the additional report pursuant to art. 11 of EU Regulation 537/2014 on the results of the independent statutory audit of the financial statements. The Independent Auditors also perform additional reviews required by industry regulations and provide additional services that the Board of Directors may ask them to perform, provided they are not incompatible with their assignment regarding the independent statutory audit of the financial statements.

The assignment for the independent statutory audit of the financial statements must be awarded to a company listed in the register of Independent Statutory Auditors. The Shareholders’ Meeting awards the assignment, based on a reasoned recommendation by the Board of Statutory Auditors, and determines the corresponding compensation.

Edison’s current auditor is Deloitte & Touche Spa (“Deloitte”). The relevant mandate was approved by the Shareholders’ Meeting of April 26, 2011 for a period of nine financial years, as required by law, and therefore refers to the financial years from 2011 to 2019 and will expire with the Shareholders’ Meeting convened to approve the financial statements for 2019.

The Board of Statutory Auditors has made a reasoned proposal to the Shareholders’ Meeting for the appointment of the new auditor.

Within the framework of the Group’s general audit plan and in fulfillment of legal requirements, the Independent Auditors performed independent statutory audits of the financial statements of nearly all of the Italian and foreign subsidiaries. The very limited exceptions mainly concern companies that are very small or inactive and, as such, not subject to the statutory audit requirement.

As a rule, these assignments were awarded to Edison’s Independent Auditors in order to allow the Independent Auditors of the Parent Company to take direct responsibility for auditing the financial statements of the subsidiaries. Exceptions are some recently acquired Italian companies and some foreign companies.

As long as it was possible and permitted by the legislation previously in force, the Italian subsidiaries assigned the statutory legal audit engagement with an expiry date aligned with that of the parent company Edison. However, as a result of the entry into force of EU Regulation 537/2014, engagements assigned starting from 2017 need to cover a fixed duration of three years.

Consistent with a firmly established Group policy, Edison and its principal subsidiaries have also asked their Independent Auditors to audit their semi-annual financial statements and, in the case of companies that operate in the electric power and/or natural gas sectors, the annual separate financial statements and perform special audits needed to comply with contractual requirements or regulations issued by the Italian Regulatory Authority for Energy, Networks and the Environment. Deloitte also checks the contents of the NFS and the preparation of “Section Two” of the Report on compensation policy and on compensation paid.

Deloitte and its international network, working in accordance with assignments they received directly, audited about 95.76% of total consolidated assets (2019) and about 96.51% of total consolidated revenues.

Please note that the guidelines for the assignment and management of auditing engagements which Edison adopted in 2011 were amended and supplemented in 2017 to take into account the provisions introduced by EU Regulation 537/2014, mentioned above.

Fees of the Independent Auditors

As noted in the previous section, Edison’s Shareholders’ Meeting that awarded the independent statutory audit assignment also approved the corresponding fees and the corresponding adjustment criteria.

The details of the compensation received from Edison and its subsidiaries by the Independent Auditors are provided in the notes to the separate financial statements.

ADDITIONAL CORPORATE GOVERNANCE PRACTICES

Nothing to report beyond the information provided in this Report.

CHANGES SINCE THE CLOSE OF THE REPORTING YEAR

Nothing to report beyond the information provided in this Report.

CONSIDERATIONS ON THE LETTER OF DECEMBER 19, 2019 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEES

The corporate governance recommendations set forth in the letter of December 19, 2019 of the Chairman of the Corporate Governance Committee, received by the Company when the Board of Directors self-assessment process, initiated in late October 2019, had already been concluded, were brought to the attention of the Board of Directors at the first possible meeting and, therefore, when the results of the self-assessment were examined on February 13, 2020.

The Board of Directors made the following considerations with regard to the areas of improvement identified by the Committee:

- sustainability: for many years, Edison's Board of Directors has viewed the issue of sustainability as an integral and fundamental part of the definition of business strategies and has been engaged for some time in a process of transformation capable of involving its business models, governance and strategies. In particular, the Company has incorporated specific measurable objectives related to sustainability in its strategies, which it has integrated into its business actions and which it constantly monitors. Remuneration policies also take these aspects into account. Proof of this is the fact that - with regard to strengthening the link between variable remuneration and parameters linked to sustainability objectives - the Board of Directors has also identified annually renewed social responsibility targets, confirmation of the constant attention focussed on the theme by the Company, and medium-term targets geared towards the sustainable development of its activities, as better specified in the Compensation Report and the NFS.
- pre-Board disclosure: also following of the self-assessment process, which required the directors to express their opinion on the issue, the deadline of 5 days before the date of the Board meeting to send the documentation was deemed adequate and in 2019 actually respected. In addition, the IT portal available to administrators to consult the documentation, introduced some time ago and upgraded during 2019, facilitates its immediate availability and efficient consultation and archiving;
- rigour in the application of the independence requirement: as already specified in particular in the previous Governance Report, the process followed by the Board of Directors to acquire, from each director concerned, on a periodic basis, the information elements suitable to highlight any critical or "at risk" situations is considered appropriate because, even if based on a questionnaire that is sent once a year, it contains sufficiently analytical questions that do not give the individual director the "judgement" as to his or her suitability to be considered independent. In fact, the Board of Directors is made aware - where existing - of all the relationships existing between the company and the individual director (regardless of relevance) and therefore has the opportunity - if it has decided not to identify a priori thresholds of relevance - to carry out documented assessments. It should also be noted that there is no such relationship between the Edison Group and the independent Directors. With the renewal of the Board of Directors, which led to the confirmation of two

independent directors in office during the previous term of office, and the appointment of a new independent director, no assessment "in derogation" of the Code's independence criteria was necessary, as in the past;
- compensation policies: the Board of Directors believes that the amount of compensation paid to non-executive directors is adequate for the competence, professionalism and commitment required by the office, considering, among other things, that they receive, in addition to a fixed annual fee, an additional fixed fee, if they are members of the Committees established within the Board of Directors, and an attendance fee for each meeting at which each director attends. With regard to the compensation of the Board of Statutory Auditors, it should be noted that the same have already been subject to an increase in the previous renewal and that, on the basis of the checks carried out by the Company, they are to be considered consistent with the nature and responsibilities connected with the appointment. Therefore, as regards the compensation proposals relating to the appointment of the new Board of Statutory Auditors, the Board of Directors considers it preferable, in view of the controlling role of the body, not to make specific proposals in this regard and to entrust the Shareholders' Meeting with any assessment on the subject based on the suggestions contained in the Code.

With regard to what has just been highlighted, the Board of Directors has deemed it appropriate not to undertake new initiatives in the areas mentioned above, as it believes it is in line with the recommendations made by the Committee for Corporate Governance.

Milan, February 13, 2020

On behalf of the Board of Directors
Legal Representative
Nicola Monti

Annexes

BOARD OF DIRECTORS

Overview of the Structure of the Board of Directors and Board Committees (*)

Board of Directors

									Control and Risk Committee (i)		**Compensation Committee**		**Related-Party Transaction Committee**	
Post held	Member	Year of birth	Executive	Non-executive	Independent	(1)	No.of other posts held (2)	Attendance at Shareholders' Meet. (1)	(3)	(1)	(3)	(1)	(3)	(1)
Directors in office at December 31, 2019														
Chairman	Marc Benayoun (a)	08.26.1966		X		9/9	2	1/1						
Chief Executive Officer	Nicola Monti (b)	07.06.1962	X			5/5	3	(h)						
Director	Béatrice Bigois (c)	01.20.1969		X		9/9	2	0		1/1				
Director	Paolo Di Benedetto (c)	10.21.1947		X	X (g)	8/9	3	1/1	M	5/5	C	3/3	C	16/16
Director	Fabio Gallia (c)	20.08.1963		X	X (g)	7/8	2	(h)	C	4/4			M	15/15
Director	Xavier Girre (c)	20.02.1969		X		7/8	8	(h)	M	1/4				
Director	Jean-Bernard Lévy (d)	03.18.1955		X		8/9	6	0						
Director	Nathalie Tocci (c)	03.07.1977		X	X (g)	9/9	0	1/1			M	3/3	M	16/16
Director	Nicole Verdier-Naves (c)	10.08.1953		X		9/9	5	0			M	3/3		
Directors who resigned their office in 2019														
Director	Marie-Christine Aulagnon (e)	03.31.1963		X		1/1		0	C	1/1				
Director	Gian Maria Gros-Pietro (e)	02.04.1942		X	X (g)	1/1		0	M	1/1	M	1/1	C	1/1
Director	Sylvie Jéhanno (f)	05.22.1969		X		4/4		0						

(*) The Board of Directors reaffirmed the choice it made in previous reporting years that the establishment of a Nominating Committee was not appropriate in view of the urisdictional authority attributed to this Committee by the Code and the current highly concentrated stock ownership structure. The Board of Directors also attributed the sustainability issues to the Control and Risk Committee.

(i) The composition of the Committee currently in office complies with the general requirement of the Code to ensure a majority of independent directors and the chairmanship of an independent director [but does not comply with the requirement for a listed issuer controlled by another listed company to ensure that all directors are independent]. The presence of a non-independent director, even if not executive, and therefore not involved in the operational activities of the Company, is justified by the undoubted and proven professionalism and training of the person in relation to these tasks. The current composition of the Committee is consistent with the Code's recommendation that at least one of its members should be experienced in accounting, finance and risk management.

Number of meetings held in 2019

Board of Directors: 9 | Control and Risk Committee: 5 | Compensation Committee: 3 | Related-Party Transaction Committee: 16

Quorum richiesto per la presentazione delle candidature per l'elezione di amministratori:
not applicable

(1) This column shows the attendance of each director at meetings of the Board of Directors, Committees and Shareholders' Meeting respectively.
(2) This column shows the number of other companies with shares traded in regulated markets in Italy or abroad, as well as financial, banking or insurance companies or companies of significant size of which the party in question is a Director or Statutory Auditor. In the table that follows, these positions are listed in detail..
(3) This column indicates that the listed Director is a member of the Committee: C (chairman), M (member).
(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) Co-opted by the Board of Directors on June 19, 2019 to replace Sylvie Jéhanno, who resigned, and elected Chief Executive Officer by the same Board, effective as of July 1, 2019 after Marc Benayoun renounced the position. In office until the next Shareholders' Meeting.
(c) Elected by the Shareholders' Meeting of April 2, 2019 for a three-year period ending with the Shareholders' Meeting convened to approve the 2021 annual financial statements.
(d) Confirmed as Director and Chairman by the Shareholders' Meeting on April 2, 2019; this latter position was renounced effective as of July 1, 2019.
(e) Elected by the Shareholders' Meeting of March 22, 2016.
(f) Elected by the Shareholders' Meeting of April 2, 2019 and resigned from June 19,2019.
(g) I Meets the independence requirements pursuant to law (TUF) and the Code.
(h) Percentage not applicable because no additional Shareholders' Meetings were held in 2019 subsequent to his appointment.

Post held by Directors at December 31, 2019

Director	Post held at other companies	EDF Group companies
Marc Benayoun	Chairman of Transalpina di Energia Spa	X
	Member of the Supervisory Board of Trimet France Se	
Nicola Monti	Chief Executive Officer of Edison Exploration & Production Spa	X
	Chairman adn Chief Executive Officer of Edison International Spa	X
	Chairman of Fenice Spa	X
Béatrice Bigois	Director of EDF Energy Customers Plc	X
	Director of Hoppy Limited	
Paolo Di Benedetto	Director of Cementir Holding Spa (*), Lead Independent Director, Chairman of the Control and Risk Committee, of the Compensation Committee and of the Related-Party Transaction Committee	
	Chairman of National Guarantee Found	
	Director of Generali Spa (*), Chairman of the Related- Party Transaction Committee and member of the Corporate Governance, social and environmental Sustainability Committee	
Fabio Gallia	Director of Coesia Spa	
	Director of Manifatture Sigaro Toscano Spa	
Xavier Girre	Chairman and Chief Executive Officer of CTE	X
	Director of Dalkia Sa and Chairman of the Audit Committee	X
	Director of EDF Energy Holdings Ltd and Chairman of the Audit Committee	X
	Director of EDF Renewables Sa	X
	Chairman of EDF Trading Sa	X
	Member of the Supervisory Board of ENEDIS	X
	Chairman of the Supervisory Board of RTE	X
	Director of FDJ and Chairman of the Audit Committee	
Jean-Bernard Lévy	Director of Dalkia Sa	X
	Chairman and Chief Executive Officer of EDF Sa (*)	X
	Director of EDF Energy Holdings Ltd	X
	Director of EDF Renewables Sa	X
	Chairman of Fondation d'Enterprise EDF	X
	Director of Société Générale Sa (*)	
Nathalie Tocci	–	
Nicole Verdier-Naves	Director of Citelum Sa and member of the Compensation Committee	X
	Director of Dalkia Sa and member of the Compensation Committee	X
	Director of EDF Norte Fluminense Sa and Chairman of the Compensation Committee	X
	Director of EDF Renewables Sa and Chairman of the Compensation Committee	X
	Director of Foundation d'Enterprise EDF	X

(*) Company with shares traded in regulated markets

Curricula[1] of the Directors in Office at December 31, 2019

Marc Benayoun

Born in Tarbes, France, on August the 26th 1966.
He is graduated of Ecole Supérieure des Sciences Economiques et Commerciales (Paris, 1989).
He currently serves EDF Group as Senior Executive Vice-President in charge of Customers, Services and Regional Action.

Professional Background

- In 1989 he began his career at the Paribas Group.
- In 1993 he joined the Boston Consulting Group, where he became associate director at the Paris office in 2001 and at the Moscow office in 2008. During the years in Boston Consulting Group he took on several roles including the development of expertise in the natural gas sector.
- In 2009 he joined the EDF Group as Director of the economic department for tariffs and prices. In 2012 he became Sales Director of Business and Market Professionals segment in charge of the sale of electricity, as and services. During last years he has led the project related to the end of regulated electricity prices for companies and local authorities (over 400 000 sites in total 120 TWh of electricity consumption), with the goal of maintaining a leading position in the new competitive environment.
- On December the 8th 2015 he has been appointed as Director of the Board of Edison and Chief Executive Officer from January the 1st 2016.
- From July 1st 2019 he serves EDF Group as Senior Executive Vice President in charge of Customers, Services and Regional Action and he is also Chairman of the Board of Edison.

Nicola Monti

Born in Varese (Italy), on July 6, 1962.
Graduated in Hydraulic-Civil Engineering from the Polytechnic of Milan in 1989.

Professional Background

- He held various positions from 1989 to 1996 in the International Development department of Snam Spa.
- From 1991 to 1993 he was project manager for the tenders for privatisation of the Argentinian gas networks and responsible for the development of the Argentina-Chile gas interconnection project.
- From 1994 to 1995 he was project manager of a technical assistance programme financed by the EU and implemented through a JV with Gazprom for the assessment of the reliability of the Russia-Europe gas transportation system.
- Between 1996 and 1998 he was sales manager for South-East Asia at Ansaldo Energia and, from 1997 to 1998 Regional Manager in Indonesia and Thailand.
- In 1999, at Pirelli Cavi e Sistemi, oversaw the project for the integration of the international sales network of the cables division of Siemens, acquired by it.
- Joined Edison in 1999, as head of international development, and oversees Edison's entry to the electricity generation market in Greece, the development of gas interconnections with Algeria and Greece and the start-up of gas import and sale activities in Spain. In 2007, he became head of development of the Exploration and Production division and, in 2009, following the acquisition of the Abu Qir gas field in Egypt, he came Head of Operations in North Africa and Middle East. In 2012 became Executive Vice President of the Exploration and Production division and member of the Executive Committee of Edison Spa. In 2017, he also assumed the position of Executive Vice President of EDISON's Power Asset and Engineering Division.
- On June 19th, 2019 he was appointed Director of the Board of Edison and from July 1st 2019 he is also in charge as Edison Chief Executive Officer.

1. *Curricula* updated at December 31, 2019.

Béatrice Bigois

Born in Talence, France, on May 20, 1969.
1986-89 Scientific preparation for engineering schools.
1989-92 Ecole Polytechnique - Theoretical Physics (2nd year) and Economics (3rd year).
1992-94 Ecole Nationale des Ponts et Chaussées - Economics, Finance and Applied Mathematics.

Professional Background

- Since 1994: EDF.
- Sept. 94 - May 99: EDF, Finance Department, Financial Strategy Division.
- Risk analyst: debt management, ALM, country-risk management.
- June 99 - end 02: secondment to London Electricity Plc, Optimisation & Trading Department.
- Power purchaser (06/99 - 06/00): procurement of power for LE customers.
- Head of Energy Risk Management (07/00 - 12/02): in charge of the development and implementation of risk policies and risk controls over the energy trading activities; in charge of credit risk management, demand forecasting methods and systems developments, and energy reporting; secretary to the Market Risk and Credit Risk Committees.
- Jan. 03 - Feb. 06: EDF, Asset Optimisation Department.
- Head of Market Operations (01/03 - 08/04): in charge of the development of market based transfer pricing to the Customer Branch and execution of market hedges with EDF Trading.
- Head of Portfolio Optimisation and Hedging (09/04-02/06): responsible for the optimisation of EDF portfolio of assets in France on the medium term, the nuclear and fossil fuel plants maintenance planning, the management of fossil fuel procurement, the hedging activities and the management of the French VPPs.
- March 06 - Sept. 08: secondment to EDF Trading Markets Ltd, Paris.
- Deputy Head, then Head of the Paris Branch of EDFT: set up and management of the branch.
- Oct. 08 - Dec 13: secondment to EDF Trading Ltd, London.
- Chief Financial Officer of EDF Trading: in charge of Market Risk, Credit Risk, Finance, Tax, Treasury, Internal Control, Contracts & Settlements and IT.
- Member of the Board of Directors of EDF Trading and EDF Trading Markets Ltd.
- Since Jan 14: secondment to EDF Energy. Managing Director, Customers: in charge of wholesale optimisation, B2C & B2B retails activities.
- Since Jan-20: Chief Executive, EDF Trading. Oversees all commodity trading activities of EDF Group. Executive Director of EDF Trading Ltd EDF Trading Markets Ltd.

Paolo Di Benedetto

Born in Rome, on October 21, 1947.
University of Rome, "La Sapienza", Master Degree in Law, Master Degree in Administrative Sciences, *magna cum laude*.
Lawyer.

Academic and Professional Background

- Banco di Napoli, Naples, 1973-1984: Manager.
- Consob, Rome, 1985-2000: Manager.
- Poste Italiane Group, Rome, 2000-2002: Sim Poste, Managing Director; BancoPosta Fondi SGR, Managing Director.
- Consob, Rome, July 2003 - March 2010: Commissioner.
- Banca Finnat Euroamerica Spa August 2010 - February 2013 : Member of the Board, Chairman of the Control and Risk Committee, Member of the Compensation Committee and of the Related Party Transaction Committee.
- Acea Spa, April 2010 - May 2014: Member of the Board, Chairman of the Compensation and Appointment Committee, Member of the Control and Risk Committee and of the Related Party Transaction Committee.
- Istituto Poligrafico Zecca dello Stato Spa, September 2014 - February 2016: Member of the Board and member of the Compensation Committee.
- Author of articles on Security Regulations.
- Professor on contract of Security Regulations at LUISS - the Guido Carli Free International University for Social Studies and after at University of Tor Vergata.

Fabio Gallia

Born, Alessandria - Italy, 20th August 1963. Resident in Rome. Married with two children.
Degree in Economics and Business from the University of Turin (1987).
Registered with the Association of Chartered Accountants (1989).
In June 2013, he was awarded the Order for Merit of *Chevalier de l'ordre national de la légion d'honneur République française*.
In May 2015, he was awarded the Order for Merit of *Cavaliere del Lavoro della Repubblica Italiana*.
In February 2018 the University of Rome "La Sapienza" awared him an honorary doctorate in Management Banking and Commodity Sciences.

Professional Background

- He began his career in 1988 in Accenture, providing strategic and organizational consulting services.
- In 1990, he was employed by Ersel Asset Management Sgr, an Italian savings management company, belonging to the Giubergia Group, where he covered roles of increasing responsibility, before becoming General Director and Partner from 1999 to 2002.
- In 2002, he joined the Capitalia Group, then Italy's principal banking Group, as Deputy General Manager and Chief Financial Officer (CFO) in charge of the Group's Integrated Finance and Wealth Management. In 2003, he was appointed Joint General Manager for the Group's Business Policies; successively in 2005, he was appointed Chief Executive Officer of Fineco (sub-holding of Capitalia Group), the same year Fineco was incorporated into Capitalia. From 2005 to 2007, he was appointed Chief Executive Officer of Banca di Roma and Chairman of the Management Committee of the Capitalia Group.
- From 2008 he was Chief Executive Officer and General Director of BNL, BNP Paribas Group and member of the Executive Committee of BNP Paribas. From 2009 he was Chairman of the Board of Directors of Findomestic Banca and, from 2012, he managed the BNP Paribas Group in Italy.

- From 2015 to July 2018, he held the position of Chief Executive Officer and General Director of Cassa Depositi e Prestiti, the Italian National Promotional Institution.
- He was member of the Board of Directors of Ariston Thermo (until March, 2018).
- He's currently acting as an independent advisor to business groups. He is also a senior advisor to Brookfield Asset Management.
- He is also a member of the Board of Directors of Fondazione Telethon and Fondazione Museo Egizio in Turin.

Xavier Girre

Born in Rennes, France, on February 20, 1969.
He is a graduate of HEC, Sciences Po Paris and ENA alumni..
He currently serves EDF Group as Senior Executive Vice-President for the Finance.

Professional Background

- Has over 20 years' experience in top management positions.
- From 2011 to 2015 he was SVP, CFO of La Poste group and CEO of the XAnge private equity fund.
- He joined EDF in 2015 as CFO of the France division.
- Earlier he spent 12 years within Veolia as Group Chief risk and Audit officer and SVP, CFO of Transportation and Environmental Services.

Jean-Bernard Lévy

Born in Suresnes, France, on March 18, 1955.
He is a graduate of École Polytechnique (class of 1973) and Telecom Paris Tech.
He is an officer of the Légion d'Honneur and of the Ordre National du Mérite.
He currently serves EDF Group as Chairman and CEO.

Professional Background

- In 1979 he began his career at France Télécom as an engineer in Angers. In 1982 he became responsible for the management of senior executives and budgets at headquarters, and was subsequently promoted Deputy Head of Human Resources.
- From 1986 to 1988 he was advisor to Gérard Longuet, the French Minister for Postal &Telecommunications services.
- From 1988 until 1993 he was General Manager of Matra Espace (Communications Satellites division) which became Matra Marconi Space.
- In 1993 and 1994 he served as Chief of Staff to Gérard Longuet, the French Minister for Industry, Postal Services & Telecommunications, and Foreign Trade.
- From 1995 to 1998, he was appointed Chairman and CEO of Matra Communication.
- From 1998 to 2002, he was Managing Partner, Corporate Finance at Oddo & Cie.
- In the summer of 2002, he joined Vivendi, a global communications and digital media company as Chief Operating Officer and from 2005 as Chief Executive Officer, a position he held until June 2012.
- From December 2012 to November 2014, he served Thales Group a leading electronics and systems industrial Group as Chairman and CEO.
- On 26th November 2014, he was appointed Chairman and Chief Executive Officer of EDF Group.
- On December 12th 2014, he was appointed Chairman of Edison, a position he held until June 30th 2019.

Nathalie Tocci

Born in Rome, on March 7, 1977.
1995-98: University College, Oxford - BA (Hons) PPE (Politics, Philosophy and Economics). Overall result: *First Class*. Preliminary examinations: *First Class.*
1998-99: London School of Economics - MSc Development Studies. Dissertation on Turkey's political economy. Overall result: *Distinction*.
2000-03: LSE - PhD in International Relations. Title: EU Accession Dynamics and Conflict Resolution: The Case of Cyprus 1988-2002. *Defence June 2003*.

Professional Background

- 1999-2003 Centre for European Policy Studies (CEPS), Brussels: research fellow in the Wider Europe Programme working on EU relations with Turkey, Cyprus, the South Caucasus and the Middle East.
- 2003-2004, Mediterranean Programme, Robert Schuman Centre for Advanced Studies, European University Institute: Jean Monnet Fellow. Working on the role of the EU in conflict resolution. Organisation of events under the EU-Turkey Observatory.
- 2005-2007, Robert Schuman Centre for Advanced Studies, European University Institute, Marie Curie Fellow. Research on the EU's role in conflict resolution in the Caucasus, Balkans, Middle East, Turkey and Cyprus.
- 2006, Istituto Affari Internazionali, Rome, Senior fellow (2006-2010) and Head of Department (2010) working on European foreign policy and Associate Editor of The International Spectator.
- 2007-2009, Centre for European Policy Studies, Brussels, Associate fellow working on European foreign policy.
- 2009-2010, Transatlantic Academy, Washington, Senior Fellow working on Turkey's relations with the US, the European Union and the Middle East.
- 2011, Istituto Affari Internazionali, Rome, Deputy Director and Editor of The International Spectator.
- May-November 2014: Advisor for International Strategies of the Minister of Foreign Affairs, Rome.
- December 2014: Special Adviser of the High Representative for European Foreign Policy/ Deputy Chairman of the European Commission.
- Since 2004 she is Member of the Advisory Board of *Mediterranean Politics*.
- Since 2007 she is Member of the Editorial Board of *The International Spectator.*
- Since 2011 she is Member of the Advisory Board, *Open Security/Open Democracy.*
- From 2012 to 2014 it was Member of the Board of the University of Trento.
- Since 2012 she is Rapporteur, Independent Commission on Turkey; Chaired by Nobel Peace Laureate Maarti Ahtisaari.
- Since 2017/04 she is: Head of Istituto Affari Internazionali.

Prizes and awards

- 2004-7: Marie Curie Fellowship, European Commission.
- 2008: Anna Lindh Award on European Foreign Policy.

Nicole Verdier-Naves

Born in Epinal, France, on October 8, 1953.
Master in Law and a postgraduate degree in Private Law.
She currently serves as EDF's Senior Vice President Senior Executive, Managers Training, Mobility Division.

Professional Background

- In 1976 she joins EDF where she held various HR management positions within EDF operational and corporate divisions.
- Between 1997 and 2000, she is Head of Management Control and Deputy Corporate Secretary, including the management of support services.
- In 2000 she joins the Human Resources Division, where she was responsible for EDF corporate HR coordination.
- She has strong expertise in HR and related legal issues as well as management transformation.
- Since November 2015 she is Member of the French Economic, Social and Environmental Council (CESE). In this case, she participates in the working group of section for Economics Activities.

BOARD OF STATUTORY AUDITORS

Overview of the Structure of the Board of Statutory Auditors

Post held	Member	Year of birth	Date when firft elected	Indipendent as per Code	Attendence at meetings of the Board of Statutory Auditors (*)	Attendence at meetings of the Board of Diectors (*)	Attendance at Shareholders' Meeting (*)	No. Of other posts held (**)
Statutory Auditors in office at December 31, 2019 (a)								
Chairman	Serenella Rossi	07.15.1962	03.28.2014	X	20/20	9/9	1/1	1
Statutory Auditor	Lorenzo Pozza	10.11.1966	03.30.2017	X	20/20	8/9	1/1	10
Statutory Auditor	Gabriele Villa	06.18.1964	03.30.2017	X	19/20	8/9	1/1	5

Number of meetings held in 2019: 20

Quorum needed to file of candidatures for the election Statutory Auditors: not applicable

(*) This column shows the attendance of each statutory auditor at meetings of the Board of Statutory Auditors, Board of Directors, and Shareholders' Meeting respectively.
(**) This column shows the number of other companies of which the party in question is a Director or Statutory Auditor. In the table that follows, these positions are listed in detail.
(a) Elected by the Shareholders' Meeting of March 30, 2017 for a three year period ending with the Shareholders' Meeting convened to approve the 2019 annual financial statements.

Post Held by Statutory Auditors at December 31, 2019

Statutory Auditor	Post held at other companies	EDF Group companies
Serenella Rossi	Director of Banca Popolare di Sondrio S.c.p.a (*)	
Lorenzo Pozza	Director of Amplifon Spa (*)	
	Vice Chairman of Angel Capital Management Spa	
	Chairman Board Statutory Auditors Ariston Thermo Spa	
	Statutory Auditor Assicurazioni Generali Spa (*)	
	Statutory Auditor Bracco Imaging Spa	
	Chairman Board Statutory Auditors Gas Plus Spa (*)	
	Statutory Auditor Houlikan Lokey Spa	
	Statutory Auditor Merloni Holding Spa	
	Statutory Auditor Transalpina di Energia Spa	X
	Chairman Board Statutory Auditors Virdis Energia Srl	
Gabriele Villa	Independent Auditor of Academy Foundation of Arts and Crafts of the Teatro alla Scala	
	Director of Mediobanca Spa (*)	
	Sole Statutory Auditor Otis Srl	
	Chairman of Spafid Spa	
	Statutory Auditor Transalpina di Energia Spa	X

(*) Company with shares traded in regulated markets

Curricula[1] of Statutory Auditors in Office at December 31, 2019

Serenella Rossi

Born in L'Aquila, on July 15, 1962.
Law Degree from the University of Milan in 1986.

Academic and Professional Background

- Attorney at law since 1990.
- From 1992 to 1998, university scholar in commercial law at the University of Milan.
- From 1998 to 2004, Associate Professor of Commercial Law at the Insubria University Law School.
- Since 2004, Tenured Professor of Commercial Law at the Insubria University Law School.
- From 2005 to 2009, member of the Board of the Arbitration Chamber at the Varese Chamber of Commerce.
- From March 2013 to March 2016, Coordinator of the Performance Assessment Unit of Insubria University.
- From March 2014 to March 2017 member of the Bank of Italy's Banking Financial Arbitration Board (Milan District).
- Served on Arbitration Boards both as a member and as Chairperson (in arbitrations involving corporate law, finance law and business contracts).
- Served as consultant in the areas of corporate law and financial markets, bankruptcy law and contracts.
- Research activity in the areas of corporate governance, financial market law, business crisis, competition law and business ethics.
- Participated in project qualified as Projects of Significant National Interest.
- Since 1989, member of the editorial board of the magazine "Giurisprudenza commerciale" (Giuffrè).
- Since 2007, member of the editorial board of the magazine "Rivista di diritto societario" (Giappichelli).
- Since 2010, member of "Orizzonti del diritto commerciale" – Italian Association of University Professors of Commercial Law.
- Since 2012, member of the Scientific Committee of the Institute for Corporate Governance.
- Since 2012, member of the Management Committee of the magazine "Osservatorio del diritto civile e commerciale" (Il Mulino).
- Since 2013, member of the Management Committee of the online magazine "Orizzonti del diritto commerciale".
- Featured speaker and panelist at various conventions organized by universities, institutions and entities.
- Author of numerous publication on corporate law and markets.
- Foreign languages known: English.

1. *Curricula* updated at December 31, 2019.

Lorenzo Pozza

Born in Milan on October 11, 1966.
Degree in Business Economics from Milan's Università L. Bocconi in 1990.

Academic and Professional Background

- Certified Public accountant since 1991. Licensed to exercise this profession having passed the required test at Milan's Università L. Bocconi.
- Independent Auditor since 1995.
- Associate professor of Business Economics at Milan's Università L. Bocconi.
- Lecturer on economic subjects at Milan's Università L. Bocconi.
- Certified Public Accountant and consultant for several companies operating in various business sectors, developed expertise as Director and Statutory Auditors on company boards.
- Author of numerous publications regarding financial statements and the value of business capital.
- Member of the Editorial Board of *Rivista dei Dottori Commercialisti*.
- Member of the Editorial Board of the magazine *La valutazione delle Aziende.*

Gabriele Villa

Born in Milan on June 18, 1964.
Degree in Economics and Business Administration from Milan's Università Cattolica in 1988.

Academic and Professional Background

- Adjunct professor of Business Economics at the School of Banking, Financial and Insurance Science of Milan's Università Cattolica del Sacro Cuore.
- Tenured professor of Financial Reporting and International Accounting Principles.
- Co-tenured professor of Business Finance (advanced course).
- Certified Public Accountant, Member of the Milan Board of Certified Public Accountants.
- Independent Auditor.
- Partner of Studio Corbella – Villa - Crostarosa - Guicciardi, Milan.
- Developed significant expertise in the valuation of business enterprises and extraordinary corporate transactions, providing support in connection with legal actions filed before judicial authorities or arbitration boards, financial reporting (statutory financial statements, consolidated financial statements and interim reports) and providing expert opinions in civil and criminal venues..

2019
Report on compensation policy and on compensation paid

CONTENTS

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.
The Board of Directors established a series of internal committees, including the Compensation Committee, and appointed the respective Chairmen (the "Board Committees").
As explained later in this Report, the compensation of Directors was determined directly 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, including the members of the Executive Committee reporting directly to the Chief Executive Officer (Comex). In accordance with the criteria set forth in Legislative Decree nr. 58 of 24 February 1998 (known as TUF) they can be identified as executives with strategic responsibilities in the Company.

1.2 REGULATORY FRAMEWORK

This Report was developed pursuant to and in implementation of the provisions of Article 123-ter of the TUF and was prepared, with the necessary adjustments as the secondary legislation has not yet been adapted to the new provisions that have entered into force, in accordance with the guidance provided in Article 84-quater, as implemented by the Consob with Resolution No. 18049 of 23 December 2011, which amended the Issuers' Regulations published by the Consob for the purpose of implementing the TUF. In addition, the principles set forth in Article 6 of the Corporate Governance Code for Listed Companies, July 2018 edition (the "Code") are adopted as general reference guidelines on compensation policies for this Report.

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:
- the Company's general policy concerning the compensation of Directors, Statutory Auditors, top management, including executives with strategic responsibilities, and Company managers in general, describing the governance and procedures applied to define, implement, and assess the implementation of the abovementioned policy;
- 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, 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;
- detailed information about the items and amounts that make up the compensation of the 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, 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.

1.4 PREPARATION AND STRUCTURE

This Compensation Report (the 2019 Compensation Report), drafted by the Company, was approved by the Board of Directors at a meeting held on 13 February 2020 (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 2019, as well as Section Two is being submitted for an 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 2019; 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 (under "Governance".)
This Report is structured, with the necessary adjustments, in accordance with the guidelines provided in the abovementioned Article 84-quater of the Issuers' Regulations 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 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 for the Chairman and the Chief Executive Officer, exclusively for fiscal year 2019, deeming it appropriate to review the structure and value of the compensation for the following years according to possible variations in the perimeter and profile of the Company following the outcome of the sale of the E&P assets, currently under way.

Subsequently, and with effect from 1 July 2019, there have been changes within the Board of Directors as to the Directors appointed as Chairman and Chief Executive Officer.

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 objectives that are consistent with the expectations of stakeholders, over the short as well as the medium and long term and in compliance with the official risk management policy, and reward them for the results they achieve.

When defining a compensation policy, the following factors are usually 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'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.

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.
As far as fiscal year 2019 is concerned, the Committee availed itself of this option and sought support from specialised external provider Willis Tower Watson in order to have a benchmark against which to evaluate the compensation of Directors in charge of special duties and of the committees established within the Board of Directors.

2.3 STRUCTURE AND COMPOSITION OF THE COMPENSATION IN 2019

Taking into account the general purposes stated above and the competitive position in the reference market, in 2019 the compensation policy was developed in accordance with the following principles:

- for Directors entrusted with special functions (Members of Board Committees, 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 2019, 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, resolved to:
  a. structure the Chairman's annual compensation as a single fixed component, reducing its amount by about 12.5% compared to the previous three-year term of office. 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;
  b. confirm, exclusively for the year 2019, the structure and the amount of the gross annual cash compensation of the Chief Executive Officer. In view of the personal situation of the Chief Executive Officer, who was in office until 30 June 2019 and who is an employee internationally seconded by the Parent company, this compensation also included the value of housing provided by the company and the special tax status applied to expatriate employees in accordance with the policies of the Group. Conversely, the Director who has been acting as Chief Executive Officer since 1 July 2019 is entitled to the benefits applied to them by the Company which employs them (the holding company Transalpina di Energia S.p.A.), benefits applied to executives in the Edison Group. The structure of the compensation of the Chief Executive Officer includes a fixed gross annual component and a variable gross annual component (MBO) equal to about 40% of the total gross annual compensation;

- 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 predefined and measurable annual targets assigned by the Board of Directors, further to a recommendation by the Compensation Committee and with the input of the Board of Statutory Auditors. For 2019, the reference targets used to determine the variable compensation consisted of three categories of objectives that include:
  - economic and financial targets, with a combined weight of 45% (measured by way of indicators based ob Ebitda, cash flow, and the trend in operating expenses);
  - operating performance targets of an industrial and commercial nature, with a combined weight of 35% (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 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;
  - this basket of targets was rounded out with the addition of an overall target with a total weight of 10%, aimed at measuring shareholder satisfaction, whose evaluation was to be based on the opinion expressed through the Board of Directors. For the purpose of this assessment, the Board has taken into specific account the management's efforts and results with reference to the impact of overall corporate performance on growth and sustainability perspectives in the medium term.

  The targets thus defined are measured on a linear scale based on three levels: a minimum assigned result level (75%), below which the specific target is not deemed to have been achieved and no economic effect is produced, a target level (100%) and a maximum level (125%.) The abovementioned general targets also represent common annual objectives for the Company's top management and its managers in general as a whole, supplementing specific area and/or personal targets and accounting for 60% to the overall targets assigned to top managers with strategic responsibilities and for 20 to 30% of overall targets for management in general.

  With regard to the results achieved for the common targets assigned to the Chief Executive Officer for fiscal year 2019, the Board of Directors, meeting on 13 February 2020, upon a recommendation by the Compensation Committee and with the input of the Board of Statutory Auditors, reviewed the data and concluded that the overall performance level achieved by the Chief Executive Officer was 110%. This result will also be used as a reference value for the pro rata portion of the common MBO-related objectives for top managers and all managers based on the abovementioned proportion and the applicable evaluation scale.
  As is the case for the Chairman, at the express request of the Directors who acted as Chief Executive Officer during the fiscal year, all compensation that they have earned for the posts in which they have served were paid pro rata temporis by Edison Spa to the companies by which they are employed (the Parent Company and the Holding company Transalpina di Energia S.p.A.).

- no medium/long-term stock and/or cash incentive tools were introduced for Directors asked to perform special functions (Chairman and Chief Executive Officer);

- on the other hand, the Board of Directors, meeting on 26 July 2016, upon a recommendation by the Compensation Committee and with the input of the Board of Statutory Auditors, agreed to launch a special medium/long-term cash incentive program for the 2016-2018 three-year period for top managers with strategic responsibilities, in consideration of the specific governance structure of the Company. The Board of Directors subsequently approved the targets established for this programme (based on parameters involving medium-term cash flow, opex reduction and commercial development on the Italian market), the maximum bonus that could be earned by each beneficiary and the applicable regulation. The results assessment for this cash incentive programme for top executives was approved by the Board of Directors on 3 May 2019, after hearing the advice of the Compensation Committee and with the input of the Board of Statutory Auditors, with a result equal to 85% to be paid out with the appropriations earmarked in the reference period of three years. On 7 December 2019, after hearing the advice of the Compensation Committee and with the input of the Board of Statutory Auditors, and in line with the compensation policy submitted to the Meeting during the course of the fiscal year, the Board of Directors approved the launch of a new LTI plan for 2019-2021, to be paid out in 2022, for the same top executives and Comex members. The new plan follows the same timeline and pursues the same goals as the LTI plan launched for middle managers and high-potential young managers, which was approved by the Board of Directors on 25 October 2018;

- the general compensation policy guidelines structured in three components (fixed compensation, short-term variable compensation, and medium- to long-term variable compensation) approved for 2019 and whose assessment is outlined under chapter 2.4 of this 2019 Compensation Report have been confirmed and subsequently implemented for the entire managerial population, including the top managers with strategic responsibilities;

- to date, 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);

- 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;

- 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;

- 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. As far as the Director who served as Chief Executive Officer in the first half of 2019 is concerned, please refer to the second paragraph of the previous chapter, under the letter b. 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 and independent from 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;

- 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 possible replacements beforehand. On the contrary, succession plans for Top Executives and managers in relevant positions are managed within a specific internal process which undergoes regular updates, generally on a yearly basis.

2.4 COMPENSATION POLICY FRAMEWORK AND GUIDELINES FOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES (2020) - FOR THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER (2020-2021)

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.

- Macroeconomic scenario: the global economy slowed down in 2019, despite signs of stabilisation appearing towards the end of the year, mostly thanks to the cooling trade tensions between the USA and China. However, instability is still very high because of the trade tensions between the USA and the European countries, as well as the possible impact of the United Kingdom leaving the European Union, and Germany's ability to kickstart new, more robust growth after the remarkable slowdown of 2019, which was mostly ascribable to a contraction in the automotive industry.
  The global situation has affected the European and Italian economy, particularly exports and even between European countries. The effects of this have led to a drop in household consumption levels, thus enhancing the natural tendency to saving, and a steep decline in industrial investments.

- In Italy, the economic and trade scenario was compounded by political discontinuity in the structure of the government. The combination of the national and international scenario has resulted in the Italian GDP growing by just 0.2% in 2019 (source: ISTAT), remarkably slower than in the last two years and compared to the forecast for 2019. The growth rate is expected to improve ever so slightly in 2020 (+0.6% GDP), while still minimal and weak, and exposed to political uncertainty at a domestic as well as international level. Within such a scenario, the level of inflation and consumer prices remains moderate, settling below 1% in 2019 and expected to remain stable in 2020.

- General labour market: despite the slowed growth, the Italian labour market has continued to show slight improvements in 2019, particularly with a slight drop in the unemployment rate which settled below 10%. Similar improvements have occurred with the drop in youth and female unemployment rates, which however remain particularly high compared to the EU average.

- In the Italian energy industry, the electricity sector has shown consumption values for 2019 in line with the previous year, while the gas sector showed a 2% increase in demand compared to 2018. The energy industry has launched and is currently going through an overhaul of its business and operational models, as well as of the value proposition offered to consumers. This remarkable transformation results in the traditional business perimeter and portfolio of the operators being gradually reviewed and broadened, as well as in corporate aggregation and technological and commercial partnerships. Overall, the industry is starting to show a renewed dynamism after the years of crisis and downturns between 2010 and 2015, and the medium- to long-term perspectives are expected to be characterised by increasingly more energy-intensive consumption, despite the effect of energy efficiency.

- In 2019, the labour market in the energy industry also confirmed the increased dynamicity of the previous two years, as a result of the overhaul of the electricity sector in particular, brought about by the new national and European energy policy guidelines that are increasingly geared towards containing the environmental and climate impact by fostering renewable, low-carbon sources, as well as the development of distributed energy platforms, energy efficiency recovery, and the development of electric mobility and new energy services for consumers, leveraging the remarkable contribution provided by the new technologies, the digital ones in particular.

  The current, far-reaching digital transformation of energy companies is creating a need for a heavy investment in digital training to keep the skills of current employees up to par, so as to mitigate the risk of losing competitiveness and efficiency, as well as a need to acquire new skills and new digital expertise to support the ongoing innovation and transformation. This scenario is already creating increasing tension and competitiveness on the labour market, because of the shortage of qualified people possessing that set of new skills.

- In the market context described above, the current scenario and the projections concerning compensation policies in medium- to large domestic companies, recorded by means of systematic surveys the company avails itself of through analyses provided by specialised external companies, show that the gross fixed annual compensation of executive directors and top managers in 2019 has grown by 1.5%, lower than in the previous year and lower than expected. The drop was offset by a higher impact of the variable component paid out during the course of the year.
  With regard to the energy industry specifically, which in 2018 had recorded more moderate growth rates than the general market, 2019 showed a 2.5% growth in fixed gross annual compensation, 1% higher than the general market and more in line with the projections for the fiscal year in that specific industry.
  As far as top managers and managers in the general market in Italy are concerned, their fixed gross annual compensation component is projected to grow by 2.5% in 2020. These final

and forecast figures of the compensation growth dynamic include the effect of corporate merit-based salary policies adopted by the companies, as well as the automatic contractual rises connected with seniority.
With regard to the energy industry, the growth trend of gross annual compensation in terms of the gross fixed annual component is roughly 0.5% lower than that of the general market, settling at 2.1%.

- Within the framework of the compensation dynamic outlined above, and in line with the practice implemented in previous years, Edison adopted in 2019 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.
  As a result of this, and in accordance with the guidelines defined by the Board of Directors in implementation of the policies and guidance provided in the Compensation report approved by the Shareholders' meeting for the year 2019, the Company's compensation policy is structured as follows:
  - with regard to the Directors entrusted with 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 management and the management as a whole, the final result of the salary policy was a 1.6% increase, in line with the general market and below the energy industry average. The salary policy adopted by the company for the fiscal year 2019 also took into consideration the effect of the pay-out of the medium and long-term 2016-2018 plan for the top management and of the new 2019-2021 LTI scheme launched for top and middle management, as well as for high potential young managers.

- With regard to the corporate salary policy for 2020, 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 remuneration was reduced for the year 2019 in order to align it to the evolution of compensation in that position in the market. It is confirmed in the same amount of the year 2019, as it is deemed suitable for the rest of the term in office;
  - in the light of the projected reduction in the corporate economic and financial profile due to the expected sale of the E&P assets and the subsequent repositioning of the post in comparison with the rest of the market, after hearing the advice of the Related Party Transactions Committee, it has been decided to reduce the Chief Executive Officer's overall annual package by 30% and to restructure it into three components: fixed gross annual compensation, variable gross annual compensation (MBO), with the introduction of a medium-term cash component (three-year LTI, mirroring what has been applied to the Top and middle management who are part of an LTI scheme.) The compensation cut is set to remain in place for the remainder of the duration of the term of office with regard to the components paid out annually (fixed compensation and MBO), and to be in place for the duration of the 2019-2021 LTI scheme with regard to the LTI component paid out every three years, in consideration of the contribution provided by the Chief Executive Officer to the achievement of the goals connected with the current 2019-2021 plan since its launch, and in order to strengthen the sharing with the management team under the same plan.
  - 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 2020 (in terms of the fixed gross annual component) in line with

the general market projections (2.1%), slightly more cautious than in the energy industry. Moreover, said policy can enable the company to financially support the enhancement of some components of the benefit package for management, thus making it more competitive, and at the same time to achieve a general alignment among the companies of the Edison Group, continuing the implementation of the integration strategy that involves the management teams of recently acquired companies.

- As far as the 2020 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, 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 (2020-2022)

The compensation of the Board of Statutory Auditors currently in office was established by the assembly on 30 March 2017, increased by 50% for the Chairman compared to that of the other standing members. The compensation, which was reviewed upwards upon the most recent renewal, is to be deemed commensurate with the level of engagement required, the relevance of the position, and the size and scope of the Company.

As far as the compensation proposals concerning the appointment of the new Board of Statutory Auditors, to be in place throughout the length of the term of office (2020-2022), the Board of Directors finds it more appropriate, in consideration of the control role exercised by this body, to not draft specific proposals and to ask the Shareholders' Meeting to make any assessment on the subject based on the suggestions contained in the Code.

2.6 OPERATING PROCEDURES

The corporate governance bodies involved in managing the compensation of Directors 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, based on and consistent with the guidelines set forth in the Compensation Report, determines the compensation for Directors who serve on the Committees established by the Board of Directors. The Board also determines the structure and amount of the compensation of any type for Directors who perform special functions (Chairman and Chief Executive Officer), 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. Lastly, the Board of Directors drafts the Annual Compensation Report.

- The Compensation Committee, established by the Board of Directors, which also defined the Committee's functions (see the 2019 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 which carries out the relevant assessments concerning the compensation of Directors with special roles and executives with strategic responsibilities, if the conditions set forth in art. 13, section 3, letter b) of the Consob's Related-Party Regulation are not met.

- 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).

- 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*

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

The table on the following page shows the details of the compensation for the Directors, the Statutory Auditors, and the Executives with strategic responsibilities, even if ceased during the course of the year, accrued during 2019 for any reason and in any form whatsoever with regard to the Company, its subsidiaries and associated companies as of 31 December 2019.

* The Independent Auditors checked the preparation of this section, according to art. 123-ter of the TUF.

Reference period: January 1, 2019 to December 31, 2019 (in thousands euros)

Beneficiary	Descrip. Of post and term office					
First and last name	Post held	Period during which the post was held		End of term of office (*)	Fixed compensation	Compensation for serving on Committees
Directors in office at December 31, 2019						
Marc Benayoun (a)	Chairman	01.01.19	12.31.19	12.31.21	590	-
Nicola Monti (b)	Chief Executive Officer	06.19.19	12.31.19	12.31.19	389	-
Béatrice Bigois (c)	Director	01.01.19	12.31.19	12.31.21	63	8
Paolo Di Benedetto (c)	Director (g) (h) (i) (l)	01.01.19	12.31.19	12.31.21	64	171
Fabio Gallia (d)	Director (g) (i)	04.02.19	12.31.19	12.31.21	50	73
Xavier Girre (d)	Director (g)	04.02.19	12.31.19	12.31.21	50	19
Jean-Bernard Lévy (e)	Director	01.01.19	12.31.19	12.31.21	250	-
Nathalie Tocci (c)	Director (h) (i) (l)	01.01.19	12.31.19	12.31.21	66	115
Nicole Verdier-Naves (c)	Director (h)	01.01.19	12.31.19	12.31.21	66	27
Total compensation of Directors in office at December 31, 2019					**1,588**	**413**
Directors who resigned their office in 2019						
Marie-Christine Aulagnon (f)	Director (g)	01.01.19	04.02.19	-	15	10
Gian Maria Gros-Pietro (f)	Director (g) (h) (i) (l)	01.01.19	04.02.19	-	15	35
Sylvie Jéhanno (c)	Director	01.01.19	06.19.19	-	30	-
Total compensation of Directors who resigned their office in 2019					**60**	**45**
Total compensation of Directors					**1,648**	**458**
Statutory Auditors in office at December 31, 2019 (m)						
Serenella Rossi	Chairman Board Stat. Audit.	01.01.19	12.31.19	12.31.19	75	-
Lorenzo Pozza	Statutory Auditor	01.01.19	12.31.19	12.31.19	50	-
Gabriele Villa	Statutory Auditor	01.01.19	12.31.19	12.31.19	50	-
Total compensation of Statutory Auditors in office at December 31, 2019					**175**	**-**
Total compensation of Statutory Auditors					**175**	**-**
Total compensation Directors and Statutory Auditors					**1,823**	**458**
Executives with strategic responsibilities (s)					**3,204** (t)	**-**

(*) 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) Co-opted by the Board of Directors on June 19, 2019 to replace Sylvie Jéhanno, who resigned, and elected Chief Executive Officer by the same Board, effective as of July 1, 2019 after Marc Benayoun renounced the position. In office until the next Shareholders' Meeting.
(c) Confirmed as Director by the Shareholders' Meeting on April 2, 2019.
(d) Elected by the Shareholders' Meeting of April 2, 2019.
(e) Confirmed as Director and Chairman by the Shareholders' Meeting on April 2, 2019; this latter position was renounced effective as of July 1, 2019.
(f) Elected by the Shareholders' Meeting of March 22, 2016.
(g) Member of the Control and Risk Committee.
(h) Member of the Compensation Committee.
(i) Member of the Related Party Transactions Committee (formerly Committee of Independent Directors).
(l) Member of the Oversight Board.
(m) Elected by the Shareholders' Meeting of March 30, 2017 which also determined the compensation.

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					
275 (n)	-	-	-	865 (p)	-	-
275 (o)	-	-	-	664 (q)	-	-
-	-	-	-	71 (p)	-	-
-	-	-	-	235 (r)	-	-
-	-	-	-	123 (r)	-	-
-	-	-	-	69 (p)	-	-
-	-	-	-	250 (p)	-	-
-	-	-	-	181 (r)	-	-
-	-	-	-	93 (p)	-	-
-	**-**	**-**	**-**	**2,551**	**-**	**-**
-	-	-	-	25 (p)	-	-
-	-	-	-	50 (r)	-	-
-	-	-	-	30 (p)	-	-
-	**-**	**-**	**-**	**105**	**-**	**-**
550	**-**	**-**	**-**	**2,656**	**-**	**-**
-	-	-	-	75 (r)	-	-
-	-	-	-	50 (r)	-	-
-	-	-	-	50 (r)	-	-
-	**-**	**-**	**-**	**175**	**-**	**-**
-	**-**	**-**	**-**	**175**	**-**	**-**
550 (u)	**-**	**-**	**-**	**2,831**	**-**	**-**
1,043 (u)	**-**	**143**	**1,174** (v)	**5,564**	**-**	**838** (z)

(n) Variable compensation for 2019 for the office of Chief Executive Officer, referring to the period during which they held office. (01/01/2019 - 06/30/2019).
(o) 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).
(p) Compensation paid directly to the EDF Sa company and not to the person himself.
(q) Compensation in the amount of 700,000 euros paid directly to Transalpina di Energia Spa (the current company by which they are employed) and 2,000 euros waived in favour of Edison Spa, a company of which they were employees until June 30, 2019.
(r) Compensation paid directly to the person.
(s) The figures in the table include all the persons who, during 2019, held the position of Executive with strategic responsibilities (for a total of 14 persons, including 2 managers who left before the end of the year and one manager, appointed as a director from June 19, 2019 and from July 1, 2019 Chief Executive Officer).
(t) Compensation for service as an employee.
(u) Please see Table 3.2 below for details
(v) Includes the payment made in 2019 of the 2016-2018 Three-Year Long Term Monetary Incentive Plan for 1,043 euros.
(z) Includes all severance indemnities for Executives with strategic responsibilities terminated in 2019.

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, 2019 to December 31, 2019 (in thousands of euros)

Beneficiary	Description of post and term of office				Fixed compensation	Detail of Fixed compensation			
First and last name	Post held	Period during which the post was held		End of term of office (*)		Compensation approved by the Shareholders' Meeting (1)	Attendance fees for Committee meetings (1)	Fixed compensation for post held of Chairman (2)	Fixed compensation for post held of Chief Executive Officer (2)
Directors in office at December 31, 2019									
Marc Benayoun (a)	Chairman	01.01.19	12.31.19	12.31.21	590	50	16	177	347
Nicola Monti (b)	Chief Executive Officer	06.19.19	12.31.19	12.31.19	389	27	9	-	353
Béatrice Bigois (c)	Director	01.01.19	12.31.19	12.31.21	63	50	13	-	-
Paolo Di Benedetto (c)	Director (g) (h) (i) (l)	01.01.19	12.31.19	12.31.21	64	50	14	-	-
Fabio Gallia (d)	Director (g) (i)	04.02.19	12.31.19	12.31.21	50	37	13	-	-
Xavier Girre (d)	Director (g)	04.02.19	12.31.19	12.31.21	50	37	13	-	-
Jean-Bernard Lévy (e)	Director	01.01.19	12.31.19	12.31.21	250	50	14	186	-
Nathalie Tocci (c)	Director (h) (i) (l)	01.01.19	12.31.19	12.31.21	66	50	16	-	-
Nicole Verdier-Naves (c)	Director (h)	01.01.19	12.31.19	12.31.21	66	50	16	-	-
Total compensation of Directors in office at December 31, 2019					**1,588**	**401**	**124**	**363**	**700**
Directors who resigned their office in 2019									
Marie-Christine Aulagnon (f)	Amministratore (g)	01.01.19	04.02.19	-	15	13	2	-	-
Gian Maria Gros-Pietro (f)	Amministratore (g) (h) (i) (l)	01.01.19	04.02.19	-	15	13	2	-	-
Sylvie Jéhanno (c)	Amministratore	01.01.19	06.19.19	-	30	23	7	-	-
Total compensation of Directors who resigned their office in 2019					**60**	**49**	**11**	**-**	**-**
Total compensation of Directors					**1,648**	**450**	**135**	**363**	**700**
Statutory Auditors in office at December 31, 2019 (m)									
Serenella Rossi	Presidente Coll.Sind.	01.01.19	12.31.19	12.31.19	75	75	-	-	-
Lorenzo Pozza	Sindaco effettivo	01.01.19	12.31.19	12.31.19	50	50	-	-	-
Gabriele Villa	Sindaco effettivo	01.01.19	12.31.19	12.31.19	50	50	-	-	-
Total compensation of Statutory Auditors in office at December 31, 2019					**175**	**175**	**-**	**-**	**-**
Total compensation of Statutory Auditors					**175**	**175**	**-**	**-**	**-**
Total compensation Directors and Statutory Auditors					**1,823**	**625**	**135**	**363**	**700**

(*) 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) Co-opted by the Board of Directors on June 19, 2019 to replace Sylvie Jéhanno, who resigned, and elected Chief Executive Officer by the same Board, effective as of July 1, 2019 after Marc Benayoun renounced the position. In office until the next Shareholders' Meeting.
(c) Confirmed as Director by the Shareholders' Meeting of April 2, 2019.
(d) Elected by the Shareholders' Meeting of April 2, 2019.
(e) Confirmed as Director and Chairman by the Shareholders' Meeting on April 2, 2019; this latter position was renounced effective as of July 1, 2019.
(f) Elected by the Shareholders' Meeting of March 22, 2016.

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)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
8	6	2	-	-	-	-	-	-
171	23	9	29	5	27	29	40	9
73	22	7	-	-	17	27	-	-
19	17	2	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
115	-	-	22	5	22	29	30	7
27	-	-	22	5	-	-	-	-
413	**68**	**20**	**73**	**15**	**66**	**85**	**70**	**16**
10	8	2	-	-	-	-	-	-
35	6	2	5	2	6	2	10	2
-	-	-	-	-	-	-	-	-
45	**14**	**4**	**5**	**2**	**6**	**2**	**10**	**2**
458	**82**	**24**	**78**	**17**	**72**	**87**	**80**	**18**
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
458	**82**	**24**	**78**	**17**	**72**	**87**	**80**	**18**

(g) Member of the Control and Risk Committee.
(h) Member of the Compensation Committee.
(i) Member of the Related Party Transactions Committee (formerly Committee of Independent Directors).
(l) Member of the Oversight Board.
(m) Elected by the Shareholders' Meeting of March 30, 2017 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 May 10, 2016 and by the Board of Directors on May 3, 2019.
(3) Compensation approved by the Board of Directors on May 3, 2019.

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

Reference period: January 1, 2019 to December 31, 2019 (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 07.01.2019 ato 12.31.2019)	Annual Monetary Incentive Plan 2019 (BoD May 3, 2019)	275 (a)				-		
Marc Benayoun	Chief Executive Officer (from 01.01.2019 to 06.30.2019)	Annual Monetary Incentive Plan 2019 (BoD May 3, 2019)	275 (b)	-	-	-	580 (d)	-	-
Total			**550**	**-**	**-**	**-**	**580**	**-**	**-**
Executives with strategic responsibilities									
Compensation in the reporting company		Annual Monetary Incentive Plan 2019	1,043 (c)	-	-	-		-	-
		Annual Monetary Incentive Plan 2018	-	-	-	-	1,028 (e)	-	-
		Long Term Monetary, three-year, Incentive Plan - Period 2016 - 2018 (BoD July 27, 2016)	-	-	-	-	1,043 (f)		-
		Long Term Monetary, three-year, Incentive Plan - Period 2019 - 2021 (BoD December 7, 2019)		1.646 (g)					
Compensation from subsidiaries and affiliates		Annual Monetary Incentive Plan 2019	-	-	-	-	-	-	-
Total			**1,043**	**1,646**	**-**	**-**	**2,071**	**-**	**-**
Total			**1,593**	**1,646**	**-**	**-**	**2,651**	**-**	**-**

(a) 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). Remuneration paid directly to Transalpina di Energia Spa and not to the person.
(b) 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). Remuneration paid directly to EDF Sa and not to the person.
(c) Variable bonuses for 2019 for eleven executives with strategic responsibilities.
(d) Marc Benayoun's 2018 variable compensation for the position of Chief Executive Officer, paid in 2019. Compensation paid directly to the EDF Sa company and not to the person himself.
(e) Variable bonuses for 2018 paid in 2019 for ten executives with strategic responsibilities.
(f) Compensation for the Three-Year Long-Term Monetary Incentive Plan - Period 2016 - 2018, for seven executives with strategic responsibilities paid in 2019.
(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, 2018 to December 31, 2019, in Edison and its subsidiaries at December 31, 2019, based on data obtained from the Shareholders' Register, communications received and other available information.

Reference Period: January 1, 2019 to December 31, 2019

First and last name	Post held	Investee Company	Numbero of shares held at the end of the previous year (12.31.2018)	Number of shares bought	Number of shares sold	Numbero of shares held at the end of thecurrent year (12.31.2019)
Directors in office at December 31, 2019						
Marc Benayoun	Chairman		-	-	-	-
Nicola Monti	Chief Executive Officer		-	-	-	-
Béatrice Bigois	Director		-	-	-	-
Paolo Di Benedetto	Director		-	-	-	-
Fabio Gallia	Director		-	-	-	-
Xavier Girre	Director		-	-	-	-
Jean-Bernard Lévy	Director		-	-	-	-
Nathalie Tocci	Director		-	-	-	-
Nicole Verdier-Naves	Director		-	-	-	-
Directors who resigned their office in 2019						
Marie-Christine Aulagnon	Director		-	-	-	-
Gian Maria Gros-Pietro	Director		-	-	-	-
Sylvie Jéhanno	Director		-	-	-	-
Statutory Auditors in office at December 31, 2019						
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 2019-2021 and on compensation paid by Your Company in 2019 (the 2019 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, and the report was prepared, with the necessary adjustments as the secondary legislation has not yet been adapted to the new provisions that have entered into force, in accordance with the guidance provided in Article 84-quater, as implemented by the Consob with Resolution No. 18049 of 23 December 2011, introduced by the Consob in the Issuers' Regulations published by the Consob itself for the purpose of implementing the TUF. In addition, the principles set forth in Article 6 of the Corporate Governance Code for Listed Companies, July 2018 edition (the "Code") are adopted as general reference guidelines on compensation policies for this Report.

It should be noted that, in the light of the recently introduced legal amendments, the Shareholders' Meeting is required from this year to:

i) approve "Section One" of the 2019 Compensation Report, which outlines the compensation policies adopted by Your Company in 2019 and proposed for the following two years (2020-2021), 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 2019 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 2019 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.

"The Shareholders' Meeting,

- having taken note of the 2019 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 with the necessary adjustments, to the provisions set forth in Article 84-quater introduced by Consob in the Issuers' Regulations with resolution no. 18049 of 23 December 2011;
- having examined "Section One" and "Section Two" of the 2019 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 and, to the extent applicable, of the Related Party Transactions Committee;

resolves

to approve "Section One" of the 2019 Remuneration Report.

in favour of "Section Two" of the 2019 Remuneration Report".

Milan, February 13, 2020

The Board of Directors
by: Nicola Monti
Chief Executive Officer

This document is also available on the
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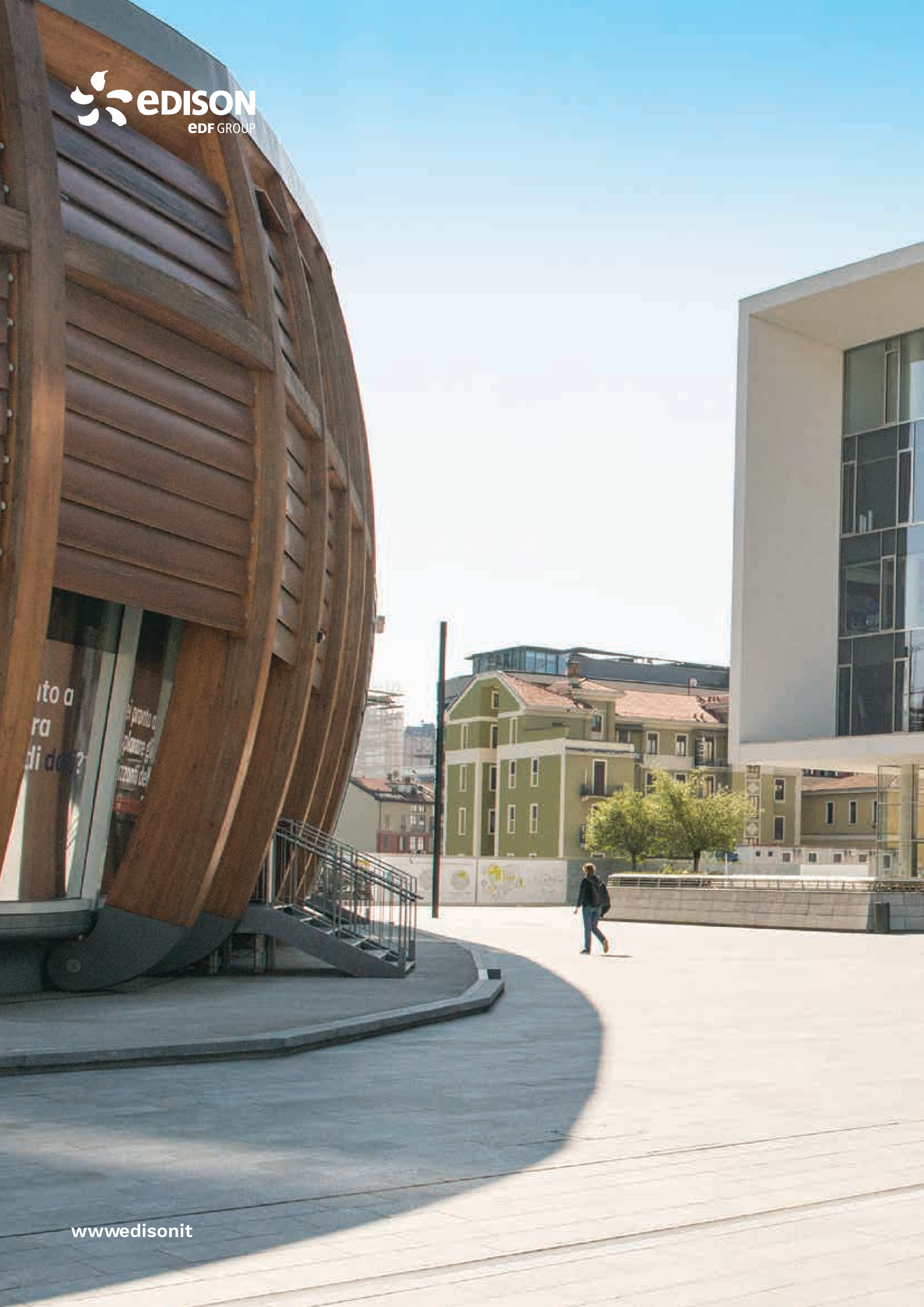

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