

Sustainability Report **2020**

Consolidated non-financial report pursuant to
Legislative Decree 254/2016 Directive (2014/95/UE)





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LETTER TO STAKEHOLDERS

Dear Shareholders and Stakeholders,

Iren Group has integrated the principles of sustainability into its growth strategy to the point of making them the guiding star for its future development.

Naturally, the plan to integrate ESG criteria - Economic, Environmental and Social - into the life of the company is represented by the decision to unite in this letter the presentation of the results of both the Annual Report 2020 and the Sustainability Report 2020 with the aim of ensuring an integrated reading for all the Group's stakeholders.

Attention to the principles of sustainability and the important path of growth and efficiency achieved in recent years have allowed the Group to face 2020 – a year like no other, marked by the Covid-19 pandemic – with extreme flexibility. In just a few weeks, Iren was able to rethink its approach to work and to the provision of essential services, ensuring full operational continuity to 4.6 million Italians in the areas in which it operates.

The ability to adapt to a new scenario and the resilience demonstrated, together with the dedication and sense of responsibility of our employees, are the most valuable result that 2020 has brought to Iren Group.

In fact, 2020 was a testament to Iren's extraordinary ability to adapt, its economic and financial solidity and the managerial and industrial excellence achieved by our Group in recent years. A stability which enables us to also tackle emergency situations, like the one we are experiencing in this historical moment and which compels each of us toward the search for new horizons and new strategies.

In 2020, the Group turned 10 years old, an occasion celebrated with a new visual identity and a new logo that will accompany the Group's growth throughout Italy in the coming years. In these 10 years, Iren has established itself as one of the most important multi-utilities in the country, serving more than 440 municipalities for a total of more than 4.6 million inhabitants, placing itself as the 2nd multi-utility both for regions covered by the services and for number of clients served. The Group is also the 1st Italian multi-utility for growth in employees, which have reached more than 8,650, with a continuous and constant upward trend over the last five years.

These figures are a snapshot of a Group that, even today, has reached national dimensions and requires us to think and act as a large company in the country while maintaining, and where possible further strengthening, our deep territorial roots.

A growth that is also due to two important extraordinary operations, valued at approximately € 200 million; the acquisition of the companies of the former Environment Division of UNIECO and of I.BLU. The incorporation of these companies has allowed the Group to further strengthen its position in the environmental sector and to become the leading operator in the plastics chain in Italy, highlighting, once again, the national dimensions reached by Iren.

The energy transition is a subject which the new Draghi government has chosen to foster through a dedicated ministry – is significantly changing our business. We will be increasingly called upon to respond to the challenges of our time, such as climate change, infrastructure obsolescence, security, energy transition, resource consumption, mobility, integrated services, investment attraction and competitiveness.

Thanks to our assets and the path of growth in terms of skills and size that we have undertaken, we are ready to play a leading role in the energy sector. To this end, we have started to design our future with the Industrial Plan to 2025, which projects the growth of the Group throughout the country and the affirmation of Iren's leadership in sustainability through the development of the "multicircle economy". The Plan represents our long-term industrial vision, focused on the conscious and efficient use of resources in all areas of business.

A decisive and enabling factor in the Group's development will be the investment of € 3.7 billion, planned over the next five years, € 2.1 billion of which will be allocated to the multicircle economy, which applies the concept of circular economy to all our businesses – from the production of energy from renewable sources to the waste cycle, from the management of water to green mobility – a concept that is strongly ingrained in our DNA.

With the multicircle economy, the Group wants to take the concept of circular economy to a new level, linking energy production, energy efficiency, the waste cycle and water resource management. The objective is to multiply the value created in all the areas in which Iren is present. In the territories served, the Group boasts a percentage of differentiated waste collection of 69.3% compared to a national average of 61.3%, not to mention an average of water network losses that are more than 10 percentage points lower than the national average, avoiding 2.7 million tonnes of CO₂ emissions every year.

The Group contributes to the reduction of pollution through national leadership in district heating and with 3/4 of energy production from green or high efficiency sources; to the development of electric mobility through the electrification of the corporate fleet, shared mobility solutions and the creation of related infrastructure; energy saving through the maintenance and requalification of buildings through the development of efficiency solutions; innovation and digitalization, for which 300 million euros of investments have been earmarked over the next 5 years, with particular attention to the Corporate Venture Capital project that sees us as the first multi-utility in supporting innovative start-ups in the cleantech sector.

The above shows how sustainability permeates Iren's actions in all the business areas in which it operates. Sustainability that goes well beyond the commitment on the environmental front, integrating ESG criteria into the life of the company. This is demonstrated by the 99% of employees with permanent or apprenticeship contracts, 88% of them engaged in training activities, the presence of more than 2,000 women in the Group and a strong focus on gender equality, which has been recognised by inclusion in the Bloomberg Gender Equality Index.

To all our stakeholders, we demonstrate constant attention to the areas in which we operate: 180 thousand people participated in Eduiren environmental education projects, 53 projects carried out by Iren's sustainability Local Committees, 60% of the value of purchase orders were placed with local suppliers.

Iren Group wants to progress within an internationally recognized framework and guidelines, such as those of the United Nations Global Compact, to which it renews in 2021 its commitment to respect its fundamental principles, and the Sustainable Development Goals of the 2030 Agenda.

The results achieved in 2020 confirm the growth of the Group, which closed the year with revenues of € 3.7 billion, EBITDA of € 927 million, up 1.1% compared with last year, and Group net profit of € 235 million, in line with last year. Of particular note are the investment figures, which grew by 30.7% compared to 2019 and amounted to € 685 million, of which € 350 million were allocated to projects related to the multicircle economy. These investments made it possible to achieve the planned strategic objectives, support the economies and induced activities of the territories severely affected by the pandemic and propel Iren with a leading role in the post-emergency recovery programme that will involve the country.

Key factors like the efficient management of the Group in terms of size and economic-financial indicators, the development of skills and quality of services, the utmost attention to sustainability and care for internal resources and clients, have enabled us to achieve the results we are presenting for the approval of the Shareholders, as well as to propose a dividend of 9.5 c€ per share at the Shareholders' Meeting, up 2.7% compared to 2019.

Also on behalf of the Board of Directors, we extend our gratitude to all the women and men of Iren Group for their expertise and the commitment they show every day in their work, which have led to our achieving these results. Thank you, today more than ever, for the dedication and responsibility with which you have and continue to guarantee the supply of essential services for our community, efficiently as always and with innovative methods compared to the past and, in many cases, reconciling family life and work, especially during this difficult scenario. We would like to thank our Shareholders and Stakeholders for the encouragement they provide us in pursuing sustainable development and the members of the Board of Directors and the Board of Statutory Auditors for their decisive contribution to the growth of the Company.

Chairperson
Renato Boero



Deputy Chairperson
Moris Ferretti



Chief Executive Officer
Massimiliano Bianco



2020 Highlights

Value	Sustainable resources	Iren People
€ 3,725 million in revenues	2.7 million tonnes of CO ₂ avoided	99% of employees with a permanent or apprenticeship contract
€ 685.2 million in investments	743,000 TOE saved	612 new hires
€ 1,421 million of added value distributed	73% electricity produced from renewables and high-efficiency cogeneration	3,166 employees in smart working
€ 0.095 of proposed dividend per share	69.3% of sorted waste collection (national average 61.3%)	2,089 women working in the Group 40% of the Board of Directors is composed of females
4 Green Bonds for € 1,800 million invested in 44 environmental sustainability projects	33.3% water network leaks (national average 43.7%)	88% of employees involved in training activities
€ 8.8 million in research and innovation projects	2.9% electricity grid losses (national average 6.4%)	24.5 average annual training hours per employee

Customers Communities

+3.4% retail energy customers

82 active branches
3.3 million responses to call centres

92% of customers expressed overall satisfaction with the quality of services

+28% customers registered for online services

98.8% gas networks,
100% district heating networks and **35%** electricity substations inspected

over **794,600** parameters analysed on drinking water and wastewater

€ 1,280 million of orders issued to suppliers

60% of the value of the order to local suppliers

24 social cooperatives working with Iren

1,060 hours of training to third party companies

2,162 suppliers involved in the sustainability profiles survey

17 national and international associations and networks related to sustainability in which the Group participates

179,280 people involved in **71** Eduiren environmental education projects

New Eduiren tools for distance learning

254 projects supported in favour of communities

53 projects carried out by Iren Local Committees for sustainability

2 Startups supported in the fields of robotics applied to waste and circular economy

€ 20 million over three years for the "Iren Up" corporate venture capital programme

IREN FOR SUSTAINABLE DEVELOPMENT

Iren has always been committed to ensuring the economic, social and environmental sustainability of its business, a way of doing business that finds its foundation in the Group's business model and Strategic Plan, which includes a solid commitment to the 2030 Agenda for Sustainable Development Goals (SDGs), reinforced by the choice to join the United Nations Global Compact, made in 2020.

A way of doing business that guarantees long-term resilience and reacting quickly and effectively to exogenous phenomena of unprecedented magnitudes, such as the socio-economic crisis resulting from the Coronavirus spread.

IREN AND THE GLOBAL GOALS

For the preparation of the Group's Strategic Plan (see page 28), an assessment was made of the SDGs to which Iren contributes and can contribute most in the future. All 17 SDGs were analysed, with their relative targets, and the areas of the Group activity that contribute to their achievement were identified, enabling the selection of 9 Priority Objectives that were assumed in the Strategic Plan, and are highlighted below, to which Objective 17, considered a tool for achieving the other objectives, is added in a transversal manner.

SUSTAINABLE DEVELOPMENT GOALS



Even for those Objectives not selected as priorities, Iren Group can have an impact on their implementation. For this reason, the materiality analysis highlighted how the priority topics impact all SDGs (see page 9) and the contents of this document contribute to providing an exhaustive information framework on them, as highlighted in the reconciliation table on page 148.

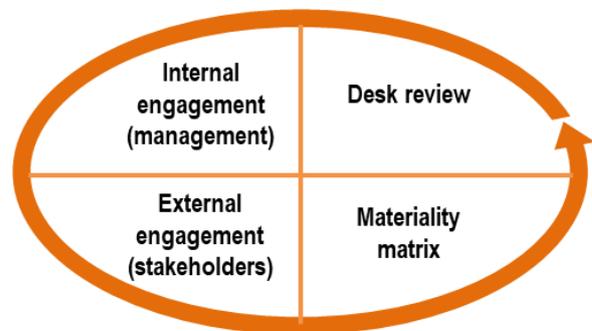
MATERIALITY ANALYSIS

The SDGs, therefore, are central to the materiality analysis through which Iren and its stakeholders attribute an assessment to topics considered priorities for the Group's strategic development and for reporting in this Sustainability Report.

Materiality underlines the connection of priority topics with the Group's strategy and ensures that the expectations of different stakeholders are considered.

The materiality analysis carried out annually by Iren Group takes into consideration the guidelines of the Global Reporting Initiative (GRI) and is a dynamic process that takes place in several stages:

- **desk review:** identification of the spectrum of potentially significant topics through the analysis of Italian Legislative Decree 254/2016, GRI standards and other publications, domestic and international sustainable development targets, the principles of the United Nations Global Compact, the Group's Mission, Memorandum and Strategic Plan and related sustainability objectives, the Group's financial and sustainability reporting, previous materiality analyses, customer satisfaction surveys, risk analysis, media analysis, and relevant sustainability issues for peers and competitors;
- **internal engagement:** sharing and assessing potentially significant topics by the top line of the Group's management in order to identify priority topics for Iren;
- **external engagement:** sharing and assessing potentially significant topics by Iren Local Committees in order to focus interests and identify priority economic, social and/or environmental topics for stakeholders. The 98 associations/institutions that compose the Local Committees are representative of the main categories of stakeholders of Iren Group: consumers/customers, employees, suppliers, institutions, shareholders, environment, local communities, NGOs, world of research and universities, future generations. The stakeholder engagement activities allowed Iren to conduct the materiality analysis, also taking into account the principles of the United Nations Global Compact;
- development of the **materiality matrix**, which defines the priority topics, and approval of the results of the materiality analysis by the Board of Directors on 19 January 2021.



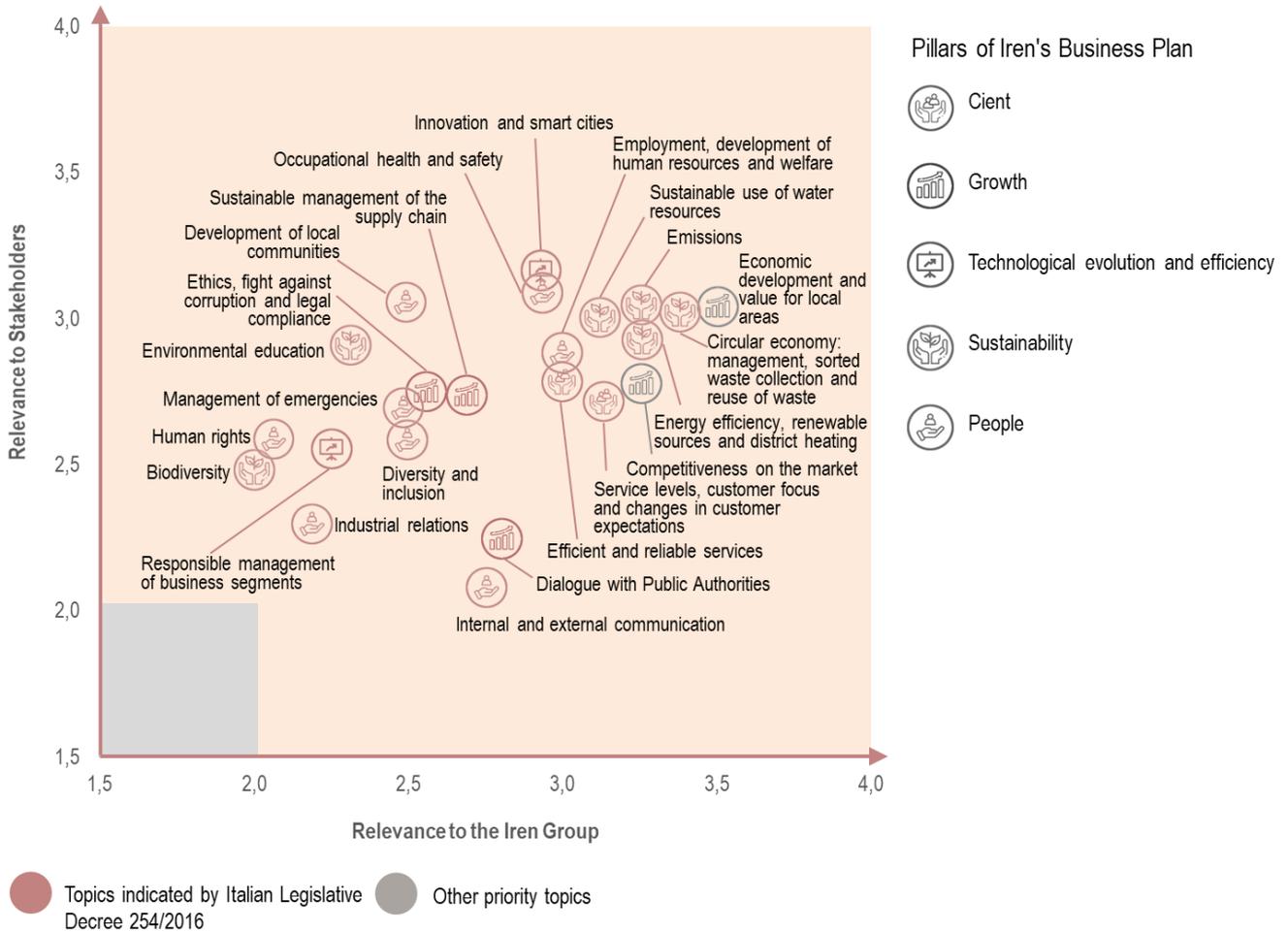
In 2020, the work of internal and external engagement led to the definition of 23 topics, compared to 28 topics in the previous year, reflecting a different articulation of these topics, in order to make them even more consistent in terms of priorities, without reducing their content value.

For example, the topic "Impacts on local areas (suppliers)" has been included in the topic "Value and economic development for local areas", which is considered a significant and integral aspect. For the same reasons, the topic "Construction site management" has been incorporated into the topic "Responsible management of business segments", just as the topic "Marketing policies" has been incorporated into the topic "Service levels, customer focus and changes in customer expectations". Again, for the sake of consistency and coherence, the topics "Employment, development of human resources and welfare" and "Ethics, fight against corruption and legal compliance" have been merged, while the topic "Diversity and inclusion" has been explained separately.

The 2020 matrix, therefore, albeit outlined differently, presents a substantial confirmation of the topics identified in 2019, which obtain ratings above the materiality threshold (2.0) both by management and by stakeholders.

The materiality matrix, provided below, highlights the priority topics and establishes them in relation to the strategic pillars of Iren Group, intersecting them with the topics indicated in the Italian Legislative Decree 254/2016 and additional topics deemed relevant by the Group and its stakeholders.

MATERIALITY MATRIX AND PRIORITY TOPICS



The priority topics are developed within the chapters of the Sustainability Report/NFS. To facilitate the interpretation of the document, the material topics covered are indicated at the beginning of each chapter.

For each topic in the matrix, the materiality connotations and correlation with the UN Sustainable Development Goals (SDGs) by

2030 and the UN Global Compact (UNGC) principles are highlighted below.

Concerning the 9 SDGs considered priorities (see page 8), the Group has defined specific objectives and targets in its 2025 Business Plan, which are described in more detail on pages 29-30.

 <p>Energy efficiency, renewable sources and district heating</p>		<p>Iren Group has set out important goals in its development plan aimed at preserving natural resources, particularly energy resources, and reducing emissions, thanks to the extension of district heating systems and electricity generation from renewable or similar sources. Furthermore, Iren guarantees high levels of energy efficiency in the management of its activities and proposes energy efficiency solutions to customers.</p>
 <p>Sustainable use of water resources</p>		<p>The goals outlined in the Group's Business Plan include the rational use and protection of water resources; consequently, the Group has defined targets regarding the quantity of water resources withdrawn and the quality of waste returned to the environment, representing key factors for sustainable management.</p>
 <p>Emissions</p>		<p>Within its strategic guidelines, Iren Group has emphasised its commitment to consistently reducing its atmospheric emissions, specifically, it has defined objectives to reduce CO₂ emissions and increase the amount of CO₂ avoided by using renewable sources, district heating and obtaining energy from waste.</p>



Circular economy: management, sorted waste collection and reuse of waste



Iren Group manages its own waste and the waste managed on behalf of local communities with the aim of reducing its production and increasing recovery and production of energy from waste, according to the principles of prevention, sustainability and safety. Dialogue and a constant flow of information on the topic with institutions and residents are essential, as is the training provided in collaboration with schools and universities.



Biodiversity



To protect biodiversity and habitats, as well as entering into partnerships with regulatory bodies, institutions and associations, Iren Group has developed a policy to ensure that the activities that take place in protected areas are compatible and sustainable for the environment and maintain its natural balance.



Environmental education



Iren Group believes that education is the most effective and strategic way to foster a culture of sustainability and innovation. Informed residents contribute significantly to improving the social and environmental impact of services, directing them towards new strategies. This is why Iren invests in initiatives consistent with the Global Compact principles, in its relationship with schools and universities, to prepare for the future.



Development of local communities



Iren Group identifies the focus for progress and the creation of shared value in the current and future local areas of reference. Improving people's quality of life, making businesses more competitive, looking to the growth of local areas through the eyes of change and making development and sustainability a single value. Iren Group's vision is to make this future a reality.



Employment, development of human resources and welfare



Maintaining adequate employment levels, skill coverage and development and the quality of employment are essential for pursuing Group's strategies, which, also in terms of jobs, support the Global Compact principles. Investment in developing internal skills and enhancing the value of human resources is a fundamental element of the pact between the company and the individual, along with the efforts to reconcile life and work needs and improve the working environment's quality. The aim is to work as a team, to add value to the outcome of individual work and increase a feeling of belonging, creating a shared social ground, cultural, professional and intellectual.



Industrial relations



The topic contributes to creating the best conditions for guaranteeing Iren Group the development of a business model that aims to involve and enhance human resources, in order to increase efficiency, quality of services and capacity to address market challenges with innovative solutions. Therefore, industrial relations must be developed according to a participatory, non-confrontational model, while respecting the various roles.



Occupational health and safety



Consolidating a culture of risk prevention and assessment is a top priority for Iren Group which aims to ensure the health and safety of its workers and to improve the working environment, also with a view to increasing employees' motivation and engagement and guarantee the continuity of production processes.



Diversity and inclusion



Diversity and inclusion are among the key objectives to support the Group's growth strategy. The diversity of people, together with a culture of inclusion, brings a wealth of contributions and ideas that can strengthen decision-making processes, efficiency and collaboration. Diversity and inclusion are an integral part of the Group's Code of Ethics and a determining factor in its growth model.



Human rights



Iren Group supports the principles of the UN Global Compact on the subject and considers the UN Universal Declaration of Human Rights, the International Labour Conventions and Recommendations of the International Labour Organisation and the Earth Charter to be fundamental points in the definition of its values. The Group condemns any form of discrimination and promotes the respect and dignity of all individuals. The suppliers' system is managed with same principles and is also constantly monitored on these aspects.



Internal and external communication



The knowledge of the mission, values, policies and sustainable growth objectives of Iren Group, together with the capacity to listen, are crucial for the true involvement of human resources in developmental challenges. External communication is the primary vehicle for relations and transparency with stakeholders in order to provide information on the economic, environmental and social impacts of the Group, in a prompt and timely manner.



Management of emergencies



The prompt and proper management of critical situations or natural disasters is fundamental for guaranteeing safety and support to communities, also during events that fall outside the operational context of Iren Group. In line with this principle, Iren provides its support during natural disasters also on the national territory.



Efficient and reliable services



Improving the efficiency of all services is important both in terms of the quality offered to residents and to ensure the proper use of resources, the reduction of environmental impacts, as well as reducing the Group's operating expenses. Continuity and reliability of service are constantly strived for to comply with legislation and also on a voluntary basis.



Service levels offered, customer focus and changes in customer expectations



High-quality levels and service innovation to meet new and emerging customer demands are a guarantee for Iren's long-term development. The Group's mission is to offer its customers and areas the best integrated management of energy, water and environmental resources, with innovative and sustainable solutions, to produce value over time. Innovative offers are changing Iren's role, shifting it from a simple energy supplier to an expert in services with high added value, while at the same time increasing customer satisfaction and loyalty. Innovation, agility, smartness, fairness, and transparency inspire the Group to improve its relationship with its customers continuously.



Innovation and smart cities



The aim of the Group's approach to innovation is to improve service quality, building relationships between material infrastructures and human capital, both intellectual and social, thanks to the use of new technologies, in order to improve quality of life and meet the needs of residents, companies and institutions. All actions are strongly focused on the local areas in which the Group operates, collaborating with local communities to develop smart cities.



Responsible management of business segments



Iren Group invests to guarantee security, continuity, health and business sustainability, aware of the responsibility that energy and environmental service management entails, for the present and for the future of communities and local areas. The commitment is aimed at developing initiatives and the ability to use the available time, money and resources appropriately, taking the social and environmental impact of business actions into consideration.



Economic development and value for local areas



This is a cornerstone of Iren's strategy, which aims to create value for shareholders and stakeholders. The economic development of the Group is crucial for growth and competitiveness, as well as for the significant economic, social and environmental impacts that it generates for communities in terms of the added value distributed, job creation, investments in the local area, returns and resource generation for local administrations. The contribution of all participants in the processes – employees as well as suppliers – is essential to guarantee positive outcomes that contribute to growth and local development.



Competitiveness on the market



The Group's growth strategy is heavily focused on customers and the development of new integrated services in order to anticipate responses to market trends, with great attention to personnel skills and process efficiency. Technological innovation, sustainability of resources, energy transition and digitalisation are the main drivers that Iren Group uses to compete on the market and increase its market share.



Sustainable management of the supply chain



Iren Group aims to build a system of correct and transparent relationships with suppliers, which are based on clear rules and shared values that are key to maintaining the quality of service levels, environmental protection and safety of workers and communities. The Group considers enhancing categories of suppliers that guarantee jobs for disadvantaged people to be important and consistent with its mission.



Ethics, fight against corruption and legal compliance



The Group's Code of Ethics defines the general principles on relations with the various stakeholders, the conduct criteria and the control system for compliance with the Code of Ethics to maintain and strengthen trust with the stakeholders. Compliance management is an integral part of ethics both in a proactive way – to anticipate scenarios and regulatory developments, effectively assess risks and provide contributions to improve the regulatory framework of the sector – and in a preventive way: for this reason, concurrently with the Code of Ethics, Iren Group has adopted the Organisational Model 231 to prevent the commission of crimes, including corruption, which is also considered relevant in light of the requirements of the Global Compact. Training and raising the awareness of personnel are the keys to consolidating an ethical culture that can tangibly influence the Group's development opportunities.



Dialogue with Public Authorities



Relations and dialogue with Public Authorities, and more generally, with institutional entities at both local and national level, play a critical role for the Group's activities and for addressing and outlining governance strategies in relation to energy and the environment sector, producing impacts for local areas and for the entire country that are increasingly efficient and sustainable. Dialogue is therefore constant, in line with respective roles.

Iren Group

The Group operates in a multi-regional area with more than 8,400 employees, a portfolio of over 1.9 million customers in the energy sector, 2.8 million residents served in the integrated water cycle and more than 3 million residents in environmental services.

IREN: BUSINESS MODEL

Iren, a multi-utility company listed on the Italian Stock Exchange (Borsa Italiana), operates in the following business areas: electricity (production, distribution and sale), district heating (production, distribution and sale), gas (distribution and sale), integrated water service management, environmental services (waste collection and disposal), integrated solutions for energy efficiency of public and private bodies and services for the local authorities.

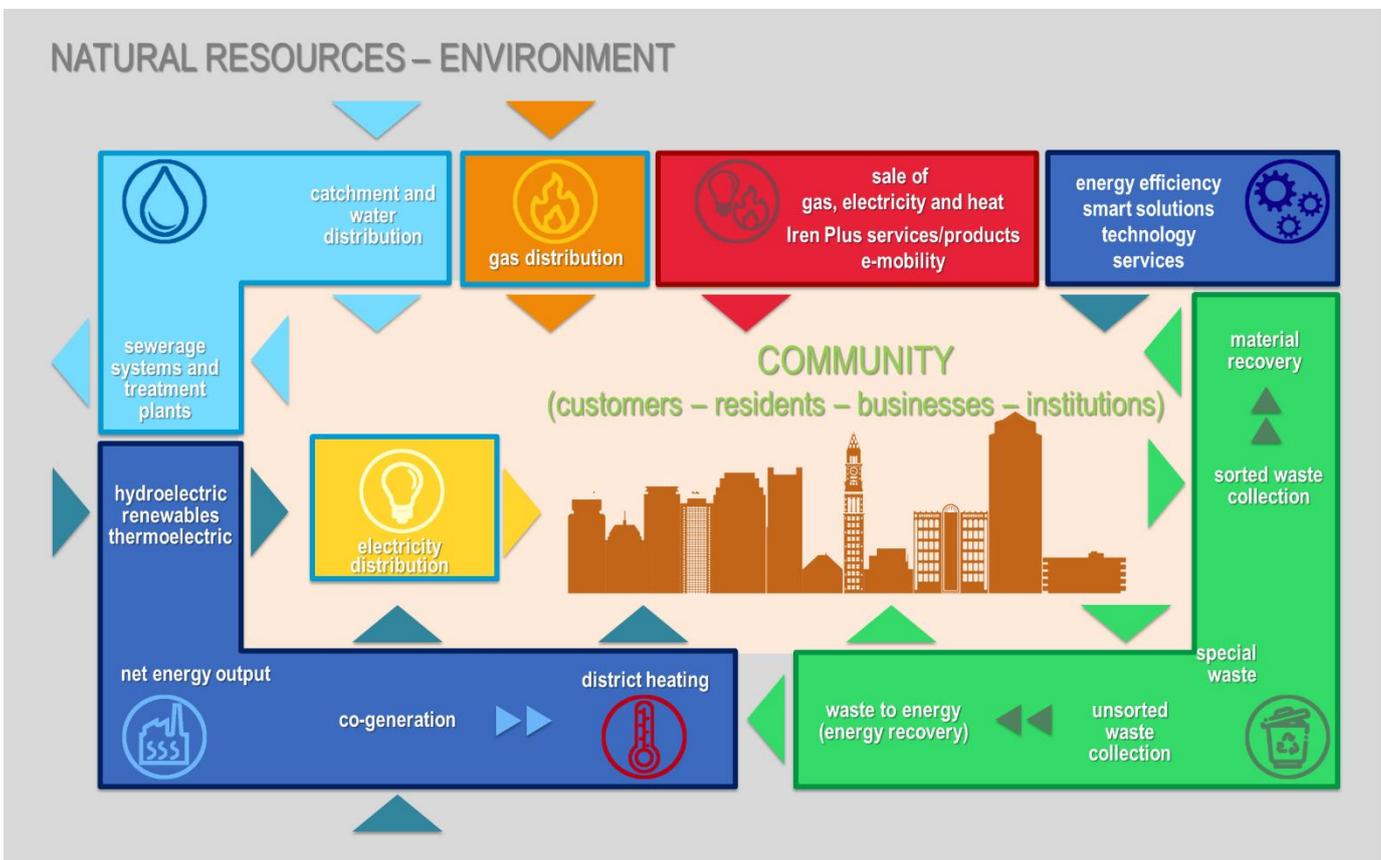
Boasting over a hundred years of experience in providing services to the community, Iren Group is structured according to an industrial holding model (the parent company Iren S.p.A.), which extends to all the Group's corporate staff activities, and four Business Units – governed by four parent companies – that oversee activities by business sector according to a scalable model with the immediate integration of all acquired companies.

Iren focuses on providing services and creating infrastructure to improve and enhance local territories, in full respect of natural resources, the environment and its customers.

The Group's structure aims to consolidate Iren's local presence and its integration in the various supply chains.

BUSINESS UNITS AND AREAS OF ACTIVITY

NETWORKS	<ul style="list-style-type: none"> integrated water cycle (catchments, supply, distribution, sewerage, treatment) gas distribution electricity distribution
ENVIRONMENT	<ul style="list-style-type: none"> waste collection urban hygiene design and management of waste treatment and disposal plants
ENERGY	<ul style="list-style-type: none"> production of electricity and thermal energy district heating management energy efficiency and technological services for public and private bodies public street lighting and traffic light networks
MARKET	<ul style="list-style-type: none"> sale of electricity, gas and heat for district heating products and services in the domain of home automation, energy saving and electric mobility for customers



Networks BU
 Energy BU
 Environment BU
 Market BU

The business model is designed to promote the sustainable development of Iren Group, with the aim of creating shared value over time for the business and its stakeholders.

Thanks to the synergies between the different business areas, also in a logic of innovation, Iren Group works to reduce the environmental impact and meet the demands of customers and the communities in which it operates, and it is committed to ensuring high safety standards for employees and suppliers.

The results achieved by Iren also in 2020 testify to the solidity and sustainability of its business model, capable of contributing to the achievement of the United Nations sustainable development goals, along with its resilience in facing a global socio-economic crisis, such as the Covid-19 pandemic.

The business model is based on the Group's mission, vision and values approved by the BoD.

Mission: offering our customers and our territories the best integrated management of energy, water and environmental resources with innovative and sustainable solutions to create value over time. For everyone, every day.

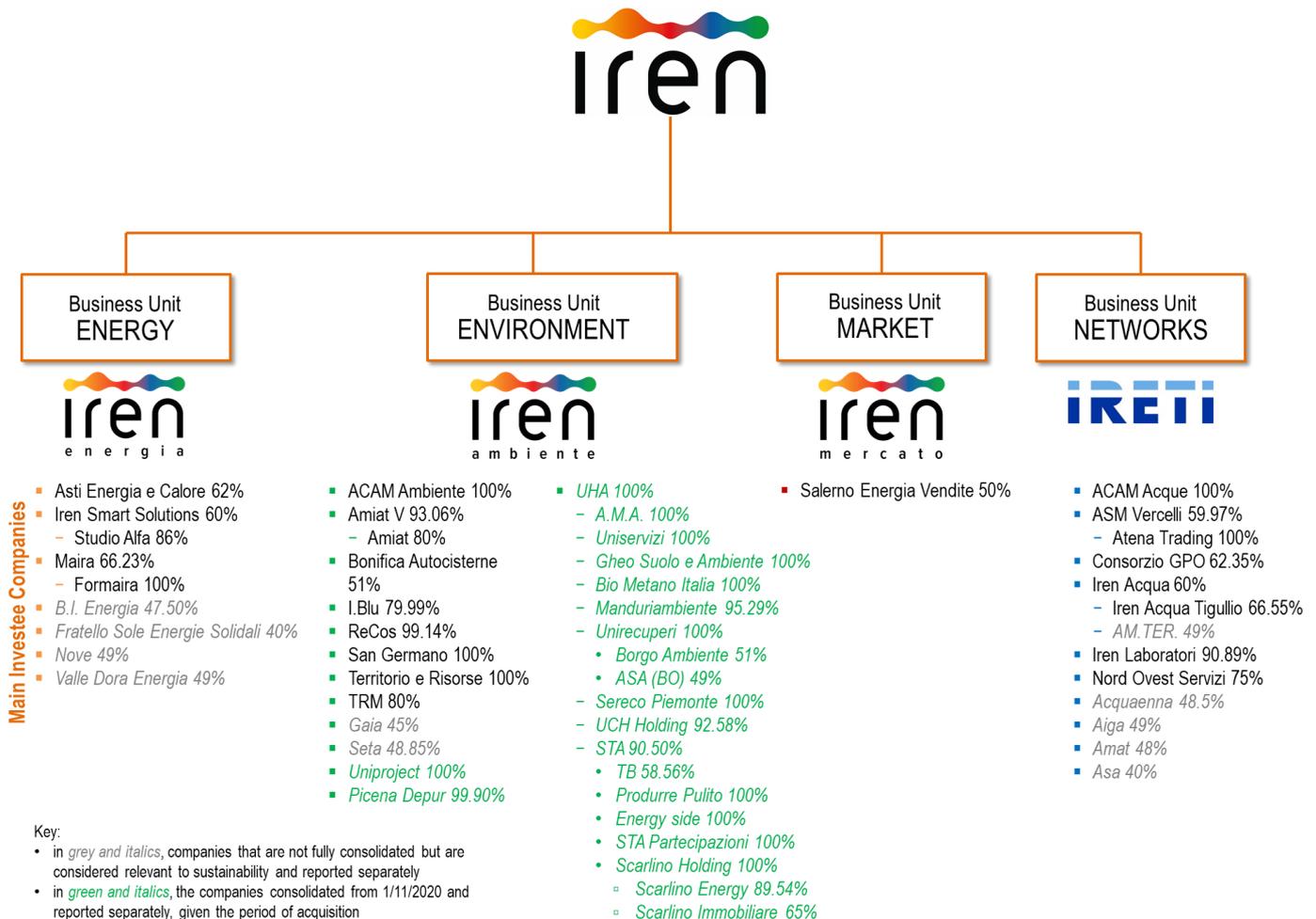
Vision: improving people's quality of life. Making companies more competitive. Looking at territorial growth with a focus on change. Merging development and sustainability into one unique value. We are the multi-utility company that wants to realise this future through innovative choices. For everyone, every day.

To consolidate its vision and mission, Iren has defined a system of values, strategies, policies and operating tools to guide the sustainable management of its businesses. With this in mind, the Group has produced a Strategic Plan (see page 29) to optimise the use and transformation of resources, defining objectives and targets for sustainable development.

The **values** on which Iren Group bases its strategy are: responsibility, belonging, customer satisfaction, growth and enhancement of employees, teamwork, transparency, change and flexibility and sustainability.

Mission, vision and values are an integral part of the Group's Code of Ethics.

IREN GROUP STRUCTURE (31.12.2020)



MAIN AREAS SERVED



-  Electric and/or thermal energy production
 -  Electricity distribution
 -  Waste collection services
 -  Waste recovery/treatment and disposal plants
 -  Integrated water service (in some areas only water network management)
 -  Gas distribution
 -  District heating
 -  Technology services
- Nationwide in Italy**
- Electricity sale
 - Gas sale
 - Commercial environmental services

IREN IN 2020

COVID-19 EMERGENCY MANAGEMENT

In 2020, the Covid-19 pandemic represented also an emergency for Iren Group that had to be managed in a proactive and timely manner, given the massive spread of the infection, as early as February, in the areas where the Group is active. In order to provide extensive information on how the Group has managed the emergency and what impacts it has had, also concerning Consob's Call for Attention (no. 1 of 16/2/2021), these pages provide an overview of the measures adopted, with specific details disclosed in the relevant chapters of this Report.

From an **economic and financial point of view**, the Group demonstrated its ability to effectively pursue its objectives despite the health emergency, increasing investments compared to 2019 and confirming the recovery of the slight delays recorded on some construction sites due to the lockdown. The performance achieved at the end of the year (for detailed analysis, see the chapter "Growing and creating value" and the Consolidated Financial Statements) show a limited impact attributable to the health emergency, confirming the effectiveness and resilience of the **business model** – based on a solid positioning in regulated, semi-regulated and free-market sectors and with a strong integration between Business Units that guarantees economies of scale and intersectoral opportunities – and of the actions undertaken as part of the strategic development pillars focused on people, customers/residents, sustainability, technological evolution and efficiency, digitalisation and growth.

The **growth strategy**, represented in the Business Plan to 2025, also outlines the role that Iren Group will be able to play in the post-Covid-19 recovery, with more than 3.7 billion Euro of investments, of which 2.1 billion Euro related to the concept of multicircle economy, which engages all business areas in projects, services and infrastructures for the responsible use of resources and more than 300 million Euro of investments in digitalisation of internal processes and towards the market. In addition to this, there is the orientation towards a nationwide expansion in the waste sector, energy efficiency and customer products and services, transferring know-how, skills and service quality to other regional contexts. A plan of future action consistent with the Next Generation EU guidelines and the prospects of the country's economic recovery that could involve the utilities in consolidation operations on the areas and encourage the acceleration of investments.

In order to guarantee the most effective management of the crisis and the continuity of the essential services managed, on 20 February, Iren established an emergency management committee to deal with a continuously evolving situation in a coordinated and timely manner, directing activities, defining extraordinary measures, organising operational plans to prevent infection and ensuring constant information both internally and externally, maintaining, through the CEO, a close liaison with the Board of Directors.

From 21 February 2020, as soon as the authorities recorded the spread of the infection in the areas of reference, the Group immediately structured the **actions for the protection of workers**, in line with the indications of the health authorities, necessary to

guarantee the continuity of activities and keep 5,000 employees operational for the management of waste collection and disposal, gas and electricity distribution, integrated water service, district heating, energy generation, water quality control and public lighting. The significant investments in digitalisation made by the Group in past years have favoured the effective management of emergencies, also thanks to the continuous introduction of remote work for about 3,000 employees. For an in-depth examination of the actions concerning workers' protection, see the chapter "Iren people".

Iren also took immediate **action concerning customers and communities** (see the chapter "Customers and Communities" on pages 94-119) to support the situations of economic difficulty generated by the pandemic, to ensure the health and safety of people who needed to come into contact with the Group for administrative or service demands and also to reduce situations of discomfort and isolation produced by the lockdown phase. For all the teachers, students and families "forced" to stay at home, Iren Group has offered on the dedicated page #iorestoacasa with Edulren the opportunity to learn more about the issues of waste, water and energy and has supported numerous distance learning projects.

From the point of view of **service continuity**, energy production plants have continuously operated at full capacity to constantly guaranteeing electricity and gas distribution activities and those relating to the integrated water service management, public lighting, and traffic light networks. Similarly, urban hygiene and waste collection activities continued uninterrupted in all the municipalities served, with a strengthening of street sanitation, the introduction – in line with the indications of the Istituto Superiore di Sanità – of new procedures and methods of door-to-door waste collection for people who are positive or in quarantine, and the entire operation of the treatment and disposal plants, which have contributed to the effective management of waste connected to situations of infection in both the domestic and health sectors. Furthermore, thanks to the implementation of unique Emergency Plans that also involved direct support services for essential services (e.g., procurement, warehousing, vehicle management, information systems, etc.), all this was made possible.

Suppliers have been asked to adopt the same measures for protecting their employees as those adopted by Iren Group, and special procedures have been established for access by the personnel of supplier companies to Iren's premises and for operations to be carried out in contact with the company personnel. Also, the Group adopted specific measures to support its suppliers in taking on the additional costs resulting from the Covid-19 emergency in the performance of contracted activities (for more information, see the section "Customers and Communities" on pages 119-124).

Finally, the Group maintained a **constant flow of communication** both internally and externally and continuous contact with the leading companies in the industry, with Utilitalia, with the regulatory and control bodies and all the relevant bodies, in a logic of collaboration and comparison for the management of the emergency.

In this document, the impacts resulting from the Covid-19 pandemic are described and highlighted with a dotted line in the text to give transparency of the phenomenon to all stakeholders.

IMPORTANT EVENTS IN 2020

Manifestation of interest for the gas sales business unit of Sidigas.com

In January 2020, Società Iripina Distribuzione GAS S.p.A. (Sidigas) accepted the binding manifestation of interest presented by Iren to acquire the business unit of its subsidiary Sidigas.com S.r.l. related to natural gas sales, with a portfolio of about 55 thousand customers (95% of them in the retail sector), mainly in the Province of Avellino. The transaction is subject to the observance of certain pre-conditions. Sidigas S.p.A. and Iren have agreed an exclusivity period for the finalisation of the transaction.

Disposal of the stake in OLT Offshore LNG Toscana

To complete the transaction undertaken in 2019, and following the authorisations obtained from the competent bodies, on 26 February 2020, the Group transferred to SNAM 49.07% of OLT Offshore LNG Toscana. The sale of the equity investment has allowed the Group to optimise its financial structure, freeing up resources to develop the Business Plan's investments and seize opportunities for growth along external lines.

Contract for expansion of Turbigio power station

On 3 March 2020, Iren signed with Ansaldo Energia a contract worth 180 million Euro for the final design, supply and construction of a new, gas-powered combined-cycle electricity generation plant and related auxiliary works, which will make it possible to increase the total installed capacity of the Turbigio site from the current 850 MW to around 1,280 MW. The expansion will make the plant one of those that, operating at high flexibility and in a way complementary to renewable sources, are essential for sustaining the adequacy of the Italian electricity production system. In the Capacity Market auction, the expansion of the power station enabled recognition of the contribution for fifteen years, starting from 2022, totalling 117 million Euro.

Treasury share purchase programme

On 27 March 2020, Iren S.p.A. initiated a second tranche of the share repurchase programme undertaken in 2019. The Shareholders' Meeting, held on 29 April, authorised the Board of Directors to purchase and dispose of treasury shares, for a maximum of 65,000,000 shares (equivalent to 5% of the share capital), for eighteen months from that date, revoking, for the unexecuted portion, the previous authorisation to purchase approved on 5 April 2019. On 12 May, the Board of Directors authorised the Chief Executive Officer to carry out the repurchase programme within the limit of 2% of the share capital, taking into account the shares already held in the portfolio. The purpose of the repurchase programme is to provide the Company with treasury shares to be used in the context of external growth operations. At 31 December 2020, Iren S.p.A. held a total of 15,868,004 treasury shares, equal to 1.22% of the share capital.

Acquisition of the district heating business unit of SEI Energia

On 23 April 2020, Iren Energia and Fineurop Investment Opportunities S.p.A., the contracting party in the composition with creditors of SEI Energia, concluded the sale and purchase contract for the business unit of SEI Energia, itself relating to district heating, already managed under lease by Iren Energia since September 2018, in the municipalities of Rivoli and Collegno and 49% of the company NOVE, manager of the service in the municipality of Grugliasco, for a total connected volume of 5.2 million cubic metres and 150 GWht/year

of thermal energy supplied. For consideration of 24.4 million Euro, the acquisition is part of a plan to integrate with the existing network in the metropolitan area of Turin, exploiting the thermal energy produced by the Group's cogeneration and waste-to-energy plants.

Acquisition of seven property complexes

At the end of April 2020, Iren repurchased from REAM SGR S.p.A. seven property complexes for management and operational support use located in Turin, Genoa, Parma and Reggio Emilia, which were already the subject of lease agreements. The total value of the transaction was 97 million Euro, with zero impact on net financial debt.

Shareholders' Meeting

On 29 April 2020, the Ordinary Shareholders' Meeting approved the Company's Financial Statements for the year 2019 and the Directors' Report. It also resolved to distribute a dividend of 0.0925 Euro per ordinary share (excluding treasury shares), confirming the Board of Directors' proposal. The dividend was payable from 24 June 2020. The Meeting also approved Section One of the Report on the 2020 Remuneration Policy and Compensation Paid in 2019 and cast a favourable consulting vote on Section Two.

Subscription of an 80 million Euro loan for sustainable investments in the water sector

On 6 May 2020, Iren signed a Public Finance Facility (PFF) with the Council of Europe Development Bank (CEB) for an amount of 80 million Euro and a duration of 16 years to finance a significant part of the investment plan in the water infrastructures in the provinces of Genoa and Parma, concerning, in particular, the expansion and improvement of the aqueduct and sewerage network and the treatment systems. The agreement is part of the sustainable management of water resources promoted by CEB in line with Iren's development targets and contributes to strengthening the Group's financial structure.

Agreement with Engie for the extension of district heating in Turin

On 15 May 2020, Iren Energia and Engie signed a function-based agreement for the development of district heating in Turin. Under the agreement, Engie will produce thermal energy from its cogeneration plant in Leini and transport it to the area covered by Iren Energia's distribution network, which will thus extend the district heating network to the north-east area of the city by 2024, serving a potential connected volume of 17 million cubic metres. The significant increase in users served will thus be possible without building new production sites in the urban area.

Acquisition of control of Nord Ovest Servizi and Asti Energia e Calore

On 21 July 2020, Iren Group acquired from ASTA S.p.A., through Ireti and Amiat, 50% of the shares of Nord Ovest Servizi S.p.A. (NOS) increasing to 75% and, through Iren Energia, 28% of Asti Energia e Calore S.p.A. (AEC), standing at 62%, with a total outlay of 6.5 million Euro. NOS holds an equity investment (45%) in Asti Servizi Pubblici S.p.A., a subsidiary of Municipality of Asti, which operates in the integrated water system, environment and transport sectors, and which in turn holds the remaining 38% of AEC. The transaction is part of Iren Group's area consolidation strategy.

Acquisition of I.Blu and partnership with Idealservice in environmental services

Following the preliminary agreement signed and all the conditions precedent having been met, on 12 August 2020, Iren Ambiente completed the purchase of 80% of the share capital of I.Blu from Idealservice for the amount of 16 million Euro. I.Blu operates in the selection of plastic waste to be sent to recovery and recycling, through two plants with a total capacity of 200,000 tons/year, and in the processing of plastic waste for the production of Blupolymer (a polymer for civil uses) and Bluair ("reducing agent" for steel-making plants). The Company plans to increase the existing plants' capacity and build a new plant to treat heterogeneous plastics (plasmix) that currently have no outlet in the recycling market. The operation will allow Iren to become a national leader in selecting plastics and, in the future, in the treatment of plasmix. Also, Iren Ambiente and Idealservice have signed an agreement that provides subcontracting of selection activities and services on multi-material plants and a partnership between Idealservice and San Germano for the collection of municipal solid waste in some areas of Northern Italy.

Business Plan to 2025

On 29 September 2020, the Board of Directors approved the 2020-2025 Business Plan, which confirmed the strategic framework of the previous Plan and presents an increase in the investments and margins that will continue the growth recorded in recent years (for more details see page 29).

Confirmation of Iren's rating

On 20 October 2020, the Fitch agency confirmed the Group's BBB rating with a stable outlook. The assessment is mainly based on the update of the Business Plan to 2025, which confirms the prevalence of regulated and quasi-regulated activities, resulting in a limited impact of the adverse market effects of the Covid-19 emergency. In addition, Fitch assesses positively the Group's liquidity profile.

Sustainable finance operations

At the end of October 2020, Iren and the European Investment Bank (EIB) signed a 100 million Euro Green Energy Loan with a 16-year term, and they will implement the loan to finance development and

efficiency projects for the district heating network in Turin. The transaction further strengthens the overall stock of finance instruments adopted in 2017 to finance the Group's sustainable investments. Furthermore, on 19 December 2020 and for the fourth consecutive year, Iren successfully concluded the issue of a Green Bond for a total amount of 300 million Euro, with securities with a minimum denomination per unit of 100,000 Euro and maturing on 17 January 2031, intended to finance projects that contribute to the achievement of the sustainability targets defined in Iren's Business Plan to 2025 (for more information see page 66).

Acquisition of Unieco's Environment Division

On 17 November 2020, Iren Group completed Unieco's Environment Division's acquisition after obtaining clearance from the Antitrust Authority. The activities of the Environment Division, located in Piedmont, Emilia-Romagna, Marche, Tuscany and Puglia, are carried out through many subsidiaries and associated companies that oversee the main sectors of the environmental chain: intermediation, treatment, sending for disposal and disposal of special hazardous and non-hazardous waste, along with collection and management of mechanical-biological treatment plants, composting, energy enhancement and disposal of municipal waste. The transaction allows Iren Ambiente to consolidate its national position in the environmental sector, expanding the regional area served and gaining a strategic position in waste collection in the region of Tuscany, together with the strengthening of its role as the primary operator in the treatment and disposal of special waste.

Adoption of the new Corporate Governance Code

On 18 December 2020, the Iren's Board of Directors decided to adopt the Corporate Governance Code, approved by the Corporate Governance Committee of Borsa Italiana with publication on 31 January 2020, which the Company will apply as of 1 January 2021. At the same time, the Board of Directors approved a document highlighting the Company's governance solutions regarding the provisions of the Code, as published on the Group's website.

BUSINESS SECTORS

	Energy services	Water cycle systems	Environmental services
	<i>Production of electricity and thermal energy, distribution and sale of electricity, gas and heat (district heating)</i>	<i>Civil and industrial water mains, sewerage and treatment activities</i>	<i>Collection, recovery, treatment and disposal of urban and special waste</i>
Retail and business customers	1,904,302 (electricity and gas)	859,441	
Citizens served	895,745 (district heating)	2,765,363	3,061,547
Volumes	<p>Electricity</p> <ul style="list-style-type: none"> produced: 10,110 GWh sold: 16,922 GWh distributed: 3,587 GWh <p>Gas</p> <ul style="list-style-type: none"> sold: 3,018 million cubic metres distributed: 1,250 million cubic metres <p>Heat</p> <ul style="list-style-type: none"> produced: 2,944 GWh sold: 2,325 GWh volume served: 97 million cubic metres 	Water sold: 175 million cubic metres	Waste treated ⁽¹⁾ : 3,081,055 t
Networks and plants	<p>30 hydroelectric plants 7 thermoelectric cogeneration plants 1 thermoelectric plant 3 waste-to-energy plants 3 landfills (post-operation) 4 biogas plants (3 treatment plants and 1 biodigester) 95 photovoltaic systems</p> <p>Distribution networks</p> <ul style="list-style-type: none"> Electricity: 7,795 km Gas: 8,115 km District Heating: 1,064 km 	<p>1,356 treatment plants 7 dams</p> <p>Water mains network: 19,944 km Sewerage systems: 11,189 km</p>	<p>3 waste-to-energy plants 2 operating landfills 39 treatment, selection, storage and recovery plants</p> <p>195 collection centres (of which 32 managed by San Germano)</p>

⁽¹⁾ The figure also includes the quantities treated by the companies of the former Unieco Environment Division, which are reported separately in this document (see page 22).

PRODUCTION OF ELECTRICITY AND THERMAL ENERGY

Main indicators	Volumes
total installed electrical power (electricity set-up)	2,858 MWe
of which installed photovoltaic power	24 MWe
installed thermal power	2,605 MWt
electricity produced	10,110 GWh
thermal energy (heat) produced	2,944 GWh

Electricity produced by plants fuelled by eco-friendly sources (renewable or high-efficiency cogeneration), which account for 70% of the Group's plant portfolio, accounts for more than 73% of all production.

Iren has 95 photovoltaic plants, which produced 21,076 MWh of electricity in 2020.

MARKET

The Group operates in the sale of electricity, gas and heat for district heating, and of extra-commodity services and products, in particular for energy efficiency. It is present throughout Italy, with a greater concentration of customers in the central-northern area. The main sources available are the Group's production plants.

SALE OF NATURAL GAS

Main indicators	Volumes
gas procured	3,018 million m³
gas sold to end customers	1,081 million m ³
gas consumption by the Group	1,728 million m ³
gas in storage as at 31/12	209 million m ³
retail customers	906,152
protected	286,520
free market	619,632

SALE OF ELECTRICITY

Main indicators	Volumes
electricity sold	16,922 GWh
to end customers and wholesalers	7,296 GWh
on the Stock Exchange	9,626 GWh
retail customers	970,663
protected market	217,060
free market	753,603

Volumes sold to protected market customers, mainly distributed in Turin, Parma and Vercelli where the Group also acts as the protected market service operator, came to 372 GWh. In 2020, 326.3 GWh of certified green energy was sold.

SALE OF HEAT FOR DISTRICT HEATING

Main indicators	Volumes
heat sold	2,325 GWh
thermal energy purchased from third parties	14 GWh
customers served	53,258

Through its own co-generation and transport networks, the Group offers the service of district heating to Turin, Nichelino, Moncalieri, Beinasco, Collegno, Grugliasco, Rivoli, Reggio Emilia, Parma, Piacenza and Genoa. With district heating, customers help to protect the environment with low running costs and greater reliability and safety compared to traditional heating plants.

MARKETING OF SECURITIES

In 2020, just over 3.2 million CO₂ allowances (EUA) were purchased in order to meet the obligations provided for in the Emissions Trading Scheme (ETS) legislation related to emissions generated by Iren Group plants. Furthermore, over 28,084 Energy Efficiency Certificates (EEC) were also purchased at the average price of 259.71 Euro/EEC in order to meet the annulment obligations provided annually for the distributor Ireti.

GAS DISTRIBUTION

The distribution service, managed in 105 municipalities, guarantees the withdrawal of natural gas from Snam Rete Gas pipelines and its transportation through local gas pipeline networks for delivery to end users. Iren Group also manages the distribution and sale of LPG, particularly in the province of Reggio Emilia and in the province of Genoa, via 14 and 7 storage plants respectively, located in various towns within the municipalities that are still not reached by the natural gas network. The LPG distribution activity is closely connected to the gradual "methanisation" of the area.

Local Area	km of network	End customers	Distributed gas (million m ³)
Emilia-Romagna	6,088	399,145	862
Liguria	1,692	317,045	340
Piedmont	335	27,674	48
Total	8,115	743,864	1,250

ELECTRICITY DISTRIBUTION

City	km of network	End customers	Electricity distributed (GWh)
Parma	2,538	129,251	859
Turin	4,711	566,119	2,552
Vercelli	546	28,936	176
Total	7,795	724,306	3,587

In Turin and Parma, the activities concerning the distribution of electricity are carried out by the company Ireti, while distribution in Vercelli is assigned to ASM Vercelli.

DISTRICT HEATING

Area	km of network	Volume (million m ³)	Residents served ⁽¹⁾
Turin and surrounding municipalities	701	71.3	660,651
Reggio Emilia	221	13.6	126,356
Parma	103	6.1	56,734
Piacenza	29	2	18,165
Genoa	10	3.7	33,839
Total	1,064	96.7	895,745

⁽¹⁾ Estimated data

The Turin district heating network is the most extensive in Italy. In 2020, the development projects outlined in the Business Plan continued (for more information, see page 87).

INTEGRATED WATER SERVICE

Main indicators	Volumes
Water networks	19,944 km
Sewerage systems	11,189 km
Residents served	2,765,363
Municipalities served	241
Water sold	175 million m ³

The integrated water service, which includes the procurement and distribution of drinking water, management of the sewerage systems and water treatment activities, is managed in the following provinces (in some areas only water network management): La Spezia, Genoa, Imperia, Savona, Parma, Piacenza, Reggio Emilia, Asti, Cuneo, Vercelli and Mantua.

ENVIRONMENTAL SERVICES

The Group manages environmental health services in the provinces of Piacenza, Parma, Reggio Emilia, La Spezia, Vercelli and in the city of Turin. Through the company San Germano, as the contractor, it provides the waste collection service in several areas of Piedmont, Liguria, Lombardy and Sardinia.

Main indicators	Iren Group	of which San Germano
Waste treated ⁽¹⁾	2,893,324 t	328,794 t
Urban waste treated ⁽¹⁾	2,178,286 t	325,871 t
Sorted waste collection	69.3%	-
Residents served	3,061,547	751,734
Municipalities served	307	141

⁽¹⁾ The figure does not include the waste treated by the companies of the former Unieco Environment Division, which is shown separately in the column opposite.

Since 2020, with the acquisition of I.Blu, three plastic recovery and processing plants located in Veneto, Friuli Venezia-Giulia and Emilia-Romagna have entered the Group's perimeter.

The environmental services include the collection and sending for recovery or disposal of solid urban waste or similar and non-hazardous special waste, as well as its transportation to plants belonging to the Group or third parties.

SMART SOLUTIONS

The Group, bolstered by its technological expertise, operates through Iren Smart Solutions in the following sectors:

- energy efficiency of public and private buildings;
- consultancy and monitoring of energy saving;
- global service (integrated management of electrical and technological plants of complex property assets);
- photovoltaic and thermal energy production systems;
- artistic and public street lighting. The management concerns the cities of Turin, Alba, Arborio, Asti, Vercelli, Moncucco T.se, Fidenza, Rivergaro, Fiorenzuola D'Arda, Biella and other municipalities in the Biella area. In these areas, the Group has outlined a structured plan to replace the traditional bulbs with new LED devices that guarantee a reduction in electricity consumption and urban light pollution of over 50%.

In Turin, the Group also manages the city's traffic lights.

Furthermore, Iren Smart Solutions (ESCO, UNI 11352, UNI CEI EN ISO 50001 and F-gas certified) plans, funds, installs and provides a full management service for systems and plants which enable a reduction in energy consumption and generate concrete and long-lasting economic advantages, proposing innovative technological and contractual solutions to maximise the advantages to the customer.

OTHER SERVICES

The Group's telecommunications network extends over the Turin area and from the ridge of the Susa Valley to Susa. In Turin, the fibre optic network extends for almost 200 km and connects over 400 customer sites, including the Group's main sites where it is used, specifically, to monitor and remotely control the electricity distribution, district heating, water and public street lighting networks, and for the data collection system for electricity meters and apartment buildings with district heating. Through the Group's network, various passage points for restricted traffic areas (ZTL), traffic light regulators and remote control of the water network are also managed. The network reaches Genoa, Parma, Piacenza and Reggio Emilia, through a redundant 10 Gbps infrastructure dedicated to the Group. In 2020, a 10Gbps

connection to Frankfurt was also built at the data centres where the Cloud services of the main operators are provided. The network is completed with interconnections to mobile operators to acquire traffic via 2G/3G/4G networks from devices installed in the region.

COMPANIES REPORTED SEPARATELY

FORMER UNIECO ENVIRONMENT DIVISION

As of 1 November 2020, Iren Group acquired 21 companies from the former Unieco Environment Division (highlighted in Iren Group structure as at 31 December 2020 on page 15). Given the acquisition's timing, which did not allow for a structured collection of information, these companies are presented briefly and separately in this report and will be consolidated in the Sustainability Report for FY 2021. The data and information refer to the consolidation period (1 November - 31 December 2020) and analyse 20 consolidated companies and one investee company (ASA – Azienda Servizi Ambientali ScpA), which is relevant for sustainability dimensions (see page 25).

ACTIVITIES MANAGED

The 20 Companies operate in the recovery and disposal of urban and special waste in various Italian regions: Piedmont, Emilia-Romagna, Marche, Tuscany and Puglia.

One of these Companies' distinctive features is their complete control of the environmental supply chain – with a targeted focus on the plant components with the highest added value – from waste collection, storage/treatment, intermediation and final disposal, guaranteeing a robust industrial integration between the various phases. In addition, the Company has consolidated experience in the design of treatment plants, as well as in the provision of technical services to support plant optimisation and site remediation.

The sectorial and geographic location established the grounds for the acquisition transaction carried out by Iren Group, which, in this way, confirms its strategy of strengthening its positioning on a national scale in the waste management sector.

The new companies consolidated by Iren Group manage a total of 10 plants for the storage, recovery, treatment and disposal of urban and special waste and 2 landfills. In the final months of 2020, the Companies treated a total of approximately 190,000 tons of waste, of which 55% was special waste and 45% urban waste. Of these wastes, about 72% were treated in the storage and disposal chain and the remaining portion in the intermediation chain, i.e. on behalf of third-party companies that do not acquire the material availability of waste.

Type of plant	Number
Material recovery plants	3
Storage and transfer plants	2
Mechanical-biological treatment plants	3
Liquid treatment plants	2
Landfills	2

The operating and reporting Companies are as follows:

- A.M.A. manages a waste treatment plant with adjoining landfill in the province of Cuneo;
- Energy Side offers energy consulting aimed at identifying savings opportunities for small, medium and large enterprises;
- Gheo Suolo e Ambiente deals with disposal, recovery and intermediation of waste in the Reggio Emilia area;
- Manduriambiente has built and now manages a platform for the treatment and disposal of unsorted urban waste (selection, biostabilisation and landfill) in the Taranto area;
- Picena Depur, operating in the Marche region, carries out treatment activities through biological treatment of sewage;
- Produrre Pulito, operating in the Florence area, manages special hazardous and non-hazardous waste of different kinds from production activities and intermediaries;
- Scarlino Energia, based in the Grosseto area, produces electricity from the combustion of special non-hazardous waste and manages the treatment of liquid waste;
- Sereco Piemonte operates a storage and treatment plant for hazardous and non-hazardous waste in the Turin area;
- STA is active in the intermediation of special non-hazardous waste;
- TB manages a mechanical-biological treatment plant (MBT) for urban waste from the Arezzo area;
- Uniproject operates a non-hazardous liquid waste treatment plant in the province of Ascoli Piceno;
- Unirecuperi is active in the intermediation of special waste, in environmental remediation and protection works and the transfer, treatment and recovery of special non-hazardous waste through a storage, sorting and treatment platform in the Ferrara area;
- Uniservizi manages the collection and sending for disposal of civil waste.

Scarlino Holding, STA Partecipazioni, UCH Holding and UHA, on the other hand, are industrial and/or financial holding companies; Scarlino Immobiliare is a real estate company, while Biometano and Borgo Ambiente are currently inactive.

ENVIRONMENTAL DIMENSION

The impacts considered significant concerning the activities carried out by these companies are mainly related to the energy consumption of the plants (electricity and natural gas), the use of water resources and the waste produced by the treatment processes (mainly leachate). The figures referring to reporting period are summarised below:

	u.m.	Volumes
Electricity consumption	MWh	3,331
Natural gas consumption	m ³	3,630
Water withdrawals	m ³	20,619
Waste produced	t	6,775

In addition, biogas is extracted from the two landfills managed for electricity production, which, in the last two months of 2020, amounted to 971 MWh.

Most companies have certifications related to the environmental management of activities and quality, as shown in the table below.

	ISO 9001	ISO 14001	ISO 16247	ISO 50001	EMAS
AMA		x			
Energy Side	x		x	x	
Gheo Suolo e Ambiente		x			x
Manduriambiente		x			
Produrre Pulito	x	x			
Scarlino Energia		x			
Sereco	x	x			x
TB		x		x	
Uniproject		x			
Unirecuperi	x	x			
Uniservizi	x				

SOCIAL DIMENSION

The newly consolidated companies' workforce consisted of 200 employees as at 31/12/2020, with a female presence of 22.5%.

Personnel by position and gender	Total	Women
Executives	4	1
Junior managers	11	1
White collars	102	39
Blue collars	83	4
Total	200	45

In the two months November-December 2020 in the companies that became part of Iren Group, there were no work-related accidents.

The effects produced by the companies on the supply chain are significant: since November 2020, purchase orders have been issued for a total of approximately 17.2 million Euro. There are 9 social cooperatives among suppliers.

GOVERNANCE ASPECTS

The companies that have joined Iren Group mainly adopt a traditional type of corporate governance system. The Boards of Directors consist of 59 members, 10 of whom are women.

COMPANIES OUTSIDE THE REPORTING BOUNDARY

B.I. ENERGIA

B.I. Energia S.r.l. is the investee of Iren Energia (47.5%) and Consorzio di Bonifica dell'Emilia Centrale [Central Emilia Conservation Consortium] (52.5%), which manages the flowing water hydroelectric plant on the river Secchia, in San Michele dei Mucchietti (Modena), which uses the drop of an existing barrier to produce electricity.

The 1.8 MW plant became operational in August 2017 and will benefit from the all-inclusive tariff for 20 years, pursuant to the Italian Ministerial Decree of 06/07/2012. During the last two months of 2020, the plant was not operational due to extraordinary maintenance.

Main indicators	u.m.	2020	2019
Production of electricity	MWh	2,385	3,590

FRATELLO SOLE ENERGIE SOLIDALI

Fratello Sole Energie Solidali is a social non-profit enterprise founded in 2018 by Iren Energia (40%) and Fratello Sole (60%) and operates in support of charitable and socially useful entities in the field of energy costs savings. It provides management and energy efficiency services to the real estate complexes of its 11 founding members, comprising over 2,000 buildings (1,000 in 2019).

In 2020, new members joined Fratello Sole, including the Cantiere Sociale Rete Cauto linked to Caritas Brescia, and Iren will formalise new memberships in the early months of 2021.

Fratello Sole Energie Solidali is responsible for planning and implementing energy efficiency initiatives through its technological partner Iren Smart Solutions. Furthermore, the Company can develop e-mobility project for its customers.

In 2020, the Company achieved an overall savings of 105.7 MWh, thanks to the refurbishment of two thermal power stations serving as many buildings and started new works that will lead to an overall energy savings of more than 315 MWh/year.

VALLE DORA ENERGIA

Valle Dora Energia S.r.l., a subsidiary of the Municipalities of Chiomonte, Salbertrand, Exilles and Susa and an investee of Iren Energia (49%), was established to develop the redevelopment projects for the hydroelectric plants at Chiomonte and Susa which, in 2016, were admitted to the rankings by the GSE (Gestore dei Servizi Energetici) for incentives on the energy produced. Keeping these plants in operation also ensures important functions of public utility for the local area (protecting irrigation easements, hydro-geological protection and fire prevention service). The total output of the plants is 16.8 MWe (7.6 MWe for the Susa plant and 9.2 MWe for the Chiomonte plant).

In 2020, there was a significant increase in production due to the entry into production of the two plants downstream of the upgrading work.

Main indicators	u.m.	2020	2019
Total electricity production	MWh	23,501	903
Susa plant	MWh	3,306	903
Chiomonte plant	MWh	20,195	0

NOVE

Nove S.p.A. – owned by Municipality of Grugliasco (51%) and Iren Energia S.p.A. (49%) – manages district heating customers in the city of Grugliasco. The operational management of the Company and the district heating network is entrusted, through a service agreement, to Iren Energia.

Main indicators	u.m.	2020	2019
Residents served	no.	327	n.a.
Heat sold	GWht	59.4	n.a.

ACQUAENNA

Acquaenna S.C.p.A., owned by Ireti (48.5%), manages the integrated water service in the optimal territorial area of Enna (excluding the municipality of Barrafranca). The Company operates across all stages of the water cycle (catchments, supply, distribution, sewage and treatment), implementing the Area Plan approved by the Mayors' Assembly, planning and making investments and testing with new technological solutions. Acquaenna implements a Quality System certified in accordance with ISO 9001.

Main indicators	u.m.	2020	2019
Residents served	no.	148,035	151,988
Municipalities served	no.	19	19
Water sold	m ³	6,642,267	6,300,000
Water networks	km	823	821
Sewerage systems	km	522	522
Wastewater treatment plants	no.	18	18
Employees as at 31/12	no.	104	108

AIGA

AIGA S.p.A. is the subsidiary of Municipality of Ventimiglia (51%) and investee of Ireti (49%), which managed the integrated water service in Ventimiglia, for a catchment area of approximately 27,000 inhabitants, until the end of 2021 when the area's market operator took over.

AIGA, with its 10 employees, manages 150 km of water networks, 90 km of sewerage systems and a treatment plant. In 2020, the water sold was about 2 million m³.

AMAT

AMAT S.p.A. is the company owned by the Municipality of Imperia (52%) and an investee of Ireti (48%), which manages the integrated water service in Imperia and in 4 municipalities of the province, for a catchment area of about 47,000 inhabitants. AMAT manages, with its 47 employees, 326 km of water networks, 240 km of sewerage systems and a treatment plant.

In 2020, water sold was approximately 4.4 million m³. The Company pays particular attention to monitoring environmental impacts by systematically checking discharges, ascertaining leaks and surveying the network for proper sizing.

AM.TER.

AM.TER. S.p.A. – established by the Municipalities of Campo Ligure, Cogoleto, Masone, Mele and Rossiglione together with Iren Acqua (49%) – in the west of the Province of Genoa manages the integrated water service in the areas of the member municipalities and the Municipalities of Arenzano and Tiglieto.

The supply sources consist of 103 sources, 13 rivers and 3 wells.

The water is treated in 9 treatment plants and 16 disinfection plants, distributed throughout the region. The municipal treatment plant of Rossiglione deals with the final discharge of the sewerage systems of the Municipalities of Campo Ligure and Masone.

AM.TER. adopts an integrated Quality, Safety and Environmental management system, in accordance with ISO 9001, ISO 45001 and ISO 14001.

Main indicators	u.m.	2020	2019
Residents served	no.	45,369	45,660
Municipalities served	no.	7	7
Water sold	m ³	2,097,247	2,210,100
Water networks	km	290	290
Sewerage systems (including connections)	km	127	127
Wastewater treatment plants	no.	11	14
Employees as at 31/12	no.	14	15

ASA

ASA S.p.A. is an investee of the Municipalities of the provinces of Livorno, Pisa and Siena and Ireti (40%) that manages the integrated water service in five regional sub-districts: North-West (main municipality Livorno), Alta Val di Cecina (main municipality Volterra), Bassa Val di Cecina (main municipalities Cecina and Rosignano M.), Val di Cornia (main municipality Piombino) and Isola d'Elba (Elba Island). The Company also manages gas distribution in Livorno, Collesalveti, Rosignano Marittimo, Castagneto Carducci and San Vincenzo. ASA is ISO 9001 certified.

Main indicators	u.m.	2020	2019
Residents served (IWS)	no.	416,331	417,977
Municipalities served (IWS)	no.	32	32
Water sold	m ³	24,360,229	25,908,949
Water networks	km	3,611	3,515
Sewerage systems	km	1,358	1,234
Wastewater treatment plants	no.	73	74
Residents served by gas distribution	no.	219,240	221,145
Gas distribution customers	no.	99,005	98,909
Municipalities served by gas distribution	no.	5	5
Natural gas distributed	m ³	91,360,792	86,864,724
Employees as at 31/12	no.	492	476

A.S.A. AZIENDA SERVIZI AMBIENTALI

The company ASA S.C.p.A., the investee of Unirecuperi S.r.l. (49%), manages the design and construction of plants for the disposal of both urban and special hazardous and non-hazardous waste, the organisation and management, directly and indirectly, of plants for the disposal of waste produced by third parties and the remediation of polluted sites and is the manager of the landfill for non-hazardous waste located in the Municipality of Castel Maggiore (BO). In 2020, the ASA landfill received no waste for disposal. ASA implements a Quality System certified in accordance with ISO 14001, ISO 9001 and OHSAS 18001.

GAIA

GAIA S.p.A., the investee of Iren Ambiente (45%), manages waste treatment, recovery and disposal plants in the province of Asti. GAIA's activities are spread across the entire province of Asti, in a catchment area of approximately 208,100 residents, with a structured plant system: 12 collection centres for citizens to dispose of sorted waste collection, a sorted waste reclamation plant, a plant for the mechanical-biological treatment of unsorted waste (Asti), a compost plant (San Damiano d'Asti) for the recovery of organic waste and a landfill for non-hazardous waste (Cerro Tanaro).

In recent years, with the new collaborations in Piedmont, Valle d'Aosta, Liguria and Emilia Romagna, the volume of waste to be treated has exceeded the capacity of the plants.

To achieve economically sustainable development, GAIA has worked to adopt a transparent policy and to gradually integrate its Management System, improving it with Quality, Environment, Safety and Social Responsibility certifications. All of the sites managed by the Company are EMAS certified.

Main indicators	u.m.	2020	2019
Waste collected in Eco-stations	t	7,661	9,394
Waste treated at the plants	t	153,594	181,703
sorted waste reclamation	t	36,552	39,607
mechanical-biological treatment	t	43,141	46,115
transfer station	t	6,676	13,985
composting	t	31,343	6,940
non-hazardous waste landfill	t	35,882	75,056
Employees as at 31/12	no.	147	143

SETA

SETA S.p.A. is the contractor of the integrated urban waste collection service for Catchment Area 16 in the province of Turin. Operating in the waste collection and disposal sector, it is 51.15% controlled by a few municipalities in the Consortium of Catchment Area 16 (area to the north of Turin), both directly and indirectly through the consortium, and is an investee of Iren Ambiente (48.85%).

SETA also manages the controlled landfill called Chivasso 0 for the disposal of non-hazardous waste and 10 collection points spread across the territory, where users can dispose of the sorted waste sent for recovery.

SETA has adopted a Quality, Safety and Environmental management system certified in accordance with ISO 9001, ISO 45001 and ISO 914001.

Main indicators	u.m.	2020	2019
Residents served	no.	226,216	227,044
Municipalities served	no.	31	31
Urban waste collected – sorted	t	59,288	58,836
Urban waste collected – unsorted	t	41,039	41,000
Percentage of sorted waste collection	%	59.0	59.0
Employees as at 31/12	no.	224	218

AWARDS AND RECOGNITION

In 2020, Iren Group received various recognitions relevant to corporate and environmental responsibility. Below is a summary of the main acknowledgements received.



Iren has been awarded the Top Employer certification for the third consecutive year, the official recognition of the Company's excellence in HR policies and strategies and their implementation to contribute to people's well-being, improve the work environment and the world of work.



Iren won the Top Utility 2020 award in the Diversity category, which recognises the commitment to policies for the enhancement of diversity, particularly gender, inclusion and social responsibility in the management of human resources and corporate strategies.



Iren was confirmed in the Top10 of the Integrated Governance Index 2020 – the quantitative analysis model on the degree of integration of ESG (Environmental, Social and Governance) factors in the corporate strategies – and in the Top5 of the “ESG Digital Governance” extraordinary survey area.



Iren was one of the winners, in the Online Training category, of HR Mission 2020, an initiative promoted by the Italian Association for Personnel Management to recognise and enhance the creativity and innovation put in place by companies during the Covid-19 emergency.



Iren Group was ranked among the Best Improvers in the 2020 edition of Webranking Italia, the leading European survey, curated by Lundquist, which evaluates and classifies the transparency of communication on the digital channels of the largest Listed Companies, based on the fundamental requests of stakeholders.



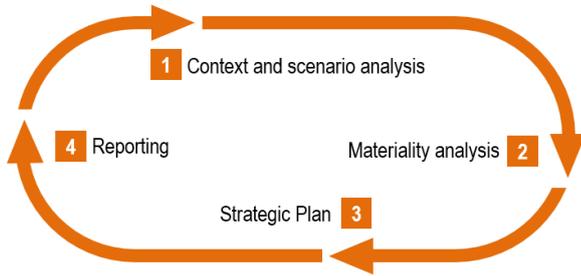
Ecohitech Award 2020 – an award aimed at best practices and cases of excellence in the smart city domain, promoted by the Tecno Consortium of Key Energy – gave a special mention to the lighting redevelopment project of the City of Vercelli “Vercelli Led”, by Iren Smart Solutions, as the best Italian project of integrated smart lighting based on LED technology with innovative content.

Sustainability Strategy

Economic, environmental and social dimensions integrated into the Group's development strategy in the medium and long term, consistent with the Sustainable Development Goals of the UN 2030 Agenda

SUSTAINABLE STRATEGY

The strategic integration of economic, environmental, social and governance factors is ensured through a structured process as described below.



CONTEXT AND SCENARIO ANALYSIS

Iren Group analyses the environment and the macroeconomic, financial, energy and climate scenarios in the short, medium and long term to support strategic planning to identify the factors that may be important for its business from a competitive, sustainable, regulatory and normative point of view and that may affect the pursuit of its development targets. Detailed information about the energy, regulatory and financial scenarios is provided in the Group's Consolidated Financial Statements.

The **sustainability scenario in 2020** shows how the crisis caused by the Covid-19 emergency has increased awareness of the vulnerability of our development model and brought back into focus the strong interconnection of the environmental and social dimensions.

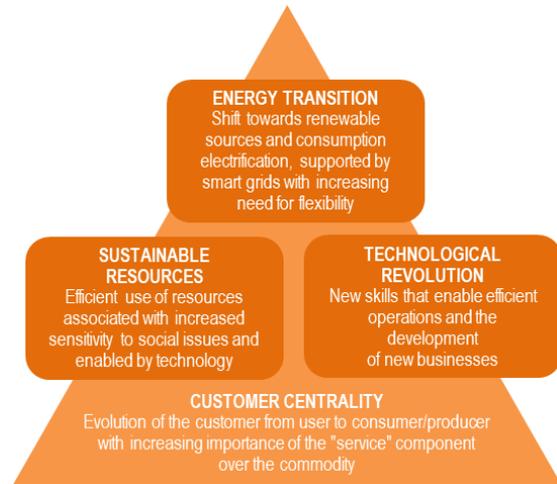
The pandemic has generated backlogs on many of the 17 Sustainable Development Goals of the 2030 Agenda. However, at the same time, it has produced an acceleration of change in essential spheres: from politics and civil society to financial and the most dynamic economic actors. The European Union, China and Japan have made commitments in 2020 to combat climate change. In January 2021, the United States re-joined the Paris Agreements to which 127 countries are committed. Also in 2020, investments in sustainable assets by mutual fund and ETF investors nearly doubled from the previous year.

The **choices made by the European Union** have also given Italy a boost towards sustainable development, which may find a significant opportunity in the Next Generation EU, the European programme for recovery, through investments that have future generations as their primary beneficiaries and are aimed at building increasingly sustainable, resilient and digital societies and economies. Italy, which is one of the primary recipients of this European programme, is offered the most relevant opportunity to implement projects, investments and reforms consistent with the promotion of economic, social and regional cohesion, economic and social resilience, the mitigation of the socio-economic impact of the crisis and the acceleration of green and digital transitions. Italy will allocate a substantial share of the resources to projects linked to the targets of the Green Deal. The European Council, in its recommendations addressed to Italy, has asked for the adoption of measures to improve the water and waste system.

As highlighted by the UN General Secretary, the crisis can be a transformative opportunity to address global threats, focusing on

more significant investment in public health and making the economy more resilient and sustainable, following the framework for action provided comprehensively by the Sustainable Development Goals of the 2030 Agenda.

In the light of this context, Iren analyses and evaluates the **prominent trends** that, in the long term, will be decisive in terms of risks and opportunities for the sustainable development of the Group.



An increasingly important role is attributed to **scenarios related to climate change** and its effects on the Group's activities, deriving from the physical scenario – acute phenomena (heat waves, floods, etc.) and chronic phenomena (structural changes in the climate) – and the transition situation towards a low-carbon economy.

Underlying the Group's long-term (2035) and medium-term (2025) strategy are various scenario analyses related to physical and transitional factors. In particular, in addition to the "Integrated National Energy and Climate Plan" and Ref-e's "Italian Electricity Market Study: 2020-2040 scenario" for medium-term energy generation projections, the Group adopts the following scenarios:

- IPCC (Intergovernmental Panel on Climate Change) RCP 2.6 and IEA450, in line with the Paris Agreement, which predicts a temperature increase at the end of the century over pre-industrial levels of 2°C or less;
- IPCC RCP 8.5 and IEA NPS-STEPS (business-as-usual) predicting an end-of-century temperature increase of 4°C;
- WEO (World Energy Outlook) IEA450 and NPS-STEPS the analysis of transition risks.

In long-term planning, the impacts of changing the variables underlying the different scenarios are considered. For example, for physical risks, the rising temperature trend is considered and the impact that it will have on the lower heat production for district heating and the growth of electricity generation to meet the growing demand for summer air conditioning is analysed in marginality. Another analysis concerns the production of electricity from hydropower plants in relation to reduced rainfall. With regard to transition risks, for example, the reduction in margins associated with the sale of natural gas is considered.

The adoption of the scenarios described, which considers the guidelines of the TCFD (Task Force on Climate-related Financial Disclosures), will be further implemented during 2021 by developing a management model enabling the assessment of climate change-related risks and opportunities that will further support strategic planning.

MATERIALITY ANALYSIS

The materiality analysis makes it possible to identify the priority topics for stakeholders, compare them with the Group's priorities and its development strategy, also in order to identify any areas for improvement. The result of this analysis supports the definition of sustainable development targets and topics for the drafting of the Sustainability Report. The methodology for performing the materiality analysis is described in detail on page 8.

STRATEGIC PLAN: THE MULTICIRCLE ECONOMY

The growth strategy, approved by the Board of Directors in September 2020, is consistent with the Group's mission and vision and the **prominent trends** described above.



The Group confirms its **strategic pillars of development**: organic growth, sustainability, customers/residents, digitalisation, people, technological evolution and efficiency, alongside new ambitions that will characterise the coming years.

In fact, the Group, with the strength of the leadership it has acquired in its historical areas of expertise, is ready to **expand nationally**, broadening its horizons towards new areas, not only on a commercial level but also by exporting the excellence it has achieved in the fields of waste and energy efficiency. Therefore, Iren Group faces new environmental and social challenges by reacting to the risks and seizing all the opportunities, with a defined and long-term strategic vision transferred to its daily actions.

The growth strategy is based on overcoming the traditional concept of circular economy with the introduction of the **multicircle economy**: a vision, strongly sustainable in the long term, that emphasises the multi-business nature of the Group, in which the different activities share the value of the responsible use of resources. Approximately 2.25 billion Euro, 61% of total investments, are directed to projects that contribute to the achievement of the commitments made to the UN SDGs, and in particular, 93% of these investments, more than 2 billion Euro, flow into the new vision of the multicircle economy.

2020 highlighted the **resilience of the Group's business model** even in the face of major unexpected turbulence, such as the Covid-19 emergency, and will be further strengthened by the investments planned to support multiple businesses. To that end, a significant portion of investments – more than 2.2 billion Euro – have been earmarked for initiatives to achieve the energy and environmental transition.

Sustainability's integration into the Strategic Plan and among the drivers of capital allocation is taken a step further through the extension of the **time horizon of the Sustainability Plan until 2035**. The Plan defines the role that Iren Group intends to play in fostering development consistent with European policies and in response to the challenges emerging from the environment outlined by the pandemic, as well as in boosting the process of economic recovery in our country.

BUSINESS PLAN OBJECTIVES AND TARGETS

PILLARS AND DIRECTIONS FOR DEVELOPMENT	MAIN TARGETS @2025 @2035		SDGs
 GROWTH <p>Investments</p> <ul style="list-style-type: none"> €2.25 billion in sustainable investments: 21% in circular economy, 31% for water resources, 41% for resilient cities and 7% for decarbonisation 	€ 3.7 billion in 6 years	+12% compared to previous Plan	
<p>EBITDA</p> <ul style="list-style-type: none"> €+243 million compared to 2019 Organic growth increase (water business, waste treatment, district heating and customer base development) Net financial position/EBITDA ratio by 2025 of 2.5x 	€ 1,160 million in EBITDA at the end of the Plan	+4% annual growth rate	
<p>Profits and dividends</p> <ul style="list-style-type: none"> Short-term dividend policy revised taking into account the impact of Covid on 2020 results, capex acceleration in 2020 and 2021, strategic M&A transactions Financial policy that allows to reduce the cost of debt 	~€ 350 million in profit by the end of the Plan	+8% average annual dividend growth	



DIGITALISATION

- Strong acceleration of across-the-board digital transformation, deployment of a new IT model and advanced platform

€ 300
million invested

>50%
of client's full digital question



PEOPLE

- Competence enhancement and reskilling
- New working modes supported by digitalisation
- Diversity enhancement
- People care

25% | 28%
of women among
middle managers
and executives

95%
of staff engaged in
training
activities

+27% | +65%
hours of training
per capita



CUSTOMERS/RESIDENTS

- National retail clients acquisition
- New product/service lines with added value
- Digital operations and payments
- Greater investment in infrastructure and services

2.4
million clients

€ 900
in investments per inhabitant served
in 6 years



SUSTAINABILITY

Circular economy

- Increase of sorted waste collection
- Growth of material recovery in Group plants
- Production of fuels from biodegradable waste
- Wastewater reuse for industrial and agricultural purposes

73.6% | ~80%
sorted waste

1.6Mt | ~2.0Mt
waste recovered
in Iren plants

35 Mcm
biomethane
produced

15 Mcm
wastewater
reused



Water resources

- Increase in purification capacity
- Rational use of water through reduction of water withdrawal and network leaks

29% | ~25%
network leaks

-80%
networks divided into
districts

+16% | ~+20%
wastewater plants
capacity



Decarbonisation

- Reduction of carbon intensity of energy production
- Energy saving of production processes
- Emission reduction (scope 2)

-4% | ~-20%
power
generation
carbon
intensity

~-35%
scope 2 emissions

+27% | ~+55%
energy saving



Resilient cities

- Extension of district heating networks
- Reduction of corporate vehicle fleet environmental impact
- Energy saving from Iren products and services

+16% | ~+20%
district heated
volumes

35% | ~50%
eco-vehicles on total
fleet

~25%
of green electricity sold
to end clients and
wholesalers



TECHNOLOGICAL EVOLUTION AND EFFICIENCY

- Transformation into a lean organisation with an agile management model
- Performance improvement projects
- Advanced analytics projects

€ 55
million in synergies

65
performance improvement projects



REPORTING

Iren undertakes to manage and measure its performance, considering economic, environmental, and social aspects in reporting its activities and the definition of its strategic objectives. An approach in line with the United Nations Global Compact's indications, of which Iren is a member, aimed at ever-greater integration of sustainability in the Company's strategic choices. Therefore, the Sustainability Report is a communication and management tool for monitoring the adherence of operations to the strategy and, precisely with this objective, it reports the progress made towards achieving the targets set for 2025.

IMPROVEMENT PLANS

The Improvement Plans, indicated below, identify the actions taken and the future objectives set to achieve Iren Group Business Plan results for each of the strategic pillars on which the Plan is structured.

GROWTH AND CREATION OF VALUE

Topic area	Actions carried out in 2020	Future objectives
Economic development and value for local areas Competitiveness on the market	685.2 million Euro in investments	3.7 billion Euro in investments by 2025
	235 million Euro in profits	~350 million Euro in profits by 2025
	0.095 Euro dividend distributed	+8% annual dividend growth over the time span of the Plan
	20 online roadshows with institutional investors and financial analysts and intensified contacts with ESG investors	Further increase in contacts with institutional investors in new financial markets and with ESG investors
	Renewal of some sections of the Group's website and creation of specific areas concerning Group strategy and risk management to improve financial communication to investors	Continuous improvement of financial communication: redesign of the Investors section of the Group's website
	Sustainable finance: <ul style="list-style-type: none"> new medium/long-term loans totalling 875 million Euro, consisting mainly of a 10-year public bond issue, including 300 million Euro in Green format new medium- and long-term credit lines for 80 million Euro with the Council of Europe Development Bank and for 100 million Euro with a new EIB "Green Energy Loan" agreement renewal of the bond issue programme up to a maximum amount of 4 billion Euro market-based bond issues to reduce the cost of debt and have liquidity available well in advance to cover maturities liability management operations to reduce the cost of debt with early repayment of loans for 5 million Euro positive annual review by the DNV GL agency and issue of periodic reviews in favour of investors 	Sustainable finance: <ul style="list-style-type: none"> coverage of financial requirements to support the investments with a balanced relationship between short and medium/long term funds and focus on principles of Sustainable Finance optimising the debt portfolio with liability management activities aimed at reducing the cost of debt and the early management of maturities respect of the commitments undertaken to benefit Socially Responsible Investors (SRIs) and defined in Iren's Sustainable Financing Framework
	Confirmation from the Fitch rating agency of the public Investment Grade rating of BBB for Iren and its bond issues	Maintenance of the Investment Grade rating

SUSTAINABLE USE OF RESOURCES

Topic area	Actions carried out in 2020	Future objectives
Sustainable use of water resources	Reduction in water withdrawals from the environment for drinking water distribution: <ul style="list-style-type: none"> 33.3% water network leaks -3% of water withdrawals per resident/day in traditional areas compared to 2019 56% of water network divided into districts 	Reduction in water withdrawals from the environment for drinking water distribution: <ul style="list-style-type: none"> network leaks at 29% by 2025 -4.9% of water withdrawals per resident/day in traditional areas by 2025 compared to 2019 81% of water network divided into districts by 2025
	Qualitative and quantitative improvement of the wastewater treatment capacity: <ul style="list-style-type: none"> +3.3% increase in wastewater treatment capacity of the plants (PE) compared to 2019 pollutant reduction in treated water: 93.4% BOD, 90.2% COD and 93.3% SST 	Qualitative and quantitative improvement of the wastewater treatment capacity: <ul style="list-style-type: none"> +16% increase in wastewater treatment capacity of the plants (PE) by 2025 compared to 2019 pollutant reduction in treated water: >94% BOD, >90% COD and >93% SST

Topic area	Actions carried out in 2020	Future objectives
Decarbonisation Emissions	Reduction of emissions: <ul style="list-style-type: none"> +4.6% CO₂ emissions avoided through waste recovery compared to 2019 -5.6% CO₂ scope 2 emissions compared to 2019 repowering and redevelopment works on the hydroelectric plants of Chiomonte and Susa investments in renewable and photovoltaic sources 	Reduction of emissions: <ul style="list-style-type: none"> 43% CO₂ emissions avoided through waste recovery by 2025 compared to 2019 -35% of CO₂ scope 2 emissions by 2025 compared to 2019 -4% carbon intensity of energy production plants by 2025 compared to 2019 investments in mini hydro, photovoltaic and renewable sources sectors and renewal of existing concessions
	Energy efficiency, renewable sources and district heating	Increase in heat accumulation volumes: <ul style="list-style-type: none"> 16,600 cubic metres of accumulation systems launch of authorisation procedure for new accumulation systems
Resilient cities	Energy efficiency: <ul style="list-style-type: none"> +1% TOE saved compared to 2019 over 71,000 TOE saved by Iren Plus and Iren Smart Solutions products/services 	Energy efficiency: <ul style="list-style-type: none"> +27% TOE saved by 2025 compared to 2019 more than 208,000 TOE saved by Iren Plus and Iren Smart Solutions products/services by 2025 additional flexibility of heating systems to guarantee greater efficiency and respond to future challenges of the electricity market
Circular economy: management, sorted waste collection and reuse of waste	Sorted waste collection and reduction: <ul style="list-style-type: none"> growth in sorted waste collection to 69.3% design of 3 new collection centres (PR and RE) extension of home collection with eco-islands for about 25,000 residents expansion of "pay-as-you-throw" collection systems for waste management services to 3 municipalities (Quattro Castella, Ameglia, Luni) 	Sorted waste collection: <ul style="list-style-type: none"> growth in sorted waste collection to 73.6% by 2025 3 new collection centres (provinces of PR and RE) by 2021 extension of home collection with eco-islands for about 140,000 residents expansion of "pay-as-you-throw" collection systems for waste management services to 9 municipalities (provinces of Parma, Piacenza, Reggio Emilia and La Spezia) by 2021
	Increase in waste recovery: <ul style="list-style-type: none"> 492,000 tons of waste to be recovered in Group plants authorisation of 3 plants for the treatment of organic waste with biomethane production (Reggio Emilia, Santhià and Cairo Montenotte) start of construction works on the paper and plastic treatment and recovery plant at Borgaro and PAI in Parma request for a permit to build an MBT in Genoa 	Increase in waste recovery: <ul style="list-style-type: none"> 1,630,000 tons of waste to be recovered in Group plants by 2025 construction works on 3 treatment plants for organic waste with production of 35 million m³ of biomethane by 2025 (Reggio Emilia, Santhià and Cairo Montenotte) construction works on the paper and plastic treatment and recovery plants at Borgaro and PAI in Parma Genoa MBT construction
Innovation and smart cities Resilient cities	<ul style="list-style-type: none"> +1.9% of district heated volumes compared to 2019 completion of the work on the district heating network and Turin waste-to-energy plant for connection to the Grugliasco network extension and development of the district heating network in Turin and Piacenza 	+16% of heated volumes by 2025 compared to 2019
	Go-live of the Just Iren project (digital transformation of the entire waste chain: technical and commercial chain, customer management, planning, design, service and plant management) in Turin	Go-live of the Just Iren project (digital transformation of the entire waste chain: technical and commercial chain, customer management, planning, design, service and plant management) in the Emilia region by 2021
	19% of eco-friendly vehicles in the Group's fleet	35% of eco-vehicles in the Group's fleet by 2025
	8.4% of green electricity sold on the total sold to end customers	25% of green electricity sold on the total sold to end customers by 2025
Efficient and reliable services Resilient cities	Improvement of the security level of the gas network: <ul style="list-style-type: none"> inspection of 98.8% of the entire gas network commissioning of 13.66 km of network for the renovation of obsolete sections search for leaks and replacement of electronic meters 98.7% of emergency calls with on-site arrival times within 60 minutes 	Improvement of the security level of the gas network: <ul style="list-style-type: none"> 100% inspection of the entire gas network under management upgrading of the gas network to replace the most obsolete sections (cast iron and steel pipelines) continuation of searches for leaks and replacement of electronic meters maintenance of levels achieved on % of emergency calls with on-site arrival time within 60 minutes
Responsible management of business segments	Reduction of impacts of electricity substations: <ul style="list-style-type: none"> verification of electromagnetic fields (EMF) on new or reconditioned substations safety measures for EMFs at electricity distribution plants 41 new and 59 reconditioned substations and about 100 safety checks decommissioning and disposal of 16 pieces of equipment containing PCB-contaminated oil 	Reduction of impacts of electricity substations: <ul style="list-style-type: none"> prosecution of the design and construction of the new MV/LV substations and EMF safety checks decommissioning and disposal of additional equipment containing PCB/PCT-contaminated oil
	Implementation of the QSA certified system: <ul style="list-style-type: none"> QSA certification for ReCos, Acam Acque and Acam Ambiente integration of the documentation of the Certified Systems of Iren Mercato and Iren Ambiente by extension of the perimeter ISO 9001 certification for Iren Energia with extension to the Turbigio and Tusciano plants renewal of certifications and transition to ISO 45001 for Group companies 	Implementation of the environmental organisational model: <ul style="list-style-type: none"> ISO 45001 certification for Iren Energia and Iren Smart Solutions extension of Iren Ambiente's ISO 14001 and 45001 certifications to AMA, Gheo Suolo e Ambiente and Sereco plants acquisition and maintenance of EMAS registrations for the Gheo Suolo e Ambiente and Sereco plants drafting and publication of Group procedures relating to the monitoring and control of environmental compliance and environmental emergency management

CUSTOMERS AND COMMUNITIES

Topic area	Actions carried out in 2020	Future objectives
Service levels, offered customer focus and changes in customer expectations	<p>Optimisation of market position:</p> <ul style="list-style-type: none"> +3.4% retail customers compared to 2019 national television, digital and newspaper campaigns on new offers consolidation of the social media project and new campaigns to support the sale of commodities, Iren Plus and IrenGO products digital events dedicated to electric mobility, energy efficiency and regulatory aspects related to the 110% bonus consolidation of partnerships for the scooter (Turin) and electric scooter sharing service (Rome) evolution of IrenGO App for expansion of public recharging points 	<p>Optimisation of market position:</p> <ul style="list-style-type: none"> +32% retail customers by 2025 compared to 2019 minimise churn rate, increase the sale of extra-commodity and e-mobility products and services in areas of traditional presence strengthen brand awareness in the commodity and extra-commodity segments throughout Italy promote the brand and range through digital events and communication campaigns strengthen and expand IrenGO's presence in the traditional areas involved in sustainable mobility projects
	<p>Expansion of channels:</p> <ul style="list-style-type: none"> restyling and opening of new exhibition corners restyling of the exhibition spaces in Sanremo and new space at Green Pea (Turin) 	<p>Expansion of channels:</p> <ul style="list-style-type: none"> development of new sales channels restyling and modernisation of Iren spaces replacement of physical touchpoints in Iren spaces and stores new stores dedicated to commodity offers
	<p>Digital evolution of the customer experience:</p> <ul style="list-style-type: none"> continuation of the data lake marketing project, with advanced analytics to support marketing and business analysis activities strengthening of digital services with the new IrenYou and IrenPay Apps 	<p>Digital evolution of the customer experience:</p> <ul style="list-style-type: none"> conclusion of the data lake project for an improved level of service, optimisation of management costs and monitoring of key indicators in real time creation of "customer journey" to interact with customers with the most suitable proposals and channels
	<p>Improving the customer experience:</p> <ul style="list-style-type: none"> optimization of customer management processes through dedicated structures and a team for continuous training of operators, monitoring and control of service levels 	<p>Improving the customer experience:</p> <ul style="list-style-type: none"> involvement of the customer in the different phases of the commercial relationship with targeted and bidirectional communications improvement of contact management performance and waiting times
	<p>Loyalty programmes:</p> <ul style="list-style-type: none"> enrichment of the portfolio of agreements, benefits and rewards for customers of the IrenConTe loyalty programme monitoring of the service levels through videos on digital channels 	<p>Loyalty programmes:</p> <ul style="list-style-type: none"> launch of the new Be Iren loyalty programme and development of content for customer engagement voucher caring to personalize the customer experience in the choice of prize
	<p>Development of the range of products and services:</p> <ul style="list-style-type: none"> differentiation of supply by local areas "Iren Plus" offer (Superbonus energy efficiency) light mobility offer with incentive formulas sale of e-bikes and scooters with state bonus long-term lease of electric vehicles for domestic and corporate customers expansion of the network of agents for the sale of Iren Plus products launch of the payment order service for Iren customers and enablement of payments for water service customers 	<p>Development of the range of products and services:</p> <ul style="list-style-type: none"> expansion of range with new products/services offered through partnerships 110% Superbonus offer and 65% and 50% Ecobonus for the whole range of Iren Green Plus products (thermal coat) ad hoc offers for new areas growth in payment order service operations customer information service for better management of energy expenditure and optimisation of financial flows continuation of the digitalisation and personalisation of products and services and strengthening of brand reputation also in the digital payments sector
Internal and external communication	<p>E-mobility services:</p> <ul style="list-style-type: none"> partnership for the construction and maintenance of the recharging units in Turin and Parma and launch of the authorisation procedures for the installation in Genoa and La Spezia consolidation of the range of recharging infrastructures and light mobility vehicles for companies 	<p>E-mobility services:</p> <ul style="list-style-type: none"> completion of the network of recharging units in Turin and start of installations in Genoa and La Spezia market analysis and segmentation to better target electric mobility service offerings commercial launch of the mobile App
	<p>Implementation of the Procurement Portal: definition of the project for the creation of the e-catalogue</p>	<p>Implementation of the Procurement Portal: re-engineering of the Supplier Register</p>
	<p>38% of suppliers on the Group Register involved in the annual survey on sustainability and business ethics profiles</p>	<p>Growing involvement of suppliers on the Group's Register in the annual survey on sustainability and business ethics profiles</p>
Sustainable management of the supply chain	<p>Supplier monitoring:</p> <ul style="list-style-type: none"> vendor remediation through the cancellation of longstanding inactive suppliers even after reminders 	<p>Supplier monitoring:</p> <ul style="list-style-type: none"> assessment of supplier suitability with regard to Group standards (balance sheet indices, quality of tender proposals, performance ratings) and possible exclusion of suppliers that do not meet the required standards
	<p>Strengthening networks in the local areas to provide educational responses adapted to the Covid-19 emergency</p>	<p>Overall redefinition of the Eduiren offer for schools, families and citizens</p>
Environmental education	<p>Design of educational offers 0-99 years old on sustainability topics accessible via web</p>	<p>Reorganization of the use and narration of the Group's plants both online and with visits</p>

Topic area	Actions carried out in 2020	Future objectives
Development of local communities	Growth in participatory planning with stakeholders for the sustainability of local areas: 12 projects carried out by the 5 Iren Local Committees	Development of new participatory planning with stakeholders for the sustainability of the local areas
	<ul style="list-style-type: none"> Dissemination of Irencollabora.it platform: 1,780 profiles registered on Irencollabora.it, +17% compared to 2019, thanks to the initiatives carried out in 2020 Restructuring of Irencollabora.it platform to facilitate participatory planning with local communities 	New initiatives for the dissemination of the Irencollabora.it platform as a participatory planning tool
Dialogue with Public Authorities	<ul style="list-style-type: none"> Integration of sustainability objectives and targets in the Business Plan to 2025 presented in 2020 Regional roadshow (in streaming) for the presentation of the Business Plan 	Updating of the integrated Strategic Plan
Internal and external communication	<ul style="list-style-type: none"> Streaming presentation of the study "The value of the multicircle economy for the development of the country", carried out by The European House Ambrosetti on the model developed by Iren Group and its impact on the local areas Events, information and awareness-raising campaigns aimed at residents on: correct disposal of disposable gloves and masks, correct waste collection and fight against illegal waste dumping, circular economy, waste collection services and new collection centres, saving and conscious use of water resources, energy saving and urban redevelopment 	<ul style="list-style-type: none"> Strengthening of communication and information channels addressed to residents in the perspective of multicircle economy Consolidation of communications relating to the Group's plant assets serving communities Continuation and strengthening of communication related to extensions or new environmental programmes, with particular attention to the start-up of new circular economy plants Group events in the local areas and their development also in response to regional needs

PEOPLE

Topic area	Actions carried out in 2020	Future objectives
Occupational health and safety	Establishment of working groups to monitor cross-cutting topics (PPE, G.AM.MA. application development, surveillance, chemicals, operational controls)	
	Computerisation of the safety system: development of the G.AM.MA. application for the management of the safety and health of every Group employee through the implementation of training requirements and mobile accessibility	Computerisation of the safety system: development of the G.AM.MA. application for the computerised management of accidents
Employment, development of human resources and welfare	Improving business monitoring: <ul style="list-style-type: none"> issue of Group procedures for the uniform management of operational controls revision of DUVRI management procedures and updating of Group accident procedures 	Improving business monitoring: <ul style="list-style-type: none"> regular meetings with lines and companies
	Gender diversity: <ul style="list-style-type: none"> +62% hours of training aimed at female staff compared to 2019 22.8% female executives and managers 	Gender diversity: <ul style="list-style-type: none"> further increase in training hours for female staff increase in the % of female hires (>23% by 2021) 25% female executives and managers by 2025
Industrial Relations	Continuation of demographic rebalancing: exit incentive of employees who have accrued the right to a "Q100" pension in 2020, and new recruitment of young people (mainly under 35)	Continuation of demographic rebalancing: implementation of the plan to encourage the exit of employees who have accrued the right to a "Q100" pension in 2021, and new recruitment of young people (mainly under 35)
	Smart working: extension to 3,166 employees (also in response to the Covid-19 health emergency)	Smart working: consolidation of the number of resources to which the smart work option is offered on a permanent basis (70% of non-operational staff) and signing of a new trade union agreement
Diversity and inclusion	Launch of the integrated platform for organisational, management, selection and performance processes	Implementation of development and compensation processes in the integrated platform
Diversity and inclusion	Development and enhancement of skills: <ul style="list-style-type: none"> completion of the new skills assessment system through mapping of "core" knowledge and skills in all company sectors, association of skills/role/resource and start of assessments (over 6,300 assessed) +29.6% hours of training per capita within the traditional boundary compared to 2019 88% of staff involved in training activities 	Development and enhancement of skills: <ul style="list-style-type: none"> definition of individual two-year development plans on core competencies +27% hours of training per capita within the traditional boundary by 2025 compared to 2019 95% of staff involved in training activities by 2025
	Leadership development: definition and implementation of Iren Group's Leadership model and start of the assessment and development of skills for executives and senior managers (121 resources involved)	Extension of the course on the new leadership model to all company management (350 resources by 2023)
		Increased uptake of supplementary healthcare (72% of company population by 2021, 90% by 2025)

Sustainability Governance

RELEVANT TOPICS



Economic development and value for local areas



Ethics, fight against corruption and legal compliance



Human rights



SUSTAINABILITY GOVERNANCE

Iren Group's strategies and business objectives, which integrate the dimensions of sustainability, are defined by the **Board of Directors** of the parent company, which examines the risks and opportunities linked to the socio-environmental and economic context, including when approving the Business and Financial Plan, the annual budget, the Consolidated Financial Statements, the Sustainability Report, as well as when examining and supporting new extraordinary and development operations.

In 2020 the Board of Directors updated its long-term (2035) and medium-term (2025) strategic planning, including sustainability objectives and targets (see page 29), also in relation to climate change and the Group's commitment to transparent reporting in this regard, with particular focus on the four areas outlined in June 2017 by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board:

- **governance** – description of the role of the Iren corporate governance system in relation to climate change issues (see page 37);
- **strategy** – illustration of the main risks and opportunities relating to climate change, the different scenarios considered and the corporate strategy developed as the company's response to mitigate and adapt to the risks and to maximise the opportunities (see page 28);
- **risks** – description of the identification, assessment and management process for the risks and opportunities related to climate change adopted by the Group (see pages 44-50);
- **metrics and targets** – main metrics related to climate change used by the Group (see pages 74-92), as well as the main objectives set to promote a low carbon business model (see pages 29-30).

The Board of Directors analyses and approves the Sustainability Report, which serves as a non-financial statement (NFS) pursuant to Italian Legislative Decree 254/2016, drawn up annually to publicise the Group's environmental, social and economic strategies and performance, to transparently communicate compliance with the commitments undertaken, future commitments and ability to meet stakeholder expectations. The Sustainability Report is prepared by the Corporate Social Responsibility and Local Committees Department, which reports directly to the Deputy Chairperson of Iren Group, who holds the relevant powers.

The **Deputy Chairperson**, appointed to manage this matter, updates the Board of Directors on sustainability projects' status, stakeholder engagement and consultation activities on sustainability issues with stakeholders, also managed through the Corporate Social Responsibility and Local Committees Department. Through Local Committees, of which the Deputy Chairperson is an ex officio member, stakeholders can also draw the Group's attention to issues concerning services and environmental and social sustainability topics. The results of stakeholder engagement activities generate project ideas for the improvement of environmental and social performance and are reported annually in the Sustainability Report.

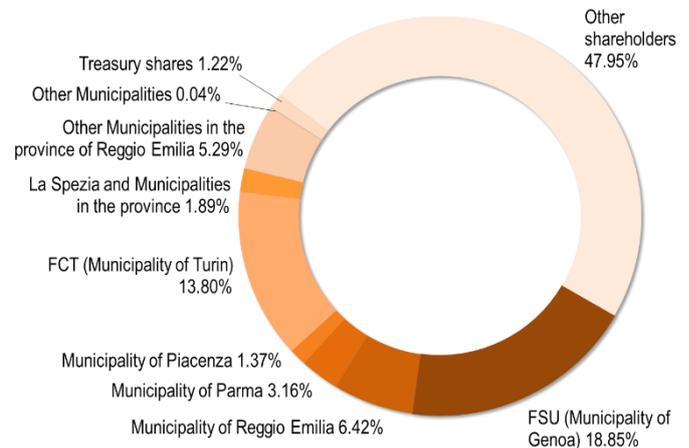
The **Control, Risk and Sustainability Committee** (see page 41) is responsible for examining the guidelines of the sustainability plan, assessing risks and evaluating economic, environmental and social performance, and supervising the implementation of the Sustainability Plan and the system for evaluating and improving the environmental, economic and social impact of the Group's activities.

For the integration and monitoring of ESG (Environment, Social, Governance) factors, from strategic planning to the management and monitoring of the Group's activities, the **ESG Strategic Integration Committee** was established in 2020 (see page 43). The Committee includes the Directors of the primary Staff and Business Unit functions, and operates in close relationship with the **Sustainable Finance Committee**, (see page 43) which is responsible for defining and managing the Group's sustainable finance framework.

SHAREHOLDERS

At 31/12/2020, the most significant Group shareholders that hold a stake in Iren, directly or indirectly, are represented in the graph below.

IREN SHAREHOLDING STRUCTURE (% OF SHARE CAPITAL)



As of 31 December 2020, Iren's share capital is represented by 1,300,931,377 ordinary shares, of which:

- 640,568,694 ordinary shares with increased voting rights, conferring a total of 1,281,137,388 voting rights exclusively on the Shareholders' resolutions subject to increased voting rights (list pursuant to Article 6-bis, paragraph 1 of the Articles of Association);
- 660,362,683 ordinary shares without increased voting rights, conferring the equivalent number of voting rights on all Shareholders' resolutions other than those subject to increased voting rights.

The ordinary shares held, as of 31 December 2020, by the 91 parties to the Shareholders' Agreement among Iren's Public Shareholders (Finanziaria Sviluppo Utilities, Finanziaria Città di Torino Holding, Soci Emiliani and Soci Spezzini) are aimed at ensuring unity and stability of direction to the Company also through the use of the increased voting rights. These shares are divided as follows: 633,505,386 ordinary shares bound by the Voting Block, representing the same number of voting rights on Shareholders' resolutions other than those with an Increased Voting Right and 1,233,237,944 voting rights on Shareholders' resolutions with an Increased Voting Right. The

ordinary shares bound by the Voting Block established by the Shareholders' Agreement are 455,379,436, equal to 35% of Iren's share capital, and their respective circulation is restricted.

In 2020, Iren's shareholding structure was affected by the sale of share capital holdings (0.04%) by public shareholders. Besides, the number of voting rights conferred to the Shareholders' Agreement has changed as a result of the allocation, from 1 June 2020, of the Increased Voting Right to 20,415,981 shares held by 24 La Spezia Municipalities and, subsequently, from 1 September 2020, to one share held by Finanziaria Sviluppo Utilities. Finally, on 31 December 2020, the Municipality of Castelnovo né Monti joined the Shareholders' Agreement generating 257,298 ordinary shares. As

regards floating capital, retail shareholders hold more than 5% of the share capital, while the remainder is held by over 250 institutional investors. In 2020, as part of the share repurchase programme resolved upon by the Shareholders' Meeting, Iren purchased treasury shares amounting to 0.92% of the share capital.

The objective of sustainable success, introduced by the Corporate Governance Code for Listed Companies to which Iren has subscribed, is also based on the relationship with stakeholders, among which shareholders are significant. In order to improve interactions with shareholders, the BoD will carry out a functional study to evaluate an appropriate policy of dialogue with shareholders.

CORPORATE GOVERNANCE



*Includes Planning and Investor Relations

Iren Group's corporate governance is based on shared rules that inspire and direct strategies and activities. The instruments adopted guarantee respect for ethical values, principles and behaviours within an industrial model that plans for sustainable growth. The Board of Directors plays a central role in defining of the sustainability strategies, policies and objectives, including in relation to climate change, and monitoring the results. In order to ensure consistency between behaviours and strategies, the Group has adopted a system of internal rules that configure a corporate governance model based on the division of responsibilities and on a balanced relationship between management and control, which guarantees that risks and opportunities are duly taken into account in the relevant decision-making processes and contributes to spreading the corporate culture at all levels, increasing awareness among internal resources and

contractors that the Group plays a vital role in creating value for the community.

Iren has a traditional type of corporate governance system and conformed its model to the recommendations of the Corporate Governance Code for Listed Companies and the Consob Regulation on transactions with related parties by appointing three Internal Board Committees: Remuneration and Appointments Committee, Control, Risk and Sustainability Committee and Committee for Transactions with Related Parties.

BOARD OF DIRECTORS

The Board of Directors (BoD) has full powers for the ordinary and extraordinary administration, implementation and achievement of the company business objectives, with the sole exclusion of powers which

by Law or by the Articles of Association are the responsibility of the Shareholders' Meeting. The BoD assesses the organisation's economic, environmental and social performance, any significant risks and opportunities, and its compliance with standards, codes of conduct and the principles declared during the approval of the strategic, business and financial planning documents and the Group's annual budget. The assessment of risks and social and environmental performance is carried out with the support of the Control, Risk and Sustainability Committee (see page 41). The BoD annually approves the Sustainability Report, which reports on the Group's environmental and social performance.

The BoD in office as at 31 December 2020 was appointed by the Shareholders' Meeting of 22 May 2019 and is composed of 15 Members. The Board of Directors, in addition to the provisions of the Shareholders' Agreement between Iren Public Shareholders, is appointed through the submission of lists to ensure the adequate presence of the less-represented gender (a minimum of six members), as well as Directors selected by minority shareholders.

The current BoD in April 2019 formulated its guidelines to the Shareholders on the qualitative-quantitative composition of the administrative body for the three years 2019-2021, providing indications on its size and of the Internal Board Committees and on the professional and managerial figures whose presence in the administrative body was considered appropriate (the document is available on the website gruppoidren.it/assemblee/2019#r). On the qualitative side, the value of complementarity of experience and expertise, together with gender and age diversity, was taken into consideration for the Board's smooth functioning. In this regard, the current Board of Directors, in March 2020, amended the Articles of Association, bringing them into line with the new rules on compliance with gender quotas for the composition of the Board of Directors itself and of the Board of Statutory Auditors, which state that at least two-fifths of those elected should belong to the less-represented gender and that this criterion should be applied for six consecutive terms, starting from the first renewal of the bodies after 1 January 2020.

Under the terms of the Articles of Association, the BoD delegates its powers to one or more of its members and can also assign powers to the Chairperson, Deputy Chairperson and CEO, provided they do not conflict with each other. The Delegated Bodies may delegate part of their duties and responsibilities to those working directly under their management. In such cases, the **delegation process** is based on notarised powers of attorney and letters of appointment naming the delegated persons. The Delegated Bodies are responsible for assessing whether the delegated persons possess the appropriate skills and personal characteristics and request periodic reports on the powers conferred with regard to economic, environmental and social aspects. The powers of attorney/delegation specify which contexts may be sub-delegated, informing the relevant Delegated Body of the same. In this case, the delegating party is responsible for assessing the skills and personal characteristics of the delegated persons. Delegated persons are generally executives or junior managers, but in certain contexts (e.g. security) may be extended to blue-collar workers.

The Corporate Affairs and Organization Departments always check the overall consistency and correctness of the system.

The Board of Directors has resolved that the Corporate Social Responsibility Department, among others, reports to the Deputy

Chairperson. A Senior Manager shall be appointed the Manager of this Department.

The **assessment of the existence of the independence requirements** for Iren Directors is carried out by the BoD after appointment and, subsequently, on an annual basis (27 February 2020 for the reporting year). Based on the criteria defined by the Consolidated Law on Finance (TUF) and the Corporate Governance Code (January 2020 edition), the assessment is also carried out when circumstances regarding independence arise. The Board of Statutory Auditors checks the correct application of the verification criteria and procedures adopted by the BoD to assess the independence of its members and discloses the outcome of the audit to the market in the Corporate Governance Report or in the Auditors' Report to the Shareholders' Meeting.

The BoD establishes rules to ensure the transparency and substantial and procedural correctness of **related party** transactions and discloses them in the Report on Operations. The Board of Statutory Auditors oversees compliance with the adopted rules and refers to them in its Report to the Shareholders' Meeting. Stakeholders can view any conflicts of interest within the Board of Directors in the annual Report on Corporate Governance and Ownership Structure.

Iren's Board of Directors held 18 meetings in 2020. In addition to these, in continuity with previous years, meetings were organised in which the Chief Executive Officer, Business Unit Directors or Executives illustrated, also in several stages, the long-term strategic planning process, 2025 Business Plan, with a specific focus on sustainability objectives and targets of the Plan itself, as well as some of the Group's main initiatives. During each meeting of the Board of Directors, a constant data stream by the Internal Board Committees towards all Directors was ensured, guaranteeing the prompt notification of any critical areas identified.

As for the Covid-19 emergency, starting from the meeting held at the end of February 2020 – and therefore from the onset of the pandemic – and throughout the year, the parent company's Board of Directors was constantly informed and updated by the Chief Executive Officer on the organisational, technological, information and communication measures taken to deal with this emergency. This was done both from the standpoint of protecting the health and safety of personnel and in relation to the initiatives taken to ensure the continuity of the essential services managed and in general of company operations, minimising the risk of infection for employees and the community. During the year, disclosures also covered issues related to the activities of the four business operations, with particular emphasis on statutory and regulatory issues, human resource management, industrial relations and agreements with trade unions, customer management, procurement and, in general, short and medium-term economic and financial profiles and impacts. By receiving continuous information, also during the competent Internal Board Committees' meetings, Directors were able to express their considerations and suggestions, providing an essential contribution to the work carried out by the various Group structures.

Several in-depth seminars were also organised during the period, including those open to experts and external guests, during which they analysed the Group's contribution to the value creation for the areas in which it operates. Furthermore, participation in courses and conferences for Directors and the members of the Board of Statutory

Auditors was promoted and encouraged. All these initiatives represented important opportunities to provide training and information on economic, social and environmental aspects. Due to the health emergency, participation in almost all of these initiatives and activities took place remotely.

In line with the provisions of the Corporate Governance Code, at least once a year, the Board of Directors performs a **self-assessment of its own performance** and that of its Committees (so-called *board evaluation*) as well of their size and composition. Considering the Code's recommendations, the results of the Board of Directors' evaluation drew attention to critical areas, while the effectiveness of

corrective and improvement actions started previously and continued during 2020 was also assessed. Assessments of the Board's qualitative and quantitative characteristics were also introduced as part of the 2020 board evaluation activity.

To date, the BoD has not adopted a succession plan for Executive Directors, as prescribed by the rules regarding their appointment and replacement, which are provided for in the Articles of Association. Concerning the new Corporate Governance Code, the Board of Directors pointed out that the issue, from the point of view of contingency, could be the subject of possible in-depth analysis during 2021.

COMPOSITION OF THE BOARD OF DIRECTORS AND INTERNAL COMMITTEES AS AT 31/12/2020

Name and Surname	Office	Executive	TUF independent	Code Independent	Remuneration & Appointments Committee (RAC)	Control, Risk & Sustainability Committee (CRSC)	Committee for Transactions with Related Parties (CTRP)
Renato Boero	Chairperson	•					
Moris Ferretti	Deputy Chairperson	•					
Vito Massimiliano Bianco	Chief Executive Officer / General Manager	•					
Sonia Maria Margherita Cantoni	Director		•	•		M	
Enrica Maria Ghia	Director		•	•		M	
Pietro Paolo Giampellegrini	Director		•	•	C		
Alessandro Giglio	Director		•	•			M
Francesca Grasselli	Director		•	•	M		
Maurizio Irrera	Director				M		
Cristiano Lavaggi	Director		•			M	
Ginevra Virginia Lombardi	Director		•	•			M
Giacomo Malmesi	Director		•	•		C	M
Tiziana Merlino	Director		•				
Gianluca Micconi	Director		•	•			
Licia Soncini	Director		•	•			C

C = Chairperson; M = Member

REMUNERATION AND APPOINTMENTS COMMITTEE (RAC)

The Remuneration and Appointments Committee (RAC) is composed of three Non-Executive Directors, the majority of whom – including the Chairperson – are independent. At least one member of the Committee has appropriate experience in financial and remuneration policies, which is assessed by the Board of Directors at the time of appointment. The RAC:

- periodically assesses the suitability, overall consistency and actual application of the remuneration policy of Directors and Senior Executives with strategic responsibilities, by making use of the information provided by CEOs;
- submits proposals on the subject to the Board of Directors;
- presents proposals or expresses opinions to the BoD regarding the remuneration of Executive Directors and other Directors with specific office, as well as establishing performance objectives relating to the variable part of said remuneration;
- monitors the application of the decisions adopted by the BoD by verifying, in particular, the actual fulfilment of performance objectives;
- attends to the preliminary work for the preparation of the remuneration policy for Executive Directors and Senior Executives with strategic responsibilities, needed for the BoD to adopt the measures it is responsible for, after interacting with the Control, Risk and Sustainability Committee on risk profiles;
- formulates opinions to the BoD in respect of its own size and composition, and makes recommendations on the professional figures whose presence in the BoD is deemed desirable;
- proposes candidates to the BoD for the office of Director in cases of co-opting, where independent Directors need to be replaced, ensuring compliance with the requirements on the minimum number of independent directors and on the percentages reserved for the less-represented gender;
- expresses recommendations to the BoD in relation to the maximum number of appointments that members can take as Director or Statutory Auditor in other listed Companies, financial, banking, insurance or relatively large companies, compatible with the efficient performance of the office of company Director, bearing in mind the participation of Directors in the Committees established within the Board, as well as the exceptions to the

bans on competition provided for by Article 2390 of the Italian Civil Code;

- performs enquiries into preparation of the plan for the succession of Executive Directors, if the BoD decides to adopt such a plan;
- supports the Board of Directors in the annual self-assessment activity.

The power to determine the remuneration of the Directors holding specific office pursuant to the Articles of Association resides with the Board of Directors, upon approval of the RAC and the Board of Statutory Auditors.

The Committee is responsible for the preliminary assessment – with respect to the decisions of the Board of Directors – of the Annual Remuneration Report to be made available to the public before the annual Shareholders' Meeting called to approve the Financial Statements. The Report (to which reference should be made for further details) illustrates, among other things, the remuneration policy for members of the Board of Directors, the Board of Statutory Auditors and Senior Executives with strategic responsibilities and is aimed at increasing the knowledge and awareness of shareholders and, in general, of stakeholders and the market. The Chairperson of the Remuneration and Appointments Committee or another member of the Committee must be present at the annual Shareholders' Meeting called to approve the Financial Statements in order to inform shareholders of the methods by which the Committee performs its assigned duties. After the Shareholders' Meeting, the Remuneration and Appointments Committee analyses the voting results on the Report on Remuneration and Compensation Paid, examines any concerns arising at the Meeting and carries out assessments to review the Remuneration Policy adopted by the Group. The Shareholders' Meeting held on 29 April 2020 approved Section One of the Report on Remuneration and Compensation Paid and resolved to vote in favour of Section Two. The voting results are available on the Company's website.

REMUNERATION OF MEMBERS OF THE BOD AND SENIOR EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The Iren Shareholders' Meeting decides, upon appointment and for the duration of office, the total annual remuneration of the members of the Board of Directors and the maximum total amount for the remuneration of the Directors holding specific office provided for in the Articles of Association.

The BoD decides, on the suggestion of the Remuneration and Appointments Committee and considering the opinion of the Board of Statutory Auditors, the framework and remuneration of the Directors holding specific office (Chairperson, Deputy Chairperson and Chief Executive Officer) and the remuneration for the participation of the Directors in the Committees established within the Board. The BoD also defines the objectives that determine the variable annual short-term component of the remuneration of the Chief Executive Officer and General Manager. The Chief Executive Officer determines, taking into account the remuneration policy's provisions, the remuneration of Senior Executives with strategic responsibilities, and defines the objectives to which the variable annual short-term component is correlated, involving the Company's Remuneration and Appointments Committee in the process to obtain its prior opinion.

The remuneration of Non-Executive Directors is not related to the economic results achieved, but commensurate with the commitment

required of each of them, bearing in mind their potential participation in one or more of the Committees within the Board of Directors.

For the Chairperson and Deputy Chairperson, a fixed remuneration has been established, and no performance bonus is envisaged. The Chief Executive Officer participates in the short and long-term incentives system as described in the Remuneration Report approved by the Shareholders' Meeting.

Generally, without prejudice to compliance with the regulations in force, no indemnity is provided for directorship severance for Iren Directors. For the Chief Executive Officer and General Manager, compensation is envisaged in the event that the mandate is withdrawn without a legitimate cause or not renewed and, in view of the fixed-term management contract held with Iren, the treatment and severance indemnity established by law and the national collective labour agreement of reference apply.

For the Chief Executive Officer and Senior Executives with strategic responsibilities, the variable part of their remuneration is divided into two parts: short-term and long-term.

The **short-term variable remuneration component** – which, when all targets are achieved, reaches an average of about 37% of fixed remuneration – is based on an MbO (management by objectives) system that takes into consideration the Group's main objectives relating to economic, financial and operating performance, the main strategic projects and goals linked to ESG topics, through the introduction – for all Senior Executives with Strategic Responsibilities – of a performance indicator relating to relations with stakeholders and ESG matters (such as, for example, improving environmental performance, reducing the accident frequency rates, developing gender diversity). The scheme aims to prevent unsatisfactory results through the application of a "gate" condition related to the maintenance of the investment grade rating attributed by a leading rating agency. To make the incentives scheme more stimulating in the short term, for each performance indicator there is a fixed threshold of 70% of the objective with a target of 100% of the objective.

The objectives for senior managers, which are always defined in line with horizontal and vertical consistency at a Group level and within individual Business Units, also form the foundation of the management by objectives (MbO) system used for Senior and Junior Managers, assigned via cascading objectives.

The **long-term variable remuneration component** is cash-based, with amounts on an annual basis of up to 25% of fixed remuneration upon the achievement of all the targets that, in the current Long-Term Incentive Plan (LTI Plan) launched in 2019, are linked to the accomplishment of three economic goals (EBITDA, levered operating cash flow and cumulative investments) set out in the Group's Business Plan for the period 2019-2021, at the end of which payment may take place. The LTI Plan also provides an incremental mechanism in the event of significant overshooting of the operating cash flow target and decremental means linked to any failure to achieve sustainability and gender diversity objectives. Finally, the maintenance of the investment grade attributed by one of the three major rating agencies is provided for as a gate condition.

Malus and clawback clauses are provided for in the regulations of both systems (MbO and LTI).

Exceptional exogenous factors, which occurred in the first half of 2020 as a result of the pandemic emergency, have led to additional constraints and difficulties in the business management, execution of

activities and implementation of projects, with the need to identify new working methods and tools, in a logic of flexibility and resilience. In relation to this situation, it was decided not to change the targets set in the short-term incentive system but to eliminate the minimum incentive threshold for all beneficiaries of this system in exchange for a 5% penalty to be applied on the target amount. It has also been envisaged that in 2022 – subject to the full achievement of the individual targets assigned for 2021 – a bonus equal to 50% of the difference between the percentage of actual achievement of the 2020 objectives and the 100% target for 2020 will be payable.

No entry bonuses or specific incentives at the moment of appointment/taking office are adopted. The severance indemnity and supplementary pensions for Senior Executives with strategic responsibilities are established by law and by the national collective labour agreement.

■ CONTROL, RISK AND SUSTAINABILITY COMMITTEE

The Control, Risk and Sustainability Committee (CRSC) is composed of four non-executive Directors, the majority of whom – including the Chairperson – are independent. At least one member has appropriate experience in accounting and finance or risk management (deemed adequate by the Board of Directors upon their appointment).

The BoD, pursuing the priority objective of creating value in the medium-long term, defines the nature and the level of risk compatible with the Company's strategic objectives, evaluating the suitability of the organisational structure with particular reference to the internal control and risk evaluation system. In performing this role, the BoD is assisted by the Control, Risk and Sustainability Committee, which provides a preliminary opinion on the fulfilment of the duties assigned to the latter concerning internal control, risk management and sustainability. The Board of Statutory Auditors also monitors the effectiveness of the internal control and risk management system. The CRSC is also called upon to:

- assess, together with the Financial Reporting Manager and having consulted with the external auditor and the Board of Statutory Auditors, the proper use of the accounting principles and their consistency for the purpose of drafting the Consolidated Financial Statements;
- express opinions on specific aspects relative to identifying the main corporate risks (in particular, specific aspects relative to Risk Policies, the identification of the main company risks and the Audit Plan, as well as in regards the guidelines of the internal control and risk management system);
- express preliminary opinions with respect to resolutions of the BoD on a series of issues, including the appointment/revocation and remuneration of the Manager of the Internal Audit Unit;
- examine the periodic reports on the assessment of the internal control and risk management system and those of particular relevance drafted by the Internal Audit Unit;
- monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Unit;
- request that the Internal Audit Unit carry out checks on specific operating areas, providing simultaneous communication to the Chairperson of the Board of Statutory Auditors;

- report to the BoD, at least every six months, upon approval of the annual and interim Financial Report, on its activity and on the adequacy of the internal control and risk management system;
- through suitable preliminary activities, support the assessments and decisions of the Board of Directors relating to the management of risks arising from detrimental acts of which it has become aware;
- monitor sustainability policies and compliance with the conduct principles adopted by the Company and its subsidiaries;
- examine the issues under enquiry in terms of long-term sustainability of the basic principles and guidelines of strategic planning, of the Business Plan and of short-term planning, supervising the methods for implementing the same;
- assess, together with the Corporate Social Responsibility and Local Committees and having consulted the external auditor, the correct use of the standards adopted in order to draft the non-financial information provided for by the legislations in force;
- supervise the system for assessing and improving the environmental, economic and social impacts deriving from the business activities in the local areas;
- examine the periodic reports on the implementation of the structured comparison measures with stakeholders in the local areas where the Group operates, in particular through Local Committees, and those concerning consistency with corporate social responsibility issues of cultural activities and promotion of the Group's image.

The CRSC convenes, on an at least half-yearly basis, the Risk Management Manager and the other control departments for the Group risk report. The Committee also requests in-depth analysis on specific matters and commissions detailed analyses on certain risks or projects of a strategic nature; in 2020, it demanded a risk assessment of the Business Plan to 2025 for which the Risk Management Department constructed a quantitative stress test and a specific Risk Map relating to the risks of the Business Plan, in line with the revision of the Group Risk Map, which is an essential factor of integration with the Strategic Planning department for which further development is planned in future years.

M&A transactions and other initiatives of a strategic nature, assessed during the year, were also subject to detailed analysis, with a particular focus on the impact of these transactions on the Group's sustainability goals.

The Risk Management and Corporate Social Responsibility and Local Committees Departments convene at least twice a year by the CRSC, with one of the meetings held before the approval by the Board of Directors of the Consolidated Financial Statements and the Sustainability Report.

■ COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

The Committee for Transactions with Related Parties (CTRP), composed of four independent Non-Executive Directors, expresses its opinion on the performance of transactions of lesser and greater importance with Related Parties and, in general, performs all the other duties pursuant to the Regulation on transactions with related parties adopted by Consob.

The Procedure for transactions with related parties of Iren Group, approved by the Board of Directors and revised in 2019 (available on the Group website), identifies three types of transaction: greater importance, lesser importance, and transactions of small amounts – and lays out procedural and transparency conditions according to the type of transaction.

Iren has also established the Evaluation Commission for Transactions with Related Parties (composed of the Managers of the Administration, Finance and Control, Legal and Corporate Affairs, Risk Management and Corporate Responsibility Departments and, depending on the transaction in question, the First-Level Managers involved), with the function of permanently monitoring the process of evaluating transactions and filtering between management and the parties responsible for investigating transactions (typically, the CTRP). The procedure attributes a central role to the CTRP and, in order to guarantee the double requirement of independence and non-relation in the individual transaction to be investigated of the members of the CTRP, outlines the mechanisms for identifying any persons responsible, as an alternative, for the investigation.

For transactions of lesser importance, the CTRP is required to express a non-binding, supported opinion regarding the Company's interest in the completion of the transaction and the convenience and substantial correctness of the relative conditions. For transactions of greater importance, the CTRP is involved during the investigatory phase and is required to express a favourable opinion regarding the Company's interest in the completion of the transaction, as well as the convenience and substantial correctness of the relative conditions. In this case, the Evaluation Commission for Transactions with Related Parties produces a document to be disclosed to the market within seven days of the approval of the transaction by the competent body or, in the event that the competent body decides to present a contractual agreement, from the moment that the preliminary contract is concluded according to the applicable guidelines.

In the case of transactions involving the remuneration of Directors and Senior Executives with strategic responsibilities, the Remuneration and Appointments Committee assumes responsibility for the matter, limited to cases where the composition of the Committee meets the minimum requirements of independence and non-relation of its members as required by the Consob Regulation.

BOARD OF STATUTORY AUDITORS

Iren's Board of Statutory Auditors in office as of 31 December 2020 was appointed by the Shareholders' Meeting of 19 April 2018 (for three years until approval of the Company's Financial Statements as of 31 December 2020) and is composed of 3 Standing Auditors and 2 Supplementary Auditors.

Composition as of 31/12/2020

Michele Rutigliano	(Chairperson)
Simone Caprari	(Standing Auditor)
Cristina Chiantia	(Standing Auditor)
Donatella Busso	(Supplementary Auditor)
Marco Rossi	(Supplementary Auditor)

The Articles of Association establish the appointment of the Board of Statutory Auditors through the submission of the lists in order to

guarantee an adequate presence of the less-represented gender within the Board.

The Board of Statutory Auditors is called upon to assess the adequacy of the identification, measuring, management and monitoring system for corporate risks, as well as to verify the appropriate and prompt application of corrective actions held to be suitable for reducing risks to levels considered acceptable by the BoD when defining the business strategy. More specifically, the Board of Statutory Auditors verifies:

- the compliance of the acts and deliberations of the governing bodies with the regulation, statutory provisions and the Corporate Governance Code, as well as the tangible means of implementing the same;
- the compliance of management choices with the principles of correct administration and, thus, with the general criteria of economic rationality, such as control of substantial legitimacy and compliance with the operative procedures and/or practices in force;
- the adequacy of the organisation structure compared to the size and complexity of the Company, placing particular attention on the completeness of existing Company departments, on the separation and on contrasting responsibilities in the functions and duties, as well as the clear definition of mandates or powers of each department;
- the adequacy of the internal control system in relation to the size and complexity of the Company and the sector in which the Group operates, as well as strategic objectives;
- fulfilment of the obligations to draw up and publish the Non-Financial Statement under Italian Legislative Decree 254/2016;
- the adequacy of the procedures adopted by the Board of Directors to regulate transactions with related parties, as well as the compliance of the same with the laws and regulations on transparency and public information in this regard.

Also, the Board of Statutory Auditors, in its capacity as the "Internal Control and Audit Committee", is entrusted with the following tasks:

- monitor the statutory audit of the Separate Financial Statements and Consolidated Financial Statements, also taking into account any findings and conclusions of the quality controls carried out by Consob;
- review and monitor the autonomy of the Independent Auditors, especially concerning the adequacy of the provision of non-audit services, and, more specifically, contemplate the adoption of appropriate procedures for the authorisation of eligible non-audit services and evaluate in advance each request to refer to Independent Auditors for eligible non-audit services.

GOVERNANCE OF GROUP COMPANIES

Iren Ambiente, Iren Energia, Iren Mercato and Ireti (top-tier companies) have a traditional corporate governance system with a Board of Directors composed of 3 members, in the case of the first three companies, and by 4 members, in the case of Ireti, and a Board of Statutory Auditors composed of 3 Standing Auditors and 2 Supplementary Auditors.

Iren's Chief Executive Officer appoints the CEOs of the aforementioned companies, while the Chairperson, Directors and members of the Boards of Statutory Auditors are proposed by the Iren

BoD. The appointed persons are primarily and predominantly selected from Group personnel (Directors of the parent company, Senior Executives or Managers of Group companies, with suitable professional profiles), or persons external to the Group with experience and expertise appropriate to the role in question. One member of the Iren Board of Statutory Auditors must be present on the company Boards of Statutory Auditors.

As for the other companies reported in this Sustainability Report, the traditional corporate governance system is the one predominately adopted, with a monocratic composition of the administrative body in some cases and a collegial composition in others. The designations of competence of the Group within the governing bodies are disciplined by the Articles of Associations and Shareholders' Agreements in force for each company.

Iren's management and coordination of Iren Ambiente, Iren Energia, Iren Mercato and Ireti is expressly provided and governed by the Iren Articles of Association and those of the aforementioned companies. For other subsidiaries, management and coordination, where not expressly governed by the respective Articles of Association, derives from the organisational structure whereby the Business Departments are appointed by the parent company and report to its Chief Executive Officer.

The drafting of sustainability policies and conduct principles to be adopted at a Group level are the responsibility of the Board of Directors of the parent company, in order to ensure the creation of value over time for shareholders and all other stakeholders, in addition to the definition of a sustainability plan (strategic priorities, commitments and objectives) for the development of the Group.

ESG STRATEGIC INTEGRATION COMMITTEE AND SUSTAINABLE FINANCE COMMITTEE

The integration and monitoring of ESG (Environment, Social, Governance) factors, from strategic planning to the management and monitoring of the Group's activities, is entrusted to the **ESG Strategic Integration Committee**, set up in 2020, to ensure:

- sharing of scenario analyses for proposing guidelines and policies to integrate sustainability into business strategy and processes, to ensure the creation of value over time for the Group, its shareholders and other stakeholders;
- analysis of risks/opportunities related to ESG matters;
- assessment of the implications of national and European guidelines and standards regarding ESG profiles;
- sharing of environmental and social impact assessments arising from the Group's activities;
- analysis of the ESG positioning of Iren Group and proposal of initiatives for improvement;
- analysis and monitoring of sustainable finance instruments to support the Group's development strategy;
- periodic presentation of updates on ESG integration policies at Group level;
- spreading of the culture of sustainability.

The Committee, which meets at least quarterly, is composed of: Administration, Finance and Control Manager, Procurement, Logistics and Services Manager, Manager of CEO Office, Communications Manager, Corporate Social Responsibility and Local Committees Manager, Head of Personnel, Organisation and Information Systems

Manager, Risk Management Manager, Head of Finance and Credit Policy, Head of Investor Relations and Head of Planning and Control. The Committee is expected to involve the Managers of the BUs and other Departments in a targeted manner and ensure the mainstreaming of ESG factors at all Group levels.

The **Sustainable Finance Committee** operates in conjunction with the ESG Strategic Integration Committee and is responsible for defining the *sustainable finance framework* and for carrying out the following tasks:

- identification and selection of investments, activities and projects considered eligible for access to sustainable finance instruments, based on market standards and national and international frameworks, and which produce a positive and measurable impact in line with the Group's sustainability policy;
- monitoring of the progress of projects/activities financed with sustainable finance instruments;
- ensuring proper management of the process throughout the duration of the activated loan.

The Sustainable Finance Committee has the right of veto in the selection of activities/projects eligible for sustainable finance instruments, is coordinated by the Administration, Finance and Control Manager and is composed of: Corporate Social Responsibility and Local Committees Manager, Head of Planning and Control, Head of Finance and Credit Policy, Head of Financial Management and Sustainable Finance and Head of Investor Relations.

CSR DEPARTMENT AND LOCAL COMMITTEES

The following tasks are attributed to the Corporate Social Responsibility and Local Committees Department:

- definition of the sustainability impacts, targets and objectives for the Group's strategic plans, budgets and finance, in coordination with Strategic Planning, Finance and BUs;
- participation in the ESG Strategic Integration Committee and the Sustainable Financing Committee set up to identify the investments with a positive environmental impact within the Group's investments;
- definition of guidelines, oversight and management of activities for the Group's non-financial statement pursuant to Italian Legislative Decree 254/2016 and presentation to stakeholders;
- definition of the improvement plan relevant to the Group's Corporate Responsibility activities;
- definition of the engagement plan, management and analysis of the results from the dialogue with stakeholders;
- issue and update of the Code of Ethics, in collaboration with the Internal Audit and Compliance Department;
- issue and update of the operational Regulations for the Local Committees;
- establishment and management of the Local Committees and the on-line platform Irencollabora.it;
- coordination of projects promoted by the Local Committees with the aim of their implementation;
- creation of Group customer satisfaction surveys;
- participation in working tables and initiatives on strategic integration of sustainability;
- processing of data and information for sustainability ratings.

RISK MANAGEMENT SYSTEM

Iren Group has an Internal Control and Risk Management System, under the Corporate Governance Code for Listed Companies and the internal guidelines, which is configured as a transversal process that involves, with different roles and within the context of their respective competences, the administrative and control bodies of the Group, the Control, Risk and Sustainability Committee, the Directors of the parent company appointed for the internal control and management of risks and sustainability, the Head of the Internal Audit Unit, the Risk Management Manager and the Financial Reporting Manager, as well as all personnel of Iren Group companies. In particular, in compliance with the Corporate Governance Code, the Board of Directors assesses the adequacy of the Internal Control and Risk Management System compared to the characteristics of the Company and the indications expressed in the guidelines and carries out the following tasks, subject to the opinion of the Control, Risk and Sustainability Committee:

- defines the guidelines of the internal control and risk management system in line with the Company's strategies, so that the main risks relevant to the Group result are correctly identified, as well as adequately measured, managed and monitored, also determining the level of compatibility of such risks with business management consistent with the strategic objectives identified;
- at least once a year, assesses the adequacy of the internal control and risk management system relevant to the characteristics of the business and the risk profile undertaken, as well as its efficacy;
- at least once a year, approves the work plan prepared by the Internal Audit Unit and presented by the competent Delegated Body, after consulting the Directors in charge of the internal control and risk management system and the Board of Statutory Auditors;
- evaluates the opportunity to take measures to ensure the effectiveness and impartiality of the corporate functions involved in the controls, verifying that they have adequate professionalism and resources;
- assigns – in Iren Group to a body made up of external parties – the oversight functions provided for by Italian Legislative Decree 231/2001;
- describes, in the corporate governance report, the main features of the internal control and risk management system, the methods of coordination among the subjects involved in it, indicating the models and national and international best practices of reference and expressing its assessment of its adequacy;
- assesses, after consultation with the Board of Statutory Auditors, the results presented by the statutory auditor in any letter of suggestions and in the additional report addressed to the control body;
- defines “sustainability” policies and conduct principles in order to ensure the creation of value over time for shareholders and for all other stakeholders;
- defines a plan (strategic priorities, commitments and objectives) for the sustainable development of the Group;

- appoints and dismisses, upon proposal of the Deputy Chairperson (competent Delegated Body), in agreement with the Chairperson, subject to the approval of the Control, Risk and Sustainability Committee and subject to the opinion of the Board of Statutory Auditors, the Head of the Internal Audit Unit ensuring that they are provided with the adequate resources for the fulfilment of their responsibilities and defines their remuneration in line with company policies.

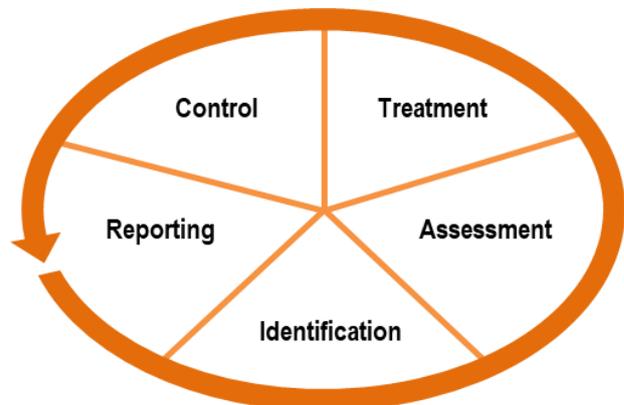
Iren's Board of Directors, through the CRSC, convenes the Risk Management Manager and the other control departments on at least a half-yearly basis for a report on Group risks in which the Risk Map is presented with the main risks in terms of impact and probability and any mitigation actions. In 2020, the Risk Management Department launched a project for the substantial revision of the Group's Risk Map, which led to the construction of a very detailed risk map, with qualitative and quantitative assessments of each risk and details of the controls and mitigation actions in place or planned.

The outcome of the Internal Audits, any critical issues detected and the status of measures implemented following the recommendations issued in the audits of previous years (follow-up) are reported in the Internal Audit Manager's six-monthly Report presented to the Risk, Control and Sustainability Committee, pursuant to the Corporate Governance Code for Listed Companies. In turn the Committee, on the basis of the information received, reports every six months to the BoD pointing out the critical areas identified and expressing its opinion of the Internal Control System.

With regard to any critical issues identified, the Head of Internal Audit prepares timely reports on particularly significant events for the Chairpersons of the Board of Statutory Auditors, the Control, Risk and Sustainability Committee and the Board of Directors.

RISK MANAGEMENT

Corporate risk management is an essential component of the Internal Control System, and the Corporate Governance Code for Listed Companies assigns specific responsibilities in this respect. The Enterprise Risk Management (ERM) model of Iren Group defines the methodological approach for the integrated management of the risks, which are broken down into the following phases:



Each process phase is performed in accordance with standards and references defined at Group level.

*Risk governance
is a strategic tool for
sustainable development*

The Group's Enterprise Risk Management model regulates the roles of the various parties involved in the risk management process, which is under the responsibility of the Board of Directors and envisages specific Committees that are responsible for the management of each type of risk.

The Enterprise Risk Management system focuses in particular on the management of:

- **financial risks** related to liquidity, interest rates, exchange rates and spreads;
- **credit risks**, related to events that may negatively affect the achievement of credit management objectives;
- **IT risks (cyber risks)**, attributable to threats that undermine cyber security, in particular data integrity, confidentiality and availability;
- **energy risks**, attributable to the supply of gas for the thermoelectric generation and the commercialisation of electricity and gas, as well as the hedging derivatives markets;
- **climate change risks**, which include risks due to the transition to a low-carbon economy (transition risks) and physical risks that may arise from catastrophic environmental events (acute risks) or from medium- to long-term changes in environmental patterns (chronic risks);
- **tax risks**, which can be traced back to the risk of operating in violation of tax regulations or in contrast with the principles and purposes of the tax system;

- **operational risks** relating to asset ownership, the exercise of business activities, processes and procedures. Also included are the rules and regulatory risks, whose impact on the business is monitored on an ongoing basis;
- **reputational risks** related to the impacts of any *malpractices* on stakeholders.

Specific policies have been defined for each type of risk with the primary goal of meeting strategic guidelines, the organisational/managerial principles, the macro processes and techniques necessary for active management of the related risks.

The Group's risk policies will be updated annually.

In 2020, the Iren's Board of Directors, who is responsible for approving substantial changes, approved the Cyber Risk Policy, the Climate Change Risk Policy and the Tax Control Model, while the other policies underwent some substantial revisions to adapt them to the current organisational models and the evolution of risk factors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

For each risk category conceived in the risk model – which in 2020 was the subject of a major revision project as part of the review of the Group risk map – environmental, social and governance (ESG) impacts are assessed, including those arising from the Covid-19 emergency, as shown in the map below.



Risk category impacted by Covid-19

ESG categories: Governance Risks Environmental Risks Social Risks

The assessment of ESG impacts shows a correlation between the priority topics defined in the materiality analysis process and the risks/opportunities, also with specific reference to the provisions of Italian Legislative Decree 254/2016 (Art. 3, paragraph 1, point c).

All priority topics are linked to one or more risks identified in the enterprise risk management model, as shown in the table below.

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
Economic development and value for local areas (F, A, B)	<ul style="list-style-type: none"> Failure to meet the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) Reduction in value distributed to stakeholders Negative ratings or downgrading in ratings Ineffective performance communication <i>Business opportunities related to energy and environmental transition and technological and digital evolution</i> <i>Access to sustainable finance instruments</i> 	<ul style="list-style-type: none"> Planning and monitoring of Business Plan targets and sustainable finance instruments ERM system (Financial Risk Policy, Credit Risk Policy) Structured financial management for return on investment Structured traditional investor relationship system and ESG Adoption of sustainable finance instruments Transparent performance communications Medium and/or long-term objectives for management
Competitiveness on the market (F, A, B, E2)	<ul style="list-style-type: none"> Failure to meet the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) Loss of growth opportunities in business sectors Commercial practices inconsistent with the existing legal/regulatory framework <i>Business opportunities related to energy and environmental transition and technological and digital evolution</i> 	<ul style="list-style-type: none"> Planning and monitoring of Business Plan targets Code of Ethics ARERA Code of Business Conduct ERM System
Innovation and smart cities (F, A7)	<ul style="list-style-type: none"> Failure to meet the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments Delay in technological change <i>Accelerating digital transformation</i> <i>Business opportunities related to energy and environmental transition and technological evolution</i> <i>Participation in local systems to build resilient cities</i> 	<ul style="list-style-type: none"> Planning and monitoring of Business Plan targets and sustainable finance instruments Group innovation plan and related investments
Efficient and reliable services Management of emergencies (G1, G3, G4, G5, G8, E3, F4)	<ul style="list-style-type: none"> Failure to meet the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments Malfunctions or business interruption of plants, networks and services Damage to third parties (persons and/or property) attributable to activities carried out by the Group Accidental spills impacting on soil or water Cyber risk or inadequacy of the ICT system Non-compliance in the processing of personal data Legal proceedings brought by consumers 	<ul style="list-style-type: none"> Planning and monitoring of Business Plan targets and sustainable finance instruments ERM system (Operational Risk Policy, Climate Change Risk Policy and Cyber Risk Policy) Service and plant monitoring tools, remotely controlled systems for the safety of networks and plants Business continuity plan Emergency management planning Annual customer satisfaction surveys and identification of improvement actions Insurance plans 27001 certification Personal data processing management system
Circular economy: management, sorted waste collection and reuse of waste (C3, E2, F1, F4, G3, G6, A4)	<ul style="list-style-type: none"> Failure to meet the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments Impacts inconsistent with circular economy directives or negative environmental, health and safety impacts with consequent negative reputational and economic impacts Loss of environmental authorisations Incorrect handling of waste by employees or suppliers <i>Favourable regulatory framework</i> <i>Growth opportunities in the domestic market</i> <i>Increased consumer awareness</i> 	<ul style="list-style-type: none"> Planning and monitoring of Business Plan targets and sustainable finance instruments ERM system (Operational Risk Policy and Climate Change Risk Policy) Certified Management System (risk assessment, containment measures and third-party audits) Adoption of best available technologies Organisational model 231 Procedures: Environmental analysis, special waste management Environmental authorisations Requirements in the specifications regarding the tracing of waste and timely checks Qualification and monitoring of suppliers Audit of the most significant and potentially sensitive contracts concerning environmental protection Medium- and/or long-term objectives for management

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
Energy efficiency, renewable sources and district heating (B1, C1, C3, F1, G3)	<ul style="list-style-type: none"> • Failure to meet the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments • Impacts inconsistent with directives and guidelines on energy efficiency and production from renewable sources, resulting in negative economic and reputational impacts • Shortage of water resources affecting hydropower generation • Reduction in demand for district heating caused by the rise in average temperatures • Extreme natural phenomena that may cause impacts on assets or the district heating network • Changes in the legislative/regulatory framework regarding incentives for energy efficiency measures • <i>Growth opportunities in the energy efficiency sector</i> • <i>Evaluation of possible external growth lines in the renewables sector</i> • <i>Extendability of district heating systems in new geographical areas</i> 	<ul style="list-style-type: none"> • Planning and monitoring of Business Plan targets and sustainable finance instruments • ERM system (Operational Risk Policy and Climate Change Risk Policy) • Certified Management System (risk assessment, containment measures and third-party audits) • Procedures: Environmental analysis • Temperature monitoring • Adoption of state-of-the-art technologies • Maintenance plans, including predictive plans • Use of materials and components less subject to climate change • Medium and/or long-term objectives for management
Sustainable use of water resources (C3, F1, G1, G3, G6)	<ul style="list-style-type: none"> • Failure to meet the targets set out by the regulations and the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments • Negative impacts on environment, health and safety with consequent negative reputational and economic impacts • Interruptions to the integrated water service • Failure to meet regulatory water quality levels for distributed and discharged water • Accidental spills impacting groundwater and surface water bodies • Extreme or chronic natural phenomena that may cause impacts on assets or networks • Shortage of water resources due to droughts and, in the longer term, climate change • <i>Access to reward systems linked to improved environmental performance</i> • <i>Reduction of energy consumption related to the reduction of water resource leaks in the network</i> 	<ul style="list-style-type: none"> • Planning and monitoring of Business Plan targets and sustainable finance instruments • Investment plan for network replacement and division of the network into districts • ERM system (Operational Risk Policy and Climate Change Risk Policy) • Certified Management System (risk assessment, containment measures and third-party audits) • Procedures: Environmental analysis, Management and control of water withdrawals and discharges, Management of accidental spills of hazardous and/or polluting substances • Water resources monitoring plans with targets on water resource withdrawn • Water conservation strategies • Temperature monitoring • Adoption of state-of-the-art technologies • Maintenance plans, including predictive plans • Medium- and/or long-term objectives for management
Emissions (C3, E2, G1, G2, G3, A4)	<ul style="list-style-type: none"> • Failure to meet the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments • Negative impacts on environment, health and safety with consequent negative reputational and economic impacts • Unintentional exceeding of emission thresholds provided for by environmental authorisations or regulations • Loss of environmental certifications • Tightening of emission constraints and need for adaptation of processes/plants • Errors/omissions in the design/permit/implementation activities with subsequent impairment of plant operating continuity 	<ul style="list-style-type: none"> • Planning and monitoring of Business Plan targets and sustainable finance instruments • ERM system (Operational Risk Policy and Climate Change Risk Policy) • Certified Management System (risk assessment, containment measures and third-party audits) • Organisational model 231 • Procedures: Environmental analysis, Management of emissions from waste-to-energy plants and thermoelectric power stations, Management of emergencies aimed at returning within certain time-scales to the established emission thresholds, Management and maintenance of vehicle fleets • Adoption of best available technologies • Continuous emission monitoring systems and real-time connection with control bodies • Periodic audits by control bodies • Improvement plans and related investments • Environmental authorisations • Medium and/or long-term objectives for management
Responsible management of business segments (G1, G3, G7, F4)	<ul style="list-style-type: none"> • Noise pollution related to the Group's activities • Odour emissions into the atmosphere • Generation of electromagnetic fields 	<ul style="list-style-type: none"> • ERM system (Operational Risk Policy and Climate Change Risk Policy) • Certified Management System (risk assessment, containment measures and third-party audits) • Adoption of best available technologies • Environmental authorisations

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
Biodiversity (C1, C3, E2, G1, G3)	<ul style="list-style-type: none"> Natural/accidental event affecting minimum vital water flow mechanisms according to regulations Possible gaps in monitoring the biodiversity impact of plants, activities or services Accidental spills impacting biodiversity 	<ul style="list-style-type: none"> Business Plan ERM System Certified Management System (risk assessment, containment measures and third-party audits) Biodiversity policy Procedures: Environmental analysis Mapping of the Group's plants and networks for biodiversity impacts assessment (to be completed) Plant equipment and monitoring systems to minimize possible impacts on biodiversity Contingency plans Collaboration with local protection agencies, institutions and associations
Sustainable management of the supply chain (A4, F4, G1)	<ul style="list-style-type: none"> Qualification in the Register of a supplier not complying with the Group's quality/sustainability standards Occupational accidents and work-related illness of employees of third-party companies Non-compliance with health and safety regulations by suppliers, including in relation to pandemic events Violation of the Code of Ethics and current regulations by suppliers Supplier behaviours that disregard the values of diversity and inclusion Supplier behaviours that do not comply with the Group's environmental regulations and policies 	<ul style="list-style-type: none"> Code of Ethics Questionnaire for supplier qualification Score for qualification in the Supplier's Register Monitoring of potentially sensitive contracts concerning environmental protection and health and safety at work Supply chain monitoring on workers' rights Supply chain monitoring on human rights Contracts that enhance the work of disadvantaged personnel Contractual clauses with suppliers on Code of Ethics and social criteria
Service levels offered, customer focus and changes in customer expectations (G1, G6, E3, F4, A4)	<ul style="list-style-type: none"> Loss of customers Errors in service charges and credit management Reduction in customer satisfaction levels Delays/defaults by suppliers in the execution of outsourced activities Non-compliance with customer protection protocols and regulations Failure or improper management of customer relations Disputes with customers, Consumer Associations/Class action suits Loss of ISO 9001 certification and the subsequent inability to participate in tenders <p>• <i>Market share development</i></p>	<ul style="list-style-type: none"> Business Plan and related investments for service quality Code of Ethics Certified Management System (risk assessment, containment measures and third-party audits) ERM System Multi-channel CRM and caring initiatives Specific agreements with consumer organisations and constant monitoring of relations Protocols and regulations concerning customer protection via specific processes and procedures Annual customer satisfaction surveys and identification of improvement actions Monitoring activities and definition of corrective actions in case of claims/complaints Service charters and service specifications Joint conciliation Medium and/or long-term objectives for management
Employment, development of human resources and welfare (E3, G4, F4)	<ul style="list-style-type: none"> Failure to meet Business Plan targets Loss of key skills Loss of talent Slowdown/interruption of operations and/or impairment of service quality level due to lack of personnel Outsourcing policies not adequately managed Labour disputes Sanctions and fines for non-compliance with labour laws Lack of attention to employees' well-being Poor work-life balance <p>• <i>Improving the internal climate</i></p> <p>• <i>Favourable legislative framework for better corporate welfare</i></p>	<ul style="list-style-type: none"> Planning and monitoring of Business Plan targets Code of Ethics Certified Management System (risk assessment, containment measures and third-party audits) Talent acquisition initiatives Compensation & benefits policies Corporate retention and welfare programmes Monitoring of labour law developments and specific audits on regulatory compliance Procedures: Personnel recruitment and selection; Training and education Guidelines: Definition of key resources; Management by objectives; Economic and professional development Internal communication Career planning and merit enhancement systems Welfare plan Medium and/or long-term objectives for management

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
Industrial relations (G4, F4, A6)	<ul style="list-style-type: none"> Disruption of relations with trade unions and the subsequent negative operational and reputational impact Slowdown/interruption of operations due to workers' strikes (e.g. on the occasion of renewal of the collective agreement, business transformation, organizational changes, etc.) 	<ul style="list-style-type: none"> Management of industrial relations articulated on 3 levels: Group, Company, local areas Studies for the renewal of the reference National Collective Labour Agreements and participation in their work at national level
Occupational health and safety (G7, F4, E2, E3)	<ul style="list-style-type: none"> Occupational accidents and work-related illness of employees Epidemic events affecting workers' health Civil and/or criminal liability of persons covered by Italian Legislative Decree 81/08 Loss of ISO 18001 certification and the subsequent loss of the INAIL award Non-compliance with health and safety standards Negative operational, economic and reputational impact related to the failure to protect the health and safety of workers <i>Technological innovations that make operations safer</i> 	<ul style="list-style-type: none"> Planning and monitoring of Business Plan targets Code of Ethics Prevention and protection service Specific personnel training ERM system Certified Management System (risk assessment, containment measures and third-party audits) Procedures: Management of occupational health and safety aspects; PPE management; Management of accidents and injuries; Protection of the health and safety of pregnant workers, those who have recently given birth and those who are breastfeeding Emergency management planning Health monitoring plans Insurance plans Organisational model 231 and information flows to the Health and Safety Supervisory Bodies "Near miss" analysis and subsequent actions Medium and/or long-term objectives for management
Diversity and inclusion (G4, F4)	<ul style="list-style-type: none"> Failure to meet Business Plan targets Collective/individual policies/behaviours that disregard the values of diversity and inclusion Advertising content perceived as discriminatory 	<ul style="list-style-type: none"> Planning and monitoring of Business Plan targets Code of Ethics Diversity management programmes and initiatives "Futuro D" Project Hiring of disadvantaged personnel Medium and/or long-term objectives for management
Human rights (G4, F4, E3)	<ul style="list-style-type: none"> Violation of conduct criteria of the Code of Ethics and current regulations by employees Discriminatory actions against customers and employees Violation of the rights of people with disabilities Violation of the rights of employees and contractors in the supply chain Negative operational, economic and reputational impacts of human rights violations 	<ul style="list-style-type: none"> Code of Ethics System for reporting to the Supervisory Bodies National Collective Labour Agreements Service charters Removal of architectural barriers in Group buildings Accessibility of services for people with disabilities
Dialogue with Public Authorities (A6, F4)	<ul style="list-style-type: none"> Disruption of relations with Public Authorities with subsequent negative reputational impact Ineffective communication with institutions Disputes with Public Authorities Commission of offences against the Public Administration 	<ul style="list-style-type: none"> Code of Ethics Organisational model 231 Organisational and managerial oversight Local Committees
Development of local communities Environmental education (A6, A7, F1, F4)	<ul style="list-style-type: none"> Disruption of relations with the representative subjects of the local areas with subsequent negative reputational impact Negative perception by the community related to the presence of Group's plants or managed activities Lack of perception of the Group's investments for the development/modernisation of regional infrastructures <i>Next Generation EU investment plan</i> <i>Policy and legislative framework increasingly oriented towards sustainable development</i> <i>Participation in national and international networks for sustainable development</i> 	<ul style="list-style-type: none"> Business Plan and related investments for regional infrastructures Structured communication plans on strategies, objectives, plants and services Local Committees Eduhren educational programme Sustainability awareness programmes Monitoring activities and definition of corrective actions in case of claims/complaints Procedures: Sponsorship management, Media Relations management Plants open to visitors
Ethics, fight against corruption and legal compliance (E2, E3, F4)	<ul style="list-style-type: none"> Commission of offences related to Italian Legislative Decree 231/2001 Non-compliance with tax regulations Company's administrative responsibility for violation of rules and regulations Criminal liability of management for violation of regulations Violation of the Code of Ethics conduct criteria Negative operational, economic and reputational impact deriving from conduct contrary to company ethics, rules and regulations 	<ul style="list-style-type: none"> ERM system (Tax Risk Policy/Tax Control Model) Organisational model 231 Code of Ethics Internal Audit Plan Supervisory Bodies Employee training on Model 231 and Code of Ethics Procedures: Whistleblowing Sanctioning system

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
Internal and external communication (E1, E2, F4, F5)	<ul style="list-style-type: none"> • Ineffective communication with local communities and institutions resulting in negative reputational impact • Infringement of confidentiality or abuse of privileged information • Errors/omissions in the contents of a product/service communication campaign • Ineffective communication towards employees • Violation of the Code of Ethics conduct criteria • <i>Brand promotion</i> 	<ul style="list-style-type: none"> • Structured communication plans on strategies, objectives, plants and services • Code of Ethics • Employee training on Code of Ethics • Procedures: Management of Media Relations, Whistleblowing, Internal dealing, Management of relevant and privileged information, Internal management and external communication of relevant information and/or privileged information • Sanctioning system

The Group Risk Management Department, which reports to the Deputy Chairperson, is responsible, among other things, for the audit of the ERM integrated management system of the Group, in terms of methodological approach, definition of policies and monitoring of the system and, in collaboration with the Chief Executive Officer, for taking out and managing insurance policies with the support of the Procurement, Logistics and Services and Legal Affairs Departments. A periodic assessment process is also in place with regard to adverse events in the various sectors and across all Group's operational areas in order to describe in detail their causes and implement the most suitable methods for preventing and/or limiting the impacts of the events.

GOVERNANCE TOOLS

The governance of economic, environmental and social factors is also managed through a structured and coordinated system of tools that ensure consistency with the mission, values and strategies of Iren Group.

CODE OF ETHICS

The Code of Ethics transposes the mission, vision and values of Iren Group into conduct standards for all employees and for all those who work with and for the Group. It is also the cornerstone of the organisational model aimed at preventing the crimes laid down by Italian Legislative Decree 231/2001, including corruption.

In December 2020, Iren's Board of Directors approved the updating of the Code of Ethics, intending to keep it dynamically aligned with the Group's organisational changes and regulatory developments, with particular regard to the Italian Legislative Decree 231/2001. The Code of Ethics also focuses on the need for sustainable development, considered fundamental by Iren Group, which believes that behaviours are becoming increasingly ethical and equitable starting from the pursuit of social, economic and environmental sustainability.

Iren Group strives to disseminate and promote awareness of the Code of Ethics to its employees and everyone who works for the Group. To this end, 535 employees were involved in training activities on the Code in 2020 and, following the update of the Code at the end of the year, specific training for employees and dissemination, for all recipients, through the widest channels available, including the websites of Group Companies, the Intranet, notice boards and the suppliers portal, is planned for 2021.

The Code of Ethics defines the general conduct criteria regarding respect for the Constitution, laws, regulations and ethical principles, human rights and personal dignity, respect for and protection of the market, competition, and industrial property, protection of personal data, the correct use of technology and the computer system and environmental protection. The Code also regulates the criteria of conduct in relations with shareholders and personnel – with particular reference to personnel policies, occupational health and safety, duties of employees, conflicts of interest and use of company assets – in relations with customers, suppliers, external collaborators, public institutions, judicial agencies, public supervisory authorities, political and trade union organisations. Other specific rules of conduct concern confidentiality, internal management and communication of information, rewards and benefits, management of promotional activities, sponsorships and contributions, aspects of accounting, taxation and internal controls, reporting and whistleblowing.

Observation of the content of the Code of Ethics by all those who work on behalf of Iren is of fundamental importance for the smooth operation, reliability and reputation of the Group.

Senior Executives and Managers of company bodies and department undertake to disseminate the knowledge and sharing of the rules of the Code of Ethics, to make employees and collaborators follow them, to encourage and protect reports of possible violations, and promptly report any acceptance, taking the immediate and essential corrective actions required by the situation.

With regard to the external parties to whom the Code is addressed, the Group undertakes to introduce contractual clauses and/or to obtain signed declarations that formalise the acknowledgement, acceptance and compliance with the principles set out in the Code. Explicit acceptance of the Code of Ethics is required by all suppliers from the offer stage, without the possibility of exceptions or amendments. Companies participating in the tenders are required to report any attempt to disturb, any irregularities or misrepresentation by any competitor or party involved, during the tender and/or when performing the contract, to the Iren Group company that calls for the tender, as well as any anomalous request or demand from Group employees or anyone who can influence the decisions of the tender or the contract and its execution.

The Code of Ethics requires all the Group's employees and collaborators to report to the Supervisory Body or their superiors or Iren's Internal Audit and Compliance Department, depending on their area of competence, any possible violation of the Code of Ethics or any request for infringement that has been addressed to them. Such reports can also be made anonymously with all the guarantees provided by the law on so-called Whistleblowing.

The Group Companies and the Supervisory Bodies shall ensure that those who have made the reports are not subjected to retaliation, discrimination or, in any case, penalisation, whether direct or indirect, for reasons connected directly or indirectly to the report, thus ensuring the appropriate confidentiality.

Iren ensures the verification of each notice of breach of the Code of Ethics, received pursuant to the methods and through the channels specified by the Code, the assessment of the facts and the application of appropriate sanctions in case of breaches. In particular, it is the responsibility of the Supervisory Body to monitor, within the scope of its competence, compliance with the Code of Ethics, with a view to guarding against the risk of committing the offences envisaged by Italian Legislative Decree 231/01 and formulate its own observations regarding alleged violations of the Code of Ethics of which it is aware, reporting any violations found to the competent company bodies.

Iren's Corporate Social Responsibility and Local Committees Department has the task of promoting awareness, ensuring the updating, dissemination, interpretation and implementation of the provisions of the Code of Ethics. The Code of Ethics is available on the Group's website in order to achieve maximum dissemination and understanding. Furthermore, to support ethical conduct and compliance with the law and Code of Ethics, Iren Group makes available information concerning laws, regulations and insights regarding quality, safety and environment to all stakeholders, both internal and external. This can be found on the Company's website and Intranet.

In 2020, the Group received one report of a violation of the Code of Ethics which, after the preliminary investigation carried out, was not found to be justified.

ORGANISATIONAL MODEL 231

Iren and the Group's main Companies have adopted organisation, management and control Models pursuant to Italian Legislative Decree 231/2001 (Model 231), which configure a structured and organic system of control activities and procedures to prevent, where possible, conduct that could constitute the commission of the crimes covered under the Italian Legislative Decree 231/2001, which also include crimes related to corruption.

In 2020, the project continued to revise and update Models 231 maintained by the holding company and the main Group Companies to ensure that they are consistent over time with the organisational changes that have taken place and effectively introduce new criminal offences by the legislator.

The revision of the Models is carried out following a risk self-assessment methodology consisting of the identification and self-assessment being conducted by management ("risk owners") in processes, sub-processes or activities at risk of 231-related crimes, also assessing potential risk, the control level and the remaining risk of each sensitive activity.

Management submitted the updated Models 231 to the Supervisory Bodies, approved by the Companies' Boards of Directors and published on the Company Intranet, informing all employees that they are required to consult the Model and adopt behaviours that comply with its provisions.

The adequacy, effectiveness and suitability of the Model 231, of which the Code of Ethics is an integral part, is monitored by the Supervisory Body.

Each recipient of the Model 231 is required to report any breaches or suspected breaches of the Code of Ethics or the control principles outlined in the Model (so-called whistleblowing). For this purpose, the Group adopted a procedure for handling reports to the Supervisory Body of the Model 231 that governs how reports are communicated and regulates the tasks and verification activities performed by the person receiving the report. Reports are always handled (for some companies also through the "Comunica Whistleblowing" IT tool) in compliance with the confidentiality of the whistleblower's identity and the principles and provisions of the Organisational Model 231. The Group promotes the whistleblowing procedures through specific training, also with a view to developing a positive corporate culture.

Any reports received from internal and external parties during the period about alleged breaches of the Model or Code of Ethics are discussed in the Supervisory Body's half-yearly report to the BoD.

In 2020, a report was made to one of Iren Group's Supervisory Bodies. The report was processed and managed in compliance with the provisions of the Procedure for the management of whistleblowing reports to the Supervisory Body of suspected breaches to the Organisational Model 231.

SUPERVISORY BODIES

Iren and the main Group Companies established, with a resolution of the Board of Directors, the Supervisory Body (SB) according to Italian Legislative Decree 231/2001, tasked with monitoring the functioning and compliance of the Model and updating it, and with the objective of meeting the requirements of autonomy, independence, professionalism and continuity of action. The Supervisory Body is vested with the powers of initiative and control necessary to ensure effective and efficient supervision of the operation of and compliance with the Model under the provisions of art. 6 of Italian Legislative Decree 231/01. The Supervisory Body carries out, with the assistance of the competent Company Departments, checks on the areas of activity that are considered at risk under the Italian Legislative Decree 231/2001, and half-yearly reports to the Board of Directors on its activities and findings. When deemed necessary, the Supervisory Body gives suggestions aimed at improving the control system for activities and oversees their implementation. The assignment of these responsibilities to a body equipped with autonomous powers of initiative and control, together with the correct and effective performance of the same, are fundamental prerequisites for the exemption from liability provided for by Italian Legislative Decree 231/01.

CORRUPTION PREVENTION

In the performance of its activities, Iren Group Companies manage relations with the public administrations and with third parties, regulated by the principles established by the Code of Ethics and the Model 231, which provide the guidelines and codes of conduct that aim to prevent, insofar as possible, the commission of offences pursuant to the Decree. Company processes are also regulated by specific procedures defining roles, responsibilities and methods of control, establishing the traceability of processes and the clarity of

authorisations to ensure transparency and honesty in company's activities.

In 2020, the Supervisory Body completed the project to update the parent company's Model 231. This project included mapping processes and the self-assessment of activities at risk of 231-related crimes. The project identified processes and company areas "sensitive" to the potential risk of committing the offences indicated in the Decree within the activities carried out by the company. In particular, sensitive activities at risk of corruption were identified, for which suitable internal rules were provided to supplement the Code of Ethics (general control principles and specific conduct and control protocols), such as, but not limited to:

- the selection and formation of contractual relations with suppliers;
- consulting selection and management (public and private bodies);
- HR selection, recruitment and management, management of the bonus system;
- management of sponsorships, gifts and donations;
- support in the management of relationships with public bodies to attain or renew authorisations, licences and concessions for carrying out corporate activities;
- management of public grants, payments and contributions;
- support to Group companies in participating in tenders for the sale/award of public utility services.

The process mapping, risk self-assessment, preparation of the Model of Organisation, Management and Control, examination and approval of the document by the Board of Directors, its dissemination and relative training initiatives, are also training activities on anti-corruption for each of the parties involved in the various activities.

The audit activities concerning the issue of corruption fall into the context of broader audit activities regarding the internal control system of processes with a view to preventing the most significant risks.

As part of the audits carried out, the adequacy of the internal control system is assessed regarding the most significant risks; by way of example, in 2020, audits were carried out on the following processes: management of sponsorships, qualification of suppliers, management of declarations to the Customs and Monopolies Agency, management of research and innovation projects and related calls for tenders, management of Iren Local Committees.

With regard to communication and training on the offences of the Italian Legislative Decree 231/2001, which also includes policies and procedures for the prevention of corruption, the activity is diversified according to the roles and responsibilities of the recipients, with the aim of conveying knowledge and instructions on specific aspects of the Model 231 such to ensure the awareness and full understanding of the internal provisions to be complied with and the ethical standards that inspire their conduct.

The training activities of the parent company involve the members of the Board of Directors, First-Level Managers and Managers of the Business Units in specific classroom sessions.

The training for executives, junior managers and office workers is delivered through e-learning sessions that are updated and renewed periodically following changes to legislation. This enables all personnel to be reached quickly, with the possibility of target-based

profiling and the attribution of the entire course or individual training modules depending on the previous training level of the individual person. The frequency and content of the training activities are designed to provide a full understanding of the Decree and awareness of the Model. Training is mandatory and controls are in place to verify participation and learning.

Based on the policy adopted, employee training activities were planned for the year, which saw 2,129 hours of training provided to 523 employees and will continue in 2021.

Training on anti-corruption policies and procedures	2020	2019	2018
Total trained employees	523	22	362
Trained employees by qualification	no. %	no. %	no. %
Executives	7 7.6	16 16.7	4 4.4
Junior managers	26 8.4	1 0.3	38 13.0
White collars	490 13.8	5 0.1	305 9.4

In 2020, the Group identified a training company, highly specialized in e-learning, intending to create by the first half of 2021 a new course, to be distributed to all employees (excluding blue collars) of the Group's consolidated companies for asynchronous distance learning, with updated content concerning Models 231 and accompanied by interviews with Group employees. The course also includes a section dedicated to the updated contents of the Code of Ethics for all employees.

Reports on training are regularly sent to the Supervisory Bodies.

All employees are also provided with information, through a dedicated section of the Company Intranet, on their Company's Model 231 and the Group Code of Ethics. Appropriate communications tools are employed to update employees on any changes to the Model and, in this context, it is noted that the Model itself outlines specific conduct and control protocols which must be complied with by all employees throughout their working activities.

In 2020, no confirmed instances of corruption were reported within Group Companies.

PROTECTION OF HUMAN RIGHTS

Attention to and respect of individuals are issues that Iren Group places at the heart of its growth and the sustainable development of the community and local area.

The Group operates mainly in Italy, where a complex system of laws contributes to preventing the risk of human rights violations. Nevertheless, the Group considers the UN Universal Declaration of Human Rights, the International Labour Conventions and Recommendations issued by the ILO (International Labour Organization) and the Earth Charter drawn up by the Earth Council, along with the principles of the UN Global Compact that Iren has adopted since 2020, and the UN Sustainable Development Goals, to be essential points in defining its values.

Acknowledging the absolute value of the fundamental principles of the Constitution of the Italian Republic, Iren Group, in its own Code of Ethics, considers respect for the dignity of people and the

condemnation of any discrimination – trade union, political, religious, racial, language or gender discrimination – as central, with the promotion of an inclusive culture at all levels. These principles, set out in the Code of Ethics and aimed at combating all violations of human rights, translate into the rejection of all forms of forced labour or employment of irregular staff, of negotiations or assignments that might violate or contradict the fundamental principles underlying the respect for human dignity, and in our commitment to not collaborate with partners that violate these principles, with particular reference to the exploitation of child labour and the protection of the primary guarantees of all workers.

At Iren Group, respect for human rights is always a fundamental prerequisite for correct business activity, which is reflected in our scrupulous compliance with the law and contract regulations, with the provisions of the Model 231 and the Code of Ethics, as well as in our constant discussion with Trade Unions and Stakeholders (via Local Committees) and in the suppliers' management system. This issue is so integral to the company culture that all action areas and tools mentioned above are subject to constant update and improvement.

The Group has also adopted instruments to encourage accessibility and use of services, particularly for disabled people, more vulnerable categories and foreign language speakers.

Also in 2020, in the non-recurring operations aimed at the acquisition of companies/shares, the Group carried out, with the support of specifically appointed advisors, the appropriate due diligence activities aimed, among other things, at verifying the application of labour and occupational safety laws provided for by Italian legislation.

In order to share its ethical values and conduct principles with its stakeholders, the Group has prepared, in addition to the Code of Ethics, social standards on human rights and working conditions along the supply chain.

In 2020, a fourth analysis was carried out on suppliers through a questionnaire to ascertain the human rights policies adopted by companies that hold active contracts with the Group (see page 121 for more details).

Of the 2,162 supplier companies that responded (38% of the total), 50% have human rights policies in place that fall, in order of priority, into the following areas:

- equal opportunities and equal treatment irrespective of race, gender, language, religion, nationality, political opinion, sexual orientation, social status, disability, age or other condition of the individual that is not connected to the requirements for carrying out their job;
- formal reporting systems that allow workers to report human rights breaches, ensuring the protection of the reporter's identity;
- checking of the age of employees during the hiring process, including by recruitment companies;

- training to raise awareness and prevent discrimination;
- measures to integrate employees;
- formal control systems to ensure that the company does not request that its employees deposit money, identity documents or credit cards during the hiring process.

Furthermore, 15% of those who responded to the questionnaire stated that there is an employee within their organisation who is officially responsible for human rights issues. Finally, a single case of complaint or legal action for discriminatory practices was detected among the responding suppliers.

This survey is repeated regularly to maintain constant monitoring of the supply chain.

QSE CERTIFIED SYSTEM

Iren Group strives to offer its customers and residents service efficiency, effectiveness, economic convenience and high quality, operating with expertise and professionalism in full respect of the environment and safety, contributing to the well-being of its personnel and the community.

For this reason, the Group has developed an Integrated System (Quality, Safety and Environment – QSE), which is structured in such a way so as to adequately monitor all operating processes that influence the service levels with attention increasingly focused on the customer and on the basis of risk identification and governance as part of the ongoing analysis of the organisational context and the needs and expectations of the parties involved. The Certified System is actually a streamlined and flexible organisational model that adapts quickly to changes in customer expectations and needs and organisational changes within the Group, thereby ensuring continuous monitoring of the effectiveness and efficiency of the processes at the same time.

The values of Iren Group are applied and expressed in the QSE Policy, which is acknowledged and shared by all personnel, in the following basic principles of the Certified System.



The Quality, Safety and Environment management systems are overseen for each first-level Company by the Personnel, Organisation and Information Systems Department of Iren.

MAIN CERTIFICATIONS

	ISO 9001 (Quality)	OHSAS 18001/ ISO 45001 (Safety)	ISO 14001 (Environment)	ISO 27001 (Information Security)	EMAS	UNI 11352 (ESCo)	ISO 50001 (energy efficiency)	ISO 17025 (Laboratories)
Iren	•	•	•	•				
Iren Ambiente	•	•	•		• (3 sites)			
Iren Energia	•	•	•		• (4 sites)	•	•	
Ireti	•	•	•					
Iren Mercato	•	•						
Acam Acque	•	•	•					
Acam Ambiente	•	•	•					
Amiat	•	•	•					•
ASM Vercelli	•	•	•					
Atena Trading	•	•						
Bonifica Autocisterne	•							
I.Blu	•	•	•					
Iren Acqua	•	•	•					
Iren Acqua Tigullio	•	•	•					
Iren Laboratori	•	•	•					•
Iren Smart Solutions	•	•	•			•	•	
ReCos	•	•	•					
Salerno Energia Vendite	•							
San Germano	•	•	•					
Studio Alfa	•							•
Territorio e Risorse	•		•					
TRM	•	•	•		• (1 site)			

In 2020, Iren acquired ISO 27001 certification for information security. In addition, Iren Smart Solutions is F-GAS certified, while Iren Mercato, already certified in accordance with the Certiquality Technical Document no. 66 regarding the sale of green energy, in 2020, also earned the ST TRAC_EE compliance certification for the tracking system of the characteristics of energy from renewable sources, which is a tool to provide customers with a guarantee of the origin of the “green” electricity sold. Finally, I.Blu and Studio Alfa have SA 8000 and IQNET SR 10 certifications respectively for Social Responsibility management.

All the audits carried out by the Certification Bodies at the Group Companies in 2020 were successfully completed, confirming the certifications held, and saw the renewal of BS OHSAS 18001 certifications expiring during the year with the transition to ISO 45001 certification, which replaced 18001 certification. During the year, the actions planned to achieve the defined objectives were also implemented:

- acquisition of QSE certifications by Acam Acque, Acam Ambiente and ReCos;
- acquisition of the RINA Compliance Certification for the tracking system of the characteristics of electricity from renewable sources, ST TRAC_EE document, by Iren Mercato;
- acquisition of ISO 9001, ISO 14001 and EMAS certifications for TRM, as well as maintenance of OHSAS 18001 certification;

- maintenance of QSE certifications for all Group Companies and ISO 50001 certification (energy efficiency) for Iren Energia and Iren Smart Solutions;
- maintenance of the Multi-site Accreditation for Iren Laboratori;
- maintenance of EMAS registrations for Iren Ambiente;
- maintenance of the certification for the sale of electricity produced solely from renewable sources, in compliance with the Certiquality Technical Document no. 66, by Iren Mercato;
- maintenance of ESCO (UNI 11352) and F-Gas Certifications of Iren Smart Solutions.

The achievement and maintenance of voluntary certificates evidence Iren Group’s commitment to environmental sustainability, particularly through the protection of the environment, the rational use of natural resources, full compliance with legislation, raising awareness amongst its customers and suppliers and service levels.

In order to ensure sustainable company growth based on the principle of continuous improvement, resources were employed for:

- the development of the production of energy from renewable sources or similar and district heating, together with the adoption of the best plant technologies to guarantee a reduced environmental impact;
- the improvement of the use of water resources, in terms of withdrawal, use, release and discharge;

- the renovation of the urban wastewater treatment systems and search for the best technologies in order to improve the quality of effluents and minimising odorous emissions;
- the correct management of obligations concerning special waste in the production, storage, transport and disposal and/or final recovery stages;
- the spread of information on the impacts on the external environment through specific publications, such as the Sustainability Report and Environmental Declarations.

From a management point of view, to reduce the environmental impact of activities, particular importance was given to:

- completion of the implementation of the new development method of the Environmental Analysis of sites, plants and processes at all Group companies with ISO 14001 certification;
- mapping of environmental obligations for Group Companies;
- monitoring environmental performance through the use of indicators for significant environmental aspects;
- analytically testing the impact on the environment, with particular reference to atmospheric emissions, air quality, water discharges, special waste, acoustic emissions and electromagnetic fields;
- conducting specific internal audits aimed at verifying the correct management of the environmental problems connected with company plants;
- fulfilling administrative obligations, with particular regard to the monitoring and control activities associated with the Integrated Environmental Authorisations (I.P.P.C. Directive) and the emission of greenhouse gases (Emission Trading System), for the plants concerned.

LEGAL COMPLIANCE

The objective to develop the business in close contact with the local communities and areas is placed at the heart of Iren Group's commitment to constantly combine development with respect for rules and regulations, protecting the environment and promoting the protection of natural resources based on principles of sustainable development.

In order to identify and implement the most appropriate action plan, the Regulatory Affairs Department draws up a quarterly regulatory framework. The document analyses the impact of the regulatory variables on the Group's results. The Italian and international regulatory framework is constantly supervised and monitored through the following activities:

- reporting and analysis concerning the transposition of updates and the interpretation and application of relevant legislation;
- the coordination and direction of company departments assigned, either directly or indirectly, to comply with information obligations by sector authorities;
- the coordination and support of the company departments in managing the "antitrust risk" and the "regulatory risk".

The Group concentrates its activities on the active and proactive monitoring of regulatory developments relevant to all the business sectors in which it operates, participating in consultations, hearings before Chambers (both directly and through the trade associations it subscribes to) and promoting direct meetings with the authorities

involved. In particular, the topics observed in the various sectors are summarised below:

- **energy business** – market reform/updating (capacity market, MSD revision and expansion, adjustments on imbalances), regulation of district heating, reform of the Energy Efficiency Certificates mechanism, hydroelectric concessions for large-scale diversions, incentives for energy efficiency programmes, regulation of energy communities, development of projects involving hydrogen technology;
- **market business** – reform of protected market, revision of sale components (electricity and gas), reform of gas balancing, transport and settlement, regasification (combined capacity and storage auctions, tariffs for the actual recognition of costs incurred and revenue coverage factor);
- **environment business** – urban waste collection tariff regulation, transparency regulation, provisions on urban waste collection service levels, support for incentives for renewable sources and biomethane, monitoring of the legislative framework of reference (Italian Ministerial Decree on sewage sludge, Italian Ministerial Decree on biomethane, implementation of EU Directive on the circular economy with particular reference to the waste assimilation criteria, shared responsibility of the producer, the reform of consortium system and the restructuring of skills), service tenders;
- **networks business** – concerning all network services (water, gas and electricity distribution) tariff regulation for cost coverage and technical and commercial/contractual quality regulation, smart meters and their technological evolutions, non-payment, resilience, safety obligations, tenders for service assignment; specific to electricity and gas distribution: smart grid, network code and national equalisation.

The following topics were monitored across all Business Units: unbundling and compliance, Remit implementation (regulation on the integrity and transparency of wholesale energy markets), the implementation of the Directive and regulation governing market abuse and the procedures of the anti-trust authority (AGCM).

Furthermore, the Legal Affairs Department studies provisions related to the sectors in which the Group operates, provides support and legal advice to all the structures of the parent company and Business Units and participates in working groups on the topics that involve the parent company or Business Units.

CODES OF CONDUCT

Iren has long adopted the Corporate Governance Code for Listed Companies recommendations (July 2018 edition) prepared by the Italian Committee for Corporate Governance.

In December 2020, the Board of Directors resolved to adopt the new Code (called the "Corporate Governance Code"), approved by the Italian Committee for Corporate Governance on 31 January 2020, and approved a document highlighting the Iren's governance solutions concerning the provisions of the new Code.

The Company will implement the Code's recommendations as of 1 January 2021, disclosing them to the market in the 2021 Report on Corporate Governance and Ownership Structure.

Iren Group operates in full compliance with the Code of Business Conduct for the sale of electricity and natural gas and, in general, with the standards issued by ARERA (the Italian Regulatory Authority for Energy, Networks and Environment).

Furthermore, in the management of activities, the service charters regulate the action to achieve high quality and efficiency standards in terms of continuity and customer relations.

IREN GROUP SERVICE CHARTERS

Waste management
Integrated water service
District heating
Thermal and communal electricity plants
Traffic lights
Public street lighting

In 2021, Iren signed the Joint Conciliation protocol with 19 National Consumer Associations on behalf of Iren Mercato, Ireti, Iren Acqua, Iren Acqua Tigullio. In February 2018, the Iren Joint Conciliation Body was recognised by ARERA (Regulatory Authority for Energy, Networks and Environment) as an ADR (Alternative Dispute Resolution) Body, and was extended, in early 2019, to the customers of Atena Trading and Acam Acque. In 2020, the Iren Joint Conciliation Body continued its activities, providing – in collaboration with other ADR Bodies of the main utilities and multi-utilities in the energy and water sector – refresher courses for conciliators of Consumer Associations and training courses for new conciliators of the same, on the energy and water sector.

As for the ARERA conciliation service for the Single Buyer, which is compulsory from July 2019 for Ireti, they confirmed in 2020 that most of the Group's other water operators (Iren Acqua, Iren Acqua Tigullio, Acam Acque) were willing to adopt all conciliation requests received through the service.

During the year, the service, activated by Iren Mercato in the last quarter of 2019 and dedicated to reports from consumer associations, was also consolidated, structured through a dedicated email box, a dedicated number and the possibility of setting up meetings at the counters for specific practices; in particular, periodic meetings were held with the territorial offices of the associations for the analysis of the reports received.

STAKEHOLDER ENGAGEMENT

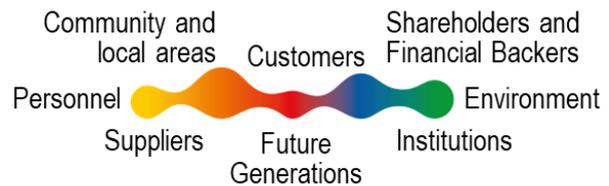
Iren Group is committed to creating, strengthening and expanding its relationships with its stakeholders to guarantee them ample space for discussion and dialogue. The criteria for stakeholder engagement are aimed at inclusion, transparency, fairness, focus on ethical, environmental and social issues and consistency with the activities of the Group. Dialogue is based on the principles of inclusiveness, materiality and compliance laid down in the AccountAbility1000

standard in order to address and responsibly respond to issues and impacts.

The objective of long-term sustainable success, referred to in the Corporate Governance Code, which Iren has adopted with effect from 1 January 2021, is also based on the relationship established with its stakeholders. With this in mind, Iren Group ensures the widest and most timely circulation of information to its stakeholders, shareholders, institutional investors and intermediaries operating on the financial market, to enable them to exercise their rights in an informed manner, and during 2021 the Board of Directors of Iren will carry out the most appropriate functional assessments to adopt a formalised policy of dialogue with shareholders and other relevant stakeholders of the Group.

Considering the impact of the Group's activities on the quality of life of residents and the local region, the main stakeholder categories are represented by the Local Committees, a tool designed to promote dialogue, debate and participatory planning between Iren Group and its stakeholders concerning the company's services and sustainability topics.

MAIN STAKEHOLDER CATEGORIES OF IREN GROUP



Stakeholder engagement activities and the management of the Local Committees are the responsibility of the Deputy Chairperson, who collaborates with the Corporate Social Responsibility and Local Committees Department which reports directly to the office of the Deputy Chairperson.

Iren has consolidated a process involving stakeholders present in the Local Committees in the materiality analysis (see page 8) to share and assess the priority topics for strategic development and report its performance through the Sustainability Report.

The process compares the Group's vision with that of the various categories of stakeholders to take on board their contribution in defining the strategy and developing reporting that is increasingly relevant and focused on their real interests, providing a clear framework of policies, actions and results achieved.

Stakeholders are part of the materiality analysis process for strategic and reporting purposes

For a broader discussion on sustainability topics, in 2020, Iren held in-depth meetings with the Local Committees, participated in seminars and conferences, produced specific publications and took part in a series of streaming talks “The value of the multicircle economy for the sustainable development of the country”, in which the study by The European House Ambrosetti was presented, which showed how Iren is the first Italian multi-utility in terms of development and integration of the principles of the circular economy in the various areas of activity, according to our multi-business approach in which different activities share the value of responsibility in the use of resources.

In order to guarantee broad and transparent information, every year the Sustainability Report is presented to stakeholders and published on the Group’s website and also in 2020 Iren managed internal and external communication activities to deepen the commitment that the Group puts in place to guarantee environmental, social and economic sustainability to its stakeholders.

IREN LOCAL COMMITTEES

Iren Local Committees are bodies, set up in 2014, to strengthen and make the dialogue with stakeholders systematic, as well as to guarantee deeper roots in local communities, thanks to participatory planning actions and moments of consultation on aspects such as

environmental and social sustainability, innovation and the quality of the services provided by the Group. In order to guarantee and broaden the widespread involvement, the Committees use the www.irencollabora.it on-line platform, where all citizens can make proposals and suggestions directly on the issues dealt with by the Committees, with the aim of generating concrete and tangible projects. The information flow produced by the platform is also a valuable source that inspires Iren to adopt innovative service strategies and anticipate the needs of the local areas. Specific working groups are established within the individual Committees aimed at the development of the projects presented within the Committees or on the [irencollabora.it](http://www.irencollabora.it) platform. During 2020, despite the difficult situation caused by the pandemic, 56 meetings of Committees and working groups were held, mostly remotely, and, as of December 2020, there were 1,780 registered profiles and 93 active projects on the platform.

Through Local Committees, stakeholders can also draw the Group’s attention to issues concerning the company’s services, as well as environmental and social sustainability topics. The Deputy Chairperson of Iren, who is a member of the Local Committees, reports regularly to the Control, Risk and Sustainability Committee and the Board of Directors, on the trend of the activities and the discussion and planning activities carried out within the Committees.

PRIORITY TOPICS AND STAKEHOLDER ENGAGEMENT INITIATIVES

Stakeholders	Priority topics	Engagement initiatives
Customers (retail and business customers, public administrations and consumer associations)	<ul style="list-style-type: none"> Quality and reliability of services Online and mobile services Innovative services Transparent communications Tariffs Credit management Sustainable development 	<ul style="list-style-type: none"> Front offices and call centres Transparent billing Website, app, social media Customer satisfaction surveys Security initiatives Innovative services and sustainable use of resources Meetings and framework agreements with associations Credit management protocols Social tariffs Joint conciliation protocols Guides on how to interpret utility bills Code of Ethics Materiality analysis Iren Local Committees
Personnel (employees, collaborators and Trade Unions)	<ul style="list-style-type: none"> Health and Safety Enhancement of skills Remuneration Training Internal communication Welfare Diversity and inclusion Sustainable development 	<ul style="list-style-type: none"> Training and assessment Reward & Performance Management “Iren4Digital” project Internal mobility “Irenfuturo” Portal Work Life Balance Corporate Welfare programme Initiatives to support employees’ children “Health at the heart” (“Al cuore della salute”) project Initiatives to promote gender diversity Incentivised termination of employment “New graduate-hires”, “Welcome Day”, “On-Boarding” projects Smart Working Industrial relations and trade union agreements Code of Ethics Materiality analysis Iren Local Committees
Suppliers (individuals, supplier categories and trade associations)	<ul style="list-style-type: none"> Supply chain management Transparent communications Contractual conditions Payments Sustainable development 	<ul style="list-style-type: none"> Procurement portal and Supplier Register Training/information for third party companies CSR survey for suppliers Code of Ethics Materiality analysis Iren Local Committees
Shareholders and Financial Backers	<ul style="list-style-type: none"> Corporate Governance Transparent communications Share performance Bond issues M&A transactions Economic/financial results Rating Sustainable development 	<ul style="list-style-type: none"> Roadshows and webcasting Communication of results and possible future risks Adoption of disclosure policies Inclusion in ethical indices ESG Rating Sustainable Financing Committee Business Plan to 2025 Shareholders’ Meeting Calendar of corporate events Participations in round tables and events Code of Ethics Materiality analysis Local Committees

Stakeholders	Priority topics	Engagement initiatives
Institutions, Local Areas and the Community (citizens, associations, NGOs, Local and Governmental Authorities, Regulatory Authorities and Bodies)	<ul style="list-style-type: none"> • Attention to the local area • Smart City • Dialogue and involvement • Creation of value for the local areas • Transparent communications • Investments and support for local initiatives • Sustainable development 	<ul style="list-style-type: none"> • Notification of opinions and documents • Participation in meetings with Institutions • Surveys and questionnaires • Conferences, seminars and workshops • Subsidy plans for communities affected by emergencies
Environment	<ul style="list-style-type: none"> • Water network leaks • Quality and efficiency of treatment systems • Gas distribution network efficiency • Energy generation • Emissions • Energy saving • Sustainable mobility • Waste management • Environmental, social and economic sustainability 	<ul style="list-style-type: none"> • Development of renewables • Energy savings and efficiency projects/services • District heating development • Increase in the capacity to dispose of special waste • Systems to increase separate waste collection • Obtaining energy from waste • Reduction of water network leaks
Future Generations (school/university, research centres, incubators)	<ul style="list-style-type: none"> • Smart City • Demand Side Management Programmes • Innovative services • Reduction of impacts • Climate change • Environmental, social and economic sustainability 	<ul style="list-style-type: none"> • Educational programmes in schools (EduIren) and universities • Guided tours (virtual tours) • Partnerships, projects and investments for research and innovation • Iren Up

Growing and creating value

RELEVANT TOPICS



Economic development and value for local areas



Competitiveness on the market



Innovation and smart cities



CREATING AND DISTRIBUTING VALUE

Iren Group aims to create value over time for its stakeholders, beginning with its shareholders, through a sustainable growth strategy (see page 28) and appropriate management policies. This is complemented by the Group's constant commitment to ensuring the transparent, complete and timely disclosure of the results achieved.

Iren Group's economic results show, compared to 2019, a 12.8% contraction in revenues due to the reduction in energy demand, as a result of the Covid-19 health emergency, as well as a significant drop in commodity prices, against an increase in Gross Operating Profit (EBITDA) of 1.1%, and a substantial alignment of the profit attributable to the Group. The economic effects of the Covid-19 emergency led to a reduction in revenue, mainly in the energy business areas, with a negative impact on EBITDA of about 15 million Euro and an increase of about 25 million Euro in additions to the allowance for doubtful accounts (more details in the Consolidated Financial Statements).

Economic indicators	u.m.	2020	2019
Revenue	€/mln	3,725	4,275
Gross Operating Profit (EBITDA)	€/mln	927	917
Operating result (EBIT)	€/mln	416	452
Profit attributable to the Group	€/mln	235	237
Total capitalisation	€/mln	2,737	3,582
Dividend per share	€	0.095 ⁽¹⁾	0.0925

⁽¹⁾ Proposal by the Board of Directors.

Net financial debt as of 31/12/2020 amounted to 2,948 million Euro, up from 2,706 million Euro as of 31/12/2019, and was mainly affected by the consolidation of the new companies acquired by the Group and the increase in investments made which, during the year, amounted to approximately 685 million Euro (+30.8% compared to 2019) and were allocated to development measures in the various business sectors, ensuring an important contribution to local communities.

Investments (millions of Euro)	2020	2019 ⁽¹⁾
Generation and district heating	171.6	67.4
Networks (electricity, gas, water cycle)	293.9	297.1
Market	50.6	40.8
Environmental Services	116.3	76.4
Others	52.8	42.3
TOTAL	685.2	524.0

⁽¹⁾ The breakdown has changed as a result of the reclassification of investments.

The economic-financial performance shows – thanks to a business portfolio with a prevalence of regulated activities and a significant increase in investments – a strong focus on developing infrastructures serving the development of the economic systems of the areas served. The multi-utility and predominantly regulated business profile has ensured the Group's high resilience to the Covid-19 emergency demonstrated, as outlined above, by reduced economic and financial

effects. Furthermore, as defined also in the Business Plan perspective, particular attention is paid to environmental sustainability, digital transformation, and innovation in synergy with the companies and institutions in the reference area. By hiring around 612 new employees (745 in 2019), the Group continued the important generational turnover process started in 2018, focused on acquiring the skills needed for digital transformation and development in new business lines.

The focus of the strategic guidelines on sustainability profiles influences the planning of future multi-year investments. These same profiles are part of the principles of the Code of Ethics that Group companies are required to comply with when making investments: creating value and carrying out projects and actions that are useful for increasing the Company's assets, management and technological values, the return for shareholders, and the economic and social well-being for employees and the community. In the planning processes, the Group pays particular attention to the variables, emerging from economic and industrial scenarios of the sector, able to guarantee the medium and long-term availability of energy. Scenarios are analysed by **continuously monitoring industrial, economic, financial and sustainable development dynamics**.

In order to plan the development of production capacity, the Group considers the medium-term scenarios referred to the electricity and gas markets, the evolution of the Capacity Market, CO₂ and Energy Efficiency Certificates. Development investments in district heating networks and regulatory scenarios favouring growth of renewable energies are also taken into account. The maintenance plans, aimed at ensuring high levels of efficiency and preventing faults, are designed to minimise the impact of unavailabilities on the Group's results. The plans have a multi-year time horizon and are defined in consideration of the provisions in place for each type of plant.

The energy production facilities of Iren Group are efficient and adequately sized, thanks to the significant investments in new production capacity and in increasing the efficiency of the existent one. As regards planned production capacity, 75% is supplied by cogeneration and thermoelectric plants, 22% from hydroelectric plants and 3% from other plants (waste-to-energy plants, photovoltaic, treatment plants).

In order to ensure that adequate production and reliability standards are maintained, the Group adopts advanced management and maintenance policies (predictive and preventive). It focuses on innovation, both by increasing the efficiency and flexibility of its plants and by developing projects targeted at the energy efficiency of the system (flexibility of combined-cycle plants, management of waste-to-energy plants to seize opportunities of district heating development, installation of heat storage systems, design of mini hydro plants). In this domain, following the award of the auction on 10 December 2020 for the assignment of the "fast reserve" service, work began on the construction of electrical storage systems at the Torino Nord, Moncalieri and Turbigo power plants that will make it possible to increase reserve power and producible energy.

Medium and long-term gas availability is planned and ensured through the combined management of several sources: multi-year foreign supply contracts, availability of foreign transportation capacity that the Group can use on an event-driven basis, annual availability of storage capacity, and wholesale supply contracts. The combined

use of these sources allows for natural gas demand to be met even during particularly severe periods.

Planning is fundamental for guaranteeing the continuity, reliability and security of the integrated water service. This objective is overseen by the resource need analysis for the various areas, also in relation to their possible evolution and seasonality, and the attainment of diversion concessions that are proportional to the identified needs. This is complemented by the planning and management of ordinary and unscheduled maintenance, the renovation of plants and networks to contain water and sewerage network leaks, the adoption of remote control systems and the automation of plants, an emergency service, analytical checks and treatments to guarantee compliance with the qualitative requirements of the water supplied and the waste discharged from treatment plants.

Regarding waste management, at a plant level the production capacity and any revamping needs are assessed and planned. The planning of investments takes into account these evaluations and the planned objectives for the greater enhancement of the waste resource in terms of material and energy.

The Group has adopted a planning tool (medium voltage distribution network master plan) to guarantee the reliability of its electricity distribution network that defines the renovation, upgrading and extension rules and methods, for the main high-to-medium voltage transformer plants and networks. The renovation and updating plan for the main plants, in addition to the gradual substitution of parts of obsolete plants, includes quality and technical improvements to the grid layout and its adaptation to future load increases. In order to guarantee service levels and the reliability of plants, the plan is reviewed and updated in the event that new significant supply requests or reliability and stability issues emerge for the medium voltage network or for the main plants. The management methods are assessed on the basis of the time schedules for the design and implementation of works and in correspondence with technical standards put in place for the construction of new main substations, by verifying and reviewing the projects established in the time schedules. The effectiveness and quality of the interventions are assessed with the maintenance and/or improvement of service level indicators established by ARERA.

In gas distribution, the plan aims to contain leaks, which is the main objective for the safety, quality, efficiency and continuity of service. Regular ordinary and unscheduled maintenance and the renovation of plants and networks, scheduled leak searches, the addition of gas odorants upon receipt by the national transport network, the maintenance of efficient and effective cathodic protection systems and the use of distributed monitoring systems thanks to the remote control, as well as constant supervision of plants and networks by highly qualified and constantly updated staff, all contribute to achieving this objective.

In the analysis of scenarios in the planning phase, the Group also considers the impact produced by **climate change trends**: variations in temperature distributions – which impact the consumer dynamics of district heating, gas, water and electricity – and extremes of weather phenomena, such as drought and floods. The latter determine, in particular, effects on the hydrology of the hydroelectric plants and water distribution systems, with the associated economic implications, and also constitute factors of attention given the consequences that these may have on the Group's assets and on the

planning of the availability and maintenance scheduled for thermoelectric power plants. For these reasons, the risks associated with climate change and natural and catastrophic phenomena occupy a significant position in the map of the Group's risks. The Risk Management Department considers these risks in its insurance programme.

The financial or strategic impacts on the Group's business are mainly analysed in the Group Risk Map, which was subject to a project entailing substantial revision in 2020. The project, considered a strategic and operational risk management tool, led to the identification and quantification of all significant impacts on the business by producing a complete, detailed and integrated Risk Register, which also considers ESG impacts on the impacted risk categories. For each risk category, the Group identified the operational, contractual and insurance mitigation measures that have been implemented, are in progress or have yet to be implemented to reduce the risk profile. This activity also included a specific study of climate change risks, which resulted in developing a specific Risk Policy to manage this category of risks.

The financial implications that the Group constantly monitors are also those arising from the costs associated with the ETS (Emission Trading System) and from its regulatory evolution.

■ CREATION OF ADDED VALUE

Iren Group produces added value in relation to the external resources employed, making efficient use of production factors. Furthermore, in conducting its business, the Group contributes to the economic growth of the social and environmental context in which it operates and produces significant effects in the local areas, especially in relation to the investments made and employment.

The impacts generated by Iren Group on the reference areas contribute to the growth of the economic, social and environmental context

The activities carried out by the Group have a significant economic impact on the areas in which it operates, guaranteeing direct investment and employment and stimulating local allied industries. The investments improve the social and environmental context through improvements made to basic infrastructure (electricity, gas, sewerage and aqueduct networks, treatment plants) and essential services (waste collection and disposal).

Moreover, all of the business areas present significant opportunities for the development of innovative technologies and processes and, consequently, for territorial growth, also in terms of know-how.

The Group contributes to the employment of the area in which it operates and generates added value through actions aimed at increasing professional skills and at consolidating the improvements reached in the level of education.

The Group has no specific local recruitment policy; nevertheless, given the specificity of the Italian labour market, there is a high coincidence between the provinces of residence of employees and their assigned place of work: more than 78% of executives reside in the same region as their place of work.

Iren Group generates opportunities for the development of innovative technologies and processes and for the growth of territorial expertise

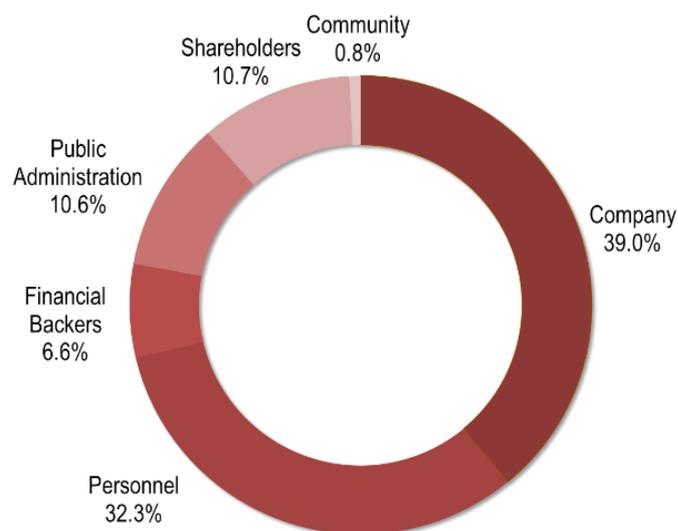
The indicator that highlights the Group's ability to produce value in the area and, at the same time, satisfy the economic interests of its main stakeholders is represented by Added Value, which measures both the economic performance of operations and the ability to create the conditions for distributing wealth to stakeholders.

In 2020, Iren Group generated a total gross Added Value of almost 1,421 million Euro, in line with 2019, which was distributed as follows:

- **39.0% to the Company** (approximately 554 million Euro). This is the share of wealth kept within the Group, inclusive of depreciation and undistributed profits;
- **32.3% to Personnel** (approximately 460 million Euro). This is the share made up of salaries and wages, expenses and other personnel costs;
- **10.6% to the Public Administration** (about 150 million Euro). This is the share distributed in the form of direct and indirect taxes, net of the grants received for the year;

- **6.6% to Financial Backers** (around 94 million Euro). This share includes all the financial charges due by the Group to its creditors;
- **10.7% to Shareholders** (approximately 152 million Euro). This is the share allocated to shareholders in the form of dividends;
- **0.8% to the Community** (more than 11 million Euro). This is the share allocated to local communities through the participation in the development of social, environmental, cultural and sporting events.

DISTRIBUTION OF TOTAL GROSS ADDED VALUE TO STAKEHOLDERS IN 2020



Determination of Added Value (thousands of Euros)	2020	2019
Revenue from goods and services	3,533,854	4,044,715
Change in work in progress, semi-finished products, finished products and goods	-14,159	-2,436
Other revenue	149,434	152,816
Production revenue	3,669,129	4,195,095
Costs for raw materials, consumables, supplies and goods	-1,007,514	-1,408,379
Cost for services	-1,253,105	-1,411,904
Other expenses	-20,677	-29,765
Capitalised expenses for internal work	38,891	33,445
Provisions for risks	-70,651	-61,850
Intermediate production costs	-2,313,056	-2,878,453
Gross Added Value	1,356,073	1,316,642
Non-core and non-recurring items	64,739	104,673
Net profit from discontinued operations	0	0
Total gross Added Value	1,420,812	1,421,315

TAXES AND DUTIES

Iren Group, while respecting and independently making its own management decisions and in line with its sustainability policy, pursues a tax strategy inspired by principles of honesty, correctness and regulatory compliance, characterised by collaborative and transparent behaviour towards the tax authorities and third parties, in order to minimise any substantial impact in terms of risk, be it fiscal or reputational.

To this end, Iren's Board of Directors has issued the document **Fiscal Strategy**, also referred to in the Code of Ethics, which defines the objectives and the approach adopted by the Group in managing the tax variable. The document is made available to all stakeholders following company regulations and is updated promptly whenever changes occur in the essential elements governed by the document. The Fiscal Strategy establishes the principles of conduct in tax matters, to contain the risk of incurring in the violation of tax regulations or the abuse of the principles and purposes of the tax system, and to ensure the correct and timely determination and

settlement of taxes over time. In accordance with these principles, Iren refrains from implementing tax practices or strategies aimed at abusively eroding the tax base and commits itself not to undertake operations and behaviours and not to establish commercial relations or company structures that are devoid of economic substance and aimed at obtaining undue tax advantages and that are not justified by valid economic reasons, including organisational or managerial reasons, or in any case consistent with social and business ethics objectives. Iren also undertakes to actively pursue prior certainty of its tax positions and to prevent the start of unproductive tax disputes or disputes that, in any case, based on a prognostic assessment, could have an unfavourable outcome (principle of “more likely than not”). Where the tax obligations or cases are considered, based on an objective assessment by management, to be unclear or subject to interpretation or, in any case, have margins of uncertainty, Iren acts in any case with full transparency towards the Tax Authorities, according to the instruments made available by the legal system, to achieve the application of the correct level of taxation.

Iren’s Board of Directors, supported by the Control, Risk and Sustainability Committee, defined the guidelines for the internal control and risk management system, including tax risks, and identified the Chief Executive Officer as the person responsible for directing the fiscal strategy, verifying the functioning of the **Tax Control Framework**, i.e. the tax risk management and control system that Iren has adopted to ensure the submission of accurate tax declarations, the correct application of all tax regulations and, when deemed appropriate, the involvement of the Tax Authority in the case of transactions likely to generate interpretative uncertainties.

The Board of Directors also established the **Tax Risk Management Committee**, which has four permanent members: Risk Management Manager, Tax Risk Manager, CFO and Head of Consolidated Financial Statements and Taxation. The Committee oversees the processes envisaged by the Tax Control Framework with supervisory and control tasks, as well as guiding in the context of monitoring activities, supporting the various players involved, including the Chief Executive Officer and the Tax Risk Manager, in the performance of their respective tasks in a non-binding advisory and propositional capacity. The **Tax Risk Manager** is responsible for monitoring the effectiveness and efficiency of the controls in place to protect against tax risks and periodically reports to the Tax Committee on the activities carried out, their results, and the Tax Control Framework’s adequacy. By identifying and assessing risks and the preparation, in collaboration with the functions involved, of operating procedures of a fiscal nature, the Tax Risk Manager ensures that each control owner is aware of and implements the control measures and confirms the effective application of the procedures. Consistent with the broader system of internal control and risk management, the Tax Control Framework requires that tax risk be managed through the assignment of responsibilities and roles according to three levels of control. The **first level control** is represented by the individual operating lines which, daily, in carrying out the activities for which they are responsible, implement the so-called “line controls”, as defined by company policies and procedures, aimed at ensuring that operating activities are carried out correctly, including those with repercussions on tax compliance. Therefore, the first level of control is carried out by the company management of the individual operating lines, including the Tax and Compliance Department.

The **second level of control** is entrusted to the Tax Risk Manager who, according to the criterion of separation of duties concerning line roles, prepares the annual monitoring plan on tax controls and risks and ensures its execution, identifying any areas for improvement and supporting the control owners in identifying the related corrective actions. Adequate, proportionate and diversified information flows guarantee the circulation of information and ensure that the results deriving from the monitoring activities carried out by the Tax Risk Manager are known at the appropriate company levels.

The **third level control**, entrusted to the Internal Audit Unit, has the objective of verifying the operation and suitability of the internal control and risk management system and identifying anomalous trends and violations of procedures and regulations.

The management of fiscal and tax aspects has been identified as a sensitive activity concerning the tax offences referred to in the Italian Legislative Decree 231/01 that Iren considers potentially applicable in the conduct of business activities. The “Procedure for the management of reports to the Supervisory Body”, approved by the Board of Directors, regulates the methods of communication and management of reports concerning situations of overt or alleged violations of the law, of the principles of the Organisational Model 231 and of the procedures governing sensitive activities at risk of 231-related crimes, along with instruments for implementing the Model itself (for more details on the Model 231, see page 51).

In order to improve communication and collaboration with the Tax Authorities, Iren Group decided to adhere to the “Collaborative Compliance Regime” (Italian Legislative Decree 128/2015), which provides a new scheme of relations between the Revenue Agency and taxpayers inspired by the principles of cooperative compliance already adopted by foreign tax administrations. The main benefits of tax risk management derive from the possibility of joint assessment of any tax risks with the Revenue Agency before the tax return and access to forms of prior appeal with an abbreviated procedure. The Group Companies that meet the requirements of the Revenue Agency for participation in the “Collaborative Compliance Regime” are Iren and Iren Energia, which, on 29 December 2020, applied to join the scheme, for which the phase of dialogue with the Revenue Agency necessary for admission is underway.

Iren has also consolidated a stakeholder involvement process through the Local Committees, representing the main tool for dialogue and discussion between Iren Group and all stakeholders (consumers/customers, employees, suppliers, institutions, shareholders, the environment and local communities).

Lastly, the tax information in the Consolidated Financial Statements and the Sustainability Report is subject to an assurance process by a third party (Independent Auditors).

The income taxes for FY 2020 amount to approximately 100 million Euro (down 10.3% compared to 2019). The effective tax rate is 27.40%.

In 2020, the Group received over 26 million Euro in benefits and grants from the public administration, of which 6.4 million Euro in capital investments.

Taxes and duties paid (millions of Euro)	2020	2019
Government and Region	100.13	111.64
Total direct taxes and duties	100.13	111.64
ATO concession fees	2.54	2.75
Other concession fees	23.87	24.88
Derivation, taxes and licenses (derivation fees and surtaxes)	18.91	18.64
Taxes and duties	25.16	25.14
Total indirect taxes and duties	70.48	71.41
TOTAL	170.61	183.05

RELATIONS WITH INVESTORS AND FINANCIAL BACKERS

Iren Group has always carried out an intense activity aimed at reinforcing the relationship of trust with its shareholders and at increasing the interest and knowledge of Italian and foreign analysts and investors.

The market's strong interest in the Group is confirmed by the intensification of relations and opportunities for contact with analysts and the Group's positive performance, supported by the streamlining process in recent years and the presentation of the Business Plan to 2025. In addition to this, there is the positive effect of the optimisation of Iren's financial profile, through greater recourse to the bond market, compared to the banking channel, confirmed by the issue in 2020 of a bond for 500 million Euro and the Group's fourth Green Bond for 300 million Euro, which contributes to strengthening the strategic vision oriented towards sustainability.

In 2020, 7 brokers were active on the stock with periodic reports: Banca Akros, Banca IMI, Equita, Intermonte, KeplerCheuvreux, Main First and Mediobanca. In December 2020, a research contract was signed with Exane, a globally significant broker.

Relationships with investors have continued as in previous years. The increased interest shown by investors towards the Group has required a greater communication intensity. As in previous years, the roadshow, organised from time to time by different brokers, was the main tool for introducing the Group to Italian and foreign institutional investors, both in terms of equity and credit. In 2020, 20 virtual roadshows and conferences were held in the world's major financial markets (London, Paris, Geneva, Brussels, Luxembourg and Frankfurt). An important innovation compared to previous years was the participation in the Frankfurt conference. During the year, meetings were held with 120 investment funds, for a total of 170 fund managers or analysts. The direct day-to-day contact with the managers of institutional funds and financial analysts that oversee the bond is of particular significance.

In addition to the roadshows, the Group has maintained constant communication with the market using different channels, including quarterly conference calls for the presentation of the results for the period. Furthermore, on 30 September 2020, a live streaming investor

day was organised to present the Business Plan to 2025 to the financial community.

Institutional investors are showing increasing interest in environmental, social and governance topics (ESG). A corporate governance approach able to make the Group efficient, dynamic and stable is a decisive factor in the investment choices of the main players in financial markets. Any economic and financial performance, in fact, must be assessed based on its repeatability or potential for improvement over time and this can only happen thanks to rules of corporate governance in line with best practices. In 2020, Iren identified a number of areas for improvement and launched a project to make the information required by investors even more available. In addition, contacts with ESG investors continued, structuring a transparent and timely dialogue on these matters as well.

IREN SHARE PERFORMANCE

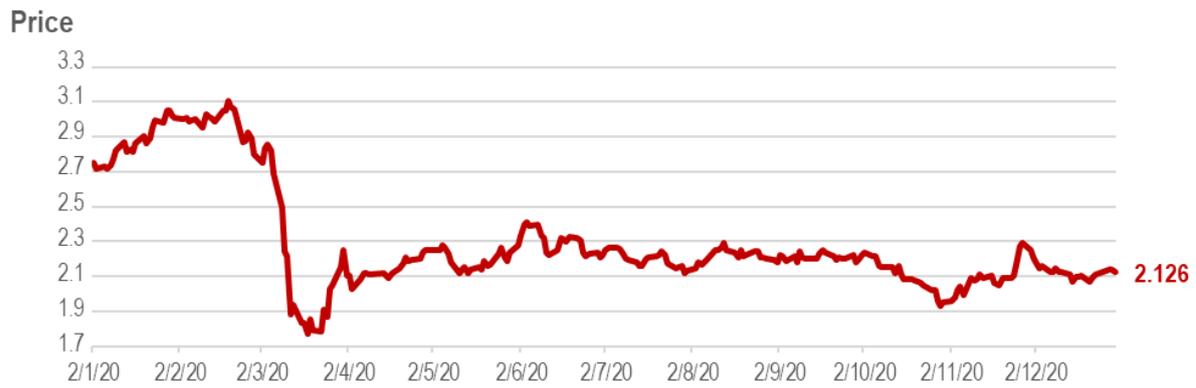
In 2020, the FTSE Italia All Share (the main index of Borsa Italiana) fell by 5.6%, mainly due to the impacts of the Covid-19 pandemic. The first part of the year was characterised by an unfavourable energy scenario, with low commodity prices, which deteriorated further following the health emergency, the resulting lockdown and expectations of a slow economic recovery, despite the recovery plans approved by central banks and governments. This difficult economic situation has affected share price performance in general, which has been affected by negative market expectations from incurring extra costs related to the Covid-19 emergency, lower demand for products and services and a slowdown in investments. In this context, multi-utilities underperformed the FTSE All Share index due to investors' portfolio choices favouring other sectors such as technology. At 31 December 2020, the price of Iren stock stood at 2.126 Euro per share, down 23% compared to the price at the beginning of the year, with average volumes traded during the period amounting to approximately 2.12 million units per day. The average price was 2.301 Euro per share and reached an all-time high (3.106 Euro per share) on 19 February, bringing the Group's market capitalisation to over 4 billion Euro; the lowest price of the year (1.770 Euro per share) was recorded on 18 March.

The Iren share is listed on Borsa Italiana (the Italian Stock Exchange in Milan) and is included in the following financial indexes:

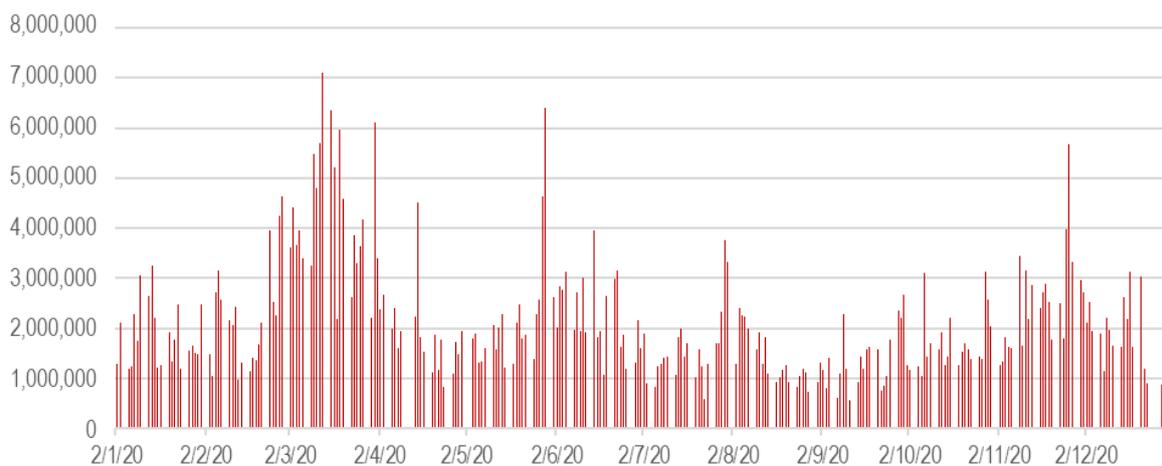
- FTSE Italia All Share, the index that includes all the shares listed on the electronic market of Borsa Italiana, with the exception of micro-capitalised companies;
- FTSE Italia Mid Cap, part of the FTSE Italia All Share that includes the shares of medium-capitalised companies;
- FTSE All Share Capped, which includes all of the companies included on the FTSE MIB, FTSE Italia Mid Cap and FTSE Italia Small Cap indices, the shares of which are weighted;
- FTSE Italia Servizi Pubblici, the sector index that includes the shares of companies that operate within public services.

The Group is present in several stock indices defined as sustainable. There were no instances of fines or penalties for failure to comply with the obligatory regulations and laws for shareholders.

VOLUMES AND PRICE TREND OF IREN STOCK



Volumes



RELATIONS WITH FINANCIAL BACKERS

The Group has relations with leading Italian and international credit institutions and has access to the capital market in order to research the most suitable forms of financing for its needs and the best market conditions, implementing a management model focused on the resources and financial risk management with the objective of financial optimisation for all of the companies of the Group.

The sustainability of the financial profile has always been one of the key strategic elements for the Group. On 20 October 2020, the Fitch agency confirmed for Iren and its senior unsecured issues the BBB rating, with a stable outlook. The assessment is based mainly on the Business Plan to 2025 which, in continuity with previous years, confirms the prevalence of regulated and semi-regulated activities (over 70% of EBITDA at the end of the Plan). Fitch rates the Group as well positioned within its benchmark indices, with limited impact from the negative market effects of the Covid-19 emergency. In support of the Group's liquidity profile and rating level, as of 31 December 2020, Iren has 300 million Euro of subscribed and

available but undrawn medium/long-term loan facilities and 150 million Euro of committed credit lines of the sustainability-linked revolving credit facility (RCF), in addition to current cash and cash equivalents.

In particular, the new loans were granted to support investment plans and, confirming the trust held by the financial system in relation to the Group's development projects, allow for the suitable balance between financial exposure in the short and long term to be maintained.

As regards capital market transactions relating to the Euro Medium Term Notes (EMTN) Programme of 4 billion Euro at the end of June 2020, on 23 June, Iren carried out a new bond issue for 500 million Euro with an annual gross coupon of 1% and maturity on 1 July 2030, while on 10 December 2020, the fourth bond issue in Green Bond format was completed for 300 million Euro. No additional requirements from Socially Responsible Investors (SRIs) have been identified concerning maintaining the Sustainable Financing Framework commitments.

There were no instances of fines or penalties for failure to comply with the obligatory regulations and laws for financial backers.

IREN BONDS IN CIRCULATION AT 31/12/2020

Bond	ISIN Code	Issue Quantity (€/000)	Amount in circulation (€/000)	Ann. coupon (%)	Maturity at issue (Years)	Maturity date	Issue Price (%)	Rating
Green Bond 2031	XS2275029085	300,000	300,000	0.25%	10	17/01/2031	99.030	BBB
Eurobond 2030	XS2197356186	500,000	500,000	1.00%	10	01/07/2030	98.144	BBB
Green Bond 2029	XS2065601937	500,000	500,000	0.88%	10	14/10/2029	99.345	BBB
Green Bond 2025	XS1881533563	500,000	500,000	1.95%	7	19/09/2025	99.129	BBB
Green Bond 2027	XS1704789590	500,000	500,000	1.50%	10	24/10/2027	98.356	BBB
Eurobond 2024	XS1511781467	500,000	500,000	0.88%	8	04/11/2024	98.974	BBB
Eurobond 2022	XS1314238459	500,000	359,634	2.75%	7	02/11/2022	99.398	BBB
Eurobond 2021	XS1086104681	300,000	181,836	3.00%	7	14/07/2021	99.225	BBB
Private Placement	XS0979548954	260,000	0	4.37%	7	14/10/2020	100.783	n.a.
Private Placement	XS1030889411	100,000	0	3.00%	5	11/02/2019	98.728	n.a.
TOTAL		3,960,000	3,341,470					

SUSTAINABLE FINANCE

The issuance of the **fourth Green Bond** (Fitch BBB rating) (10 December 2020 with maturity 17 January 2031) for **300 million Euro**, reinforces the path undertaken in the field of sustainable finance by Iren, which confirms its position as the first Italian local utility by number of green issues: a total value of 1.8 billion Euro, representing 54% of the Group's bond portfolio. The operation – in addition to the Green Bonds placed in 2017, 2018 and 2019 – registered a very positive response, with **memberships over 2 times the amount offered**, which confirms the strong appreciation of investors towards Iren's credit and Sustainable Financing framework. Green investors have been estimated at about 70% of the amount allocated, up from previous issues, with high quality and broad diversification. The fourth Green Bond was allocated to the refinancing of 20 projects, falling into four categories: **energy efficiency, renewable sources, waste management efficiency and recycling, wastewater treatment**. In particular, these are projects focused on plastic recovery, the development of district heating and the improvement of treatment processes, which give concrete form to the concept of a multicircle economy that characterises Iren's strategy to 2025, in line with the goals of the UN 2030 Agenda (Sustainable Development Goals).

The fourth Green Bond issued has a minimum denomination of 100,000 Euro, pay a gross annual coupon of 0.25% and was placed at an issue price of 99.030 Euro. The effective gross rate of return at maturity is 0.348%, corresponding to a yield of 64 basis points above the 10-year mid-swap rate. The bonds were listed on the regulated market of the Irish Stock Exchange and on the ExtraMOT PRO market of Borsa Italiana in the green instruments segment. This new issue confirmed the Group's strategy of integrating sustainability into its development plans with an increasingly structured approach and adopting procedures dedicated to "green" financial instruments to ensure the necessary transparency for investors.

Iren has also identified additional innovative instruments of sustainable finance such as:

- green energy loan that led, in October 2020, to the finalisation of a new loan facility with the European Investment Bank (EIB) for

100 million Euro, with a 16-year duration, to support the programme (2021-2025) of development and efficiency of the district heating network in the Turin area for a total amount of 197 million Euro. Such projects that qualify as "efficient district heating and cooling" under Directive 2012/27/EU are covered by the EIB's new energy lending policy;

- signing of a loan agreement for 80 million Euro with CEB (Council of Europe Development Bank) to support an investment plan in the water infrastructure of the provinces of Genoa and Parma, providing an efficient and sustainable service in compliance with European directives. Promoting sustainable water resource management is closely aligned with CEB's strategic priorities pursuing the Sustainable Development Goals.

ALLOCATION OF FUNDS

For the Green Bond issued on 10 December 2020 (GB4), the funds were allocated to 20 individual projects identified by Iren according to a correspondence with precise environmental criteria ensured by an external certification body. The use of liquid funds allocated to the refinancing/financing of the selected projects is monitored from the date the Green Bond was issued and until the complete allocation of the net amount of 297,090,000 Euro, within the maximum period of 24 months. 57% of the net proceeds (168,081,288 Euro) was used for refinancing and/or financing investments covered by previous bank lines and bonds. In comparison, the remaining 43% (129,008,712 Euro) will be allocated within 24 months of issue and is included in the liquidity balance as of 31 December 2020, with an allocation constraint to the refunding/funding of eligible projects.

For the Green Bond issued on 14 October 2019 (GB3), 450,408,230 Euro has been allocated as at 31 December 2020, representing 91% of the net proceeds, while the remaining part, amounting to 46,316,770 Euro, is included in the liquidity balance as of 31 December 2020 and will also be allocated according to the limitations in refunding/funding of eligible projects.

Investments concerning the Green Bonds issued in 2017 and 2018 (GB1 and GB2) were also confirmed as of 31 December 2020.

ALLOCATION OF INCOME FROM GREEN BONDS AS AT 31/12/2020⁽¹⁾

Project categories	Green Bond 2031 (GB4)		Green Bond 2029 (GB3)		Green Bond 2025 (GB2)		Green Bond 2027 (GB1)	
	Investments (Euro)	Projects (no.)	Investments (Euro)	Projects (no.)	Investments (Euro)	Projects (no.)	Investments (Euro)	Projects (no.)
Energy efficiency	196,784,859	6	401,705,375	11	247,991,764	4	232,587,446	6
Renewable sources	33,360,992	5	4,263,000	1	134,658,410	5	161,002,995	7
Waste management efficiency and recycling	47,450,547	6	42,617,124	3	7,265,347	1	42,123,504	1
Wastewater treatment	8,393,602	3	40,163,699	4	100,438,533	1	56,066,055	4
Water service efficiency	-	-	4,677,908	1	-	-	-	-
E-mobility	-	-	3,297,894	1	5,290,946	1	-	-
TOTAL ALLOCATED	285,990,000	20	496,725,000	21	495,645,000	12	491,780,000	18
Issue discount	2,910,000		3,275,000		4,355,000		8,220,000	
Residual funds to be allocated	11,100,000							
TOTAL ISSUE	300,000,000	20	500,000,000	21	500,000,000	12	500,000,000	18

⁽¹⁾ The 71 projects indicated in the table include projects common to all four Green Bonds for different years, excluding these projects the total is 44.

The positive environmental impacts generated by the projects funded by the four Green Bonds are outlined by the main indicators shown in the table below.

More information on the Green Bonds and funded projects is available in the relevant section of the gruppoiren.it website.

Project category and main indicators	u.m.	2020	2019	2018	2017
Energy efficiency					
Electricity produced	MWh	3,486,789	3,833,955	3,887,199	3,884,511
Electricity produced from renewables	MWh	0	848	75	45
Primary energy saved	MWh	1,532,645	1,808,508	2,200,496	2,281,239
CO ₂ emissions avoided from non-fossil sources	t	492,287	616,258	636,478	724,744
Thermal energy produced	MWh	1,761,915	1,672,602	1,777,454	1,857,633
Electricity input to the grid	MWh	3,695,140	3,987,352	4,002,396	4,420,350
Network leaks (electricity)	MWh	107,705	168,581	166,866	172,820
Electricity and gas smart meters installed	no.	1,385,339	1,330,716	1,188,480	966,569
Renewable energy					
Primary energy saved	MWh	2,101,596	2,827,848	3,254,066	3,663,699
Electricity produced from renewables	MWh	765,174	777,269	904,438	761,335
Thermal energy distributed	MWh	2,852,617	2,779,773	2,816,307	2,956,143
CO ₂ emissions avoided from non-fossil sources	t	1,074,207	1,320,889	1,371,073	1,581,848
Waste management efficiency and recycling					
Refuse Derived Fuel (RDF)	t	9,429	16,523	2,585	7,886
Sorted waste collected	t	825,674	813,804	788,313	711,910
Unsorted waste treated	t	371,735	415,905	445,411	464,837
Door-to-door collection services – residents served	no.	1,656,415	1,590,536	1,473,268	1,391,087
Plastic sent for recovery	t	59,635	-	-	-
Blupolymer product	t	7,054	-	-	-
Bluair product	t	6,648	-	-	-
CO ₂ emissions avoided	t	102,162	-	-	-
Wastewater treatment					
Equivalent residents served (potential)	no.	627,656	526,528	510,650	290,650
Volumes of water for reuse/Volumes of treated water	%	31%	32%	30%	30%
Wastewater treatment plants	no.	1,310	1,293	1,278	1,122
Sewerage system	km	10,739	10,662	10,606	9,924
Water service efficiency					
Smart meters installed	no.	96,965	51,742	-	-
E-mobility					
CO ₂ emissions avoided from non-fossil sources	t	1,091	789	52	-

ESG INDICES AND RATINGS

Iren Group's decision to place sustainability at the centre of its development is confirmed in its Business Plan to 2025: circular economy, water resources, resilient cities, decarbonisation and people will be at the heart of the Group's agenda, which will invest more than 2.2 billion Euro in sustainability by 2025, to achieve its commitments in line with the United Nations 2030 goals (SDGs – Sustainable Development Goals). This is a tangible commitment that confirms the desire to merge the Group's development with that of the communities, local areas and the environment.

INDICES

ESG indices include company shares with strong sustainability profiles, with the aim of providing socially responsible investors with a method of evaluation based on the premise that companies with sustainable approaches to environmental, social and governance issues outperform their competitors in the long term. Also in 2020, Iren was reported in the STOXX and Bloomberg indices.

RATING

The ESG ratings are considered a strategic tool to support investors and identify risks and opportunities regarding sustainability within their investment portfolio, contributing to the development of active and passive sustainable investment strategies. Iren has been evaluated by various rating agencies.

CDP

CDP Climate Change 2020 analyses performance data for reducing emissions, mitigating climate change and developing a low-carbon economy. Iren achieves the highest A-level recognition for 2020, plus Supplier Engagement Leader Rating (SER) obtained for the involvement of its suppliers in the fight against climate change.

OEKOM

The Oekom Corporate Responsibility Rating comprehensively assesses businesses' sustainability performance and future profitability and identifies the most successful businesses. In the Corporate Responsibility Rating (April 2018), Iren Group was awarded Prime status.

MSCI

MSCI ESG Ratings gave Iren an A rating, against a maximum of AAA.

SUSTAINALYTICS

In the Sustainalytics ESG Risk Rating – which analyses the relevance of environmental, social and governance issues and how the company manages the risks arising from these issues – the Group earned 29.7.

OTHER RATINGS

Furthermore, Iren is rated in the ESG Rating of Vigeo Eiris, the leading social, environmental and governance rating agency in Europe, and the Equileap rating for gender equality.

RESEARCH AND INNOVATION

Technological innovation in Iren Group is central to the strategic choices and the definition of the products and services offered. The Business Plan to 2025 confirms the centrality of innovation that will be expressed in the development of all sectors in which the Group operates, intending to make the Group an example of excellence in the multi-utility sector. In particular, the Plan outlines a strong development according to a "multicircle" approach, where innovation activities are aimed at researching and adopting technologies and processes to support the sustainable development of the reference businesses.

The main research, development and innovation areas in which Iren Group is investing include:

- energy efficiency, applied across multiple levels and assets;
- study of new systems for the recovery of energy losses and an increase in the efficiency of the plants;
- solutions for the production of renewable hydrogen and syngas combined with carbon dioxide capturing;
- thermal energy and electricity storage systems;
- study of business models and analysis of platforms for the implementation of Energy Communities;
- processes for maximising energy and waste material recovery;
- systems for reducing quantity and the recovery of material and/or energy from purification sludge;
- automation and robotics in waste treatment plants;
- Internet of Things ("IoT"), home automation and data intelligence ICT tools;
- optimised management of the integrated water cycle (districtualisation, identification and reduction of network leaks) and instruments in support of sensors in the field;
- detection and removal of pathogens in water samples;
- innovative solutions connected with electric mobility;
- "smart safety" systems for assisting personnel or reporting situations of potential risk;
- "industry 4.0" solutions in support of the personnel involved in plant operation and maintenance activities, for predictive maintenance and monitoring in the field.

Iren Group manages innovation processes through an open innovation model and, consistently, has launched profitable collaborations with universities, research centres, innovation hubs and start-ups. Furthermore, it actively participates in working groups and associations on specific research and development topics and promotes events such as conferences, workshops and hackathons.

2020 was characterised by the continuation of technical activities related to the Group's various co-financed projects and by the development, also in partnership with innovative companies and start-ups, of internal technological projects on the basis of planning which, starting from an analysis of the long-term scenario, is aimed at giving the Group the tools needed to seize the opportunities and mitigate the risks deriving from the evolution of the markets in which it operates.

*Iren Up: over 20 million Euro in three years
to support Italian start-ups
in the cleantech sector*

The activities of **Iren Up**, the **Corporate Venture Capital programme** launched in 2018, continued, with the aim of supporting high-potential Italian start-ups in the cleantech sector, from green technologies to the circular economy, through the provision of a unique service package that may include trials, technical support, legal consultancy, market tests and commercial and/or business agreements. The programme envisages investments of over 20 million Euro for the first three years, with investment tickets ranging from 100,000 Euro to 2 million Euro, depending on the start-up's development phase and requirements. In 2020, Iren Up carried out operations in 2 start-ups in the areas of applied robotics in the waste sector and circular economy.

Due to the Covid-19 emergency in 2020, the usual **Iren Startup Award** event dedicated to the search for start-ups did not take place, but the scouting activity continued through collaboration with international accelerators. The management of equity investments in start-ups in which the Group has invested continued, concluding several supplementary agreements and the disbursement of tranches upon achieving the milestones conceived in these agreements.

Among the initiatives in which Iren has participated, bringing its contribution in terms of process innovation and applied research,

there is the adhesion to the Competence Centres (promoted by the Ministries of Economic Development and Economy) established in Turin ("Competence Industry Manufacturing 4.0 – CIM 4.0") and Genoa ("Competence Centre for the Security and Optimisation of Critical Infrastructures" Association – "START 4.0").

RESEARCH AND INNOVATION PROJECTS

In 2020, Iren actively took part in 20 research and innovation projects for a total multi-year commitment of around 8.8 million Euro, of which half was financed by research and innovation tenders managed by institutions such as the European Union, the Italian State and its bodies and regions (for example, Horizon 2020, MIUR, MATTM, POR FESR, etc.). Over the year, these projects involved investments of around 1,200,000 Euro, of which approximately 730,000 Euro was funded through tenders. These projects actively involve around 90 Group employees from different business areas, and guarantee collaborations with numerous businesses and academic institutions located in almost 200 European cities.

Project	Description
Pump-Heat (European Horizon 2020 programme)	An example of international collaboration with 14 partners from 8 different European countries that aims to introduce innovative solutions to increase the flexibility of major electricity plants in favour of renewable sources. At the power plant in Moncalieri (TO), a pilot plant is being built to test the technologies studied and developed during the project.
Planet (European Horizon 2020 programme)	This project aims at developing technologies and analysis of regulatory constraints in order to make the most efficient use of distribution networks (electricity, gas and heat); Iren Group is involved in the development of a physical pilot, in which a heat pump connected to a thermal storage for heating is tested, capable of modulating the load by arranging the needs of the building with those of the electricity network.
Prelude (European Horizon 2020 programme)	Testing of innovative solutions in the field of building and plant management, maximising the interaction with users to optimize consumption.
Chester (European Horizon 2020 programme)	Development and integration of an innovative Power-to-Heat-to-Power solution to maximise the exploitation of non-programmable electricity Renewable Energy Sources (RES) and thermal RES already combined with district heating systems.
RES-DHC (European Horizon 2020 programme)	Awarded in 2020, it will test programmatic and technical-economic assessment tools, actions to improve policies and regulatory frameworks, as well as innovative dissemination and communication means in 6 European pilot projects to validate their benefits and prepare a set of tools for future projects in the energy field for the increase of renewable sources in district heating and cooling systems.
Marilia (European Horizon 2020 programme)	Started in September 2020, it develops a new low-cost, high-sensitivity, expeditious test for detecting pathogens in water samples, potentially applicable in other sectors such as food, healthcare, and agriculture. The goal is to validate the test – developed to identify a set of bacteria laying the foundations for a subsequent deployment in the field – in the laboratory, with a significant efficiency in speed and cost compared to current analytical practices.
WaterTech (MIUR tender)	Optimised, synergistic and innovative management of Group's assets with trialled ICT architectures enabling a multi-service smart metering system, at both end users and asset level, for the optimised management of the integrated water cycle and the study of innovative technologies for wastewater treatment.
Waterspy (European Horizon 2020 programme)	Concluded in February 2020, it has developed a methodology and a tool to detect the presence of heterotrophic bacteria (Escherichia Coli, pseudomonas aeruginosa and salmonella) in aqueous matrices, highlighting relevant opportunities in the pervasive monitoring of water quality and encouraging the continuation of the optimization and improvement of the device through further activities in the monitoring of viruses in aqueous matrices applicable to the management of Water Safety Plans.
Store&Go (European Horizon 2020 programme)	Concluded in the first quarter of 2020, it implemented three innovative Power-to-Gas (PtG) systems in Germany, Switzerland, and Italy, aimed at identifying and overcoming the technical, economic, social and legal barriers. The project assessed the possibility of integrating the PtG storage system within cutting-edge energy production and distribution systems.
Everywh2ere (European Horizon 2020 programme)	Iren, as a third party, will test a fuel cell skid for electricity production during events/trade fairs (uninterrupted power supply/mobile generator mode).
eVolution2G (EMEUurope Call 2016)	In-depth analysis and on-site tests of Vehicle-to-Grid (V2G), a system in which electric vehicles play a balancing role on electricity networks.
INCIT-EV (European Horizon 2020 programme)	Development and on-site testing of a set of electric vehicle charging infrastructure, hardware and software technologies and business models to drive large-scale adoption of electric mobility: 5 pilot sites in urban and suburban areas will host 7 use cases with the objective of integration with existing ICT, transport, civil and commodities/utilities infrastructures.
Saturno (Bioeconomy Technological Platform – Piedmont Region Call for Tenders)	Validation, on an industrial platform, of the conversion of the organic waste and CO ₂ emissions from cars and industrial processes into biofuel and biochemicals. The project conceives the enhancement of the organic fraction of municipal waste by extracting high added value substances such as hydrogen, carboxylic acids, biofertilizers and biostimulants.

Project	Description
Recovery of material from WEEE (Ministry of the Environment Call for Tenders)	Development of technologies with high replicability and rapid transferable to the industrial world, aimed at optimising the management of waste from electrical and electronic equipment (WEEE) and, in particular, the recovery of polyurethane from refrigerators as secondary raw material and optimising the separation of cement from the carcass of washing machines.
OnlyPlastic (RFCS – 2019)	Substitution of fossil carbon sources (coal, coke, petroleum coke) in the electric arc furnaces of the Feralpi steel plant in Lonato (BS) with densified polymers derived from residues from the treatment of plastic waste.
PolynSPIRE (European Horizon 2020 programme)	Demonstration of a range of sustainable, innovative and cost-effective solutions for the energy and material recovery of post-consumer plastics and industrial waste.
5G-Solutions (European Horizon 2020 programme)	Experimentation – in different on-site, functionalities, potentialities and limits tests – of the 5G network, actively participating to the activities of the “Energy” vertical in the evaluation of the benefits related to the integration and use of the 5G network for the Demand Side Management at the level of regulation of thermal loads and the recharge of electrical vehicles.
Energy shield (European Horizon 2020 programme)	Development of an integrated cyber security platform that can be used by all actors of the energy chain (system operators, distributors, aggregators, producers). Iren Group is taking part as a distributor (through Ireti), supporting the other partners in the definition of specific cyber security tools, carrying out feasibility tests and, where necessary, conducting “offline” field tests on one or more network subsystems (remote control, SCADA, smart meters, etc.).
BestSafe4Iren (Call for Tenders PRIA4.0 – Competence centre CIM4.0)	Increased levels of redundancy, security and interoperability of workers’ safety equipment by integrating it with a LoRa wireless infrastructure and a next-generation DLT patent capable of certifying data from field sensors in a standardised and anonymised manner on blockchain networks to ensure the appropriate level of neutrality needed for operational, regulatory, insurance and legal use. The project will develop a solution that the Group will test on a portion of TRM’s plant and on a portion of the City of Turin’s hillside where Iren operators deal with waste collection.
ENERGYNIUS (POR-FESR 2014-2020 Emilia-Romagna)	Definition of development models that enable Energy Communities and Energy Districts to carry out bidirectional exchanges with energy networks, offering energy and services to the regional/national system. Iren participates as an external partner, providing its point of view on developing the project tools and possibly with pilots in the field.

AMGA FOUNDATION

The AMGA Foundation was established in 2003 with the aim of promoting and organising scientific, educational and cultural initiatives for protecting the environment and water resources and the optimal management of network services. In particular, it looks to increase and disseminate knowledge and understanding about the water cycle and its interactions with the environment, within research and training projects orientated at allowing sustainable management of water resources and promoting economic growth and development of the local areas in which it operates. Furthermore, it is committed to research activities on organisational models of water services and, more generally, public services, in order to assess the possible management options within the various regional scenarios. The skills

acquired are made available by the organisation of training courses and seminars and the publication of technical and educational volumes. The Foundation’s scientific results from projects and collaborations are a valid reference in the water resources, energy and environmental management sectors. In 2020, AMGA undertook such activities by coordinating research projects and promoting wide-ranging cultural and educational activities. The institutional activities carried out by the Foundation also include support of initiatives launched by other organisations aimed at the management of network services and sustainability.

2020 ACTIVITIES

A summary of the activities promoted by the Foundation is provided below.

Areas	Projects
Research	MYRAEE – Myco Recovery of Waste Electronic and Electrical Equipment: research aimed at the selection of new fungal strains able to selectively absorb precious metals and/or rare earths from electronic waste, the definition of the most efficient working conditions and possible pre-treatments (screening, grinding, etc.), the enhancement of the final product obtained (very concentrated solution of one or more metals whose cost on the market is high), the preliminary feasibility study of the scale-up of the process and the raising of awareness of the importance of recycling among stakeholders.
	Reuse of wastewater. Hygiene and sanitation impact analysis: monitoring hygiene and sanitation levels through studies of the microbiological and ecotoxicological characteristics of wastewater from treatment plants, characterised by various disinfection treatments, aimed at its possible reuse for agronomic/industrial purposes. The hygienic and sanitary impact of the wastewater on the receiving bodies of water (surface freshwater and/or sea water) is also evaluated.
	Methods for the optimal management of urban drainage systems based on innovative monitoring of rainfall using IoT Low Power Wide-Area Network technology: study and trial of a new tool for more efficient management of the sewerage systems during extreme weather events, through the development and testing in the Genoa centre area of advanced methods for the elaboration of two-dimensional rainfall intensity maps updated in real-time. Precipitation fields will be calculated on measurements from the Smart Rainfall System (SRS) network consisting of IoT sensors. The results of the research will provide a system that can be repeated in different contexts and refined based on the design data of the monitored sewerage systems.
	Application of Water Safety Plan (WSP) to the water service, methodological and informative aspects for the stakeholders involved: implementing WSP in the integrated cycle by assessing and managing risk in the supply chain of water intended for human consumption. Application of a new methodology in the definition of potential risks.
Research	Indicators of resilience in water distribution systems concerning climate and socio-economic changes: analysis of state of the art to define a methodology for quantifying water distribution systems’ resilience and measuring its variation for climate and socio-economic change scenarios.
	Markets in search of regulation, tenders for gas distribution concessions: theoretic analysis of multi-unit tenders and econometric analysis of economies of scale with regard to gas distribution, aimed at estimating a benchmark distribution cost and ranking the businesses participating in each tender according to said benchmark, in order to assess the total possible savings offered by the leading operators in individual tenders.

National sustainability guidelines for third-sector bodies, with particular reference to energy and water: development of guidelines aimed at structuring pathways towards environmental sustainability and the efficient use of resources for non-profit organisations, with particular reference to the energy and water sectors and identifying and developing content in collaboration with the relevant stakeholders. The guidelines will be shared with at least two third-sector bodies to verify the applicability, and will be distributed in collaboration with the AMGA Foundation.

Comparative assessment of biogas cleaning and upgrading processes: development of a tool to support industrial process operators and biogas producers in activities to plan, operate or revamp biogas plants. The study analyses biogas production processes, conducts critical analysis of biogas cleaning processes, and identifies the supply chain in use in relation to the operating parameters of the production process and the intended final use of the biogas.

Regulation of water and environmental services, analysis of factors that determine operating and capital costs, and possible impacts on price recognition models: study of the possible regulatory synergies between the water and environmental sectors and the specific features of each sector, feasibility study of alternative regulatory models based on the recognition of standard/parametric costs, considering if such parametric benchmarks can be used to support pricing limits, regulatory guidelines and/or bonus/penalty systems in an output-based logic. The survey will be supported by a study on the perceived value of service levels, using the choice experiment method to evaluate the priorities of residents and service users.

Applicability of landfill mining to old landfill sites: landfill mining can help to offset the post-management costs of landfill sites, remove potential sources of groundwater contamination and recover material and/or energy through the treatment of mined waste. The main outputs expected to be delivered by the project are the publication of guidelines outlining a method of analysing the technical and economic feasibility of landfill mining, and its application in a particularly relevant case study.

The economic, environmental, and organisational performance of the Italian water sector: measuring water service operators' performance with analysis of information on physical leaks of drinking water in distribution networks. The project aims to underline the relationships between businesses' economic and environmental performance and their ownership structure (public or private entity), as well as the effect of other environmental or operational variables which may impact said performance. For the integrated economic and environmental performance measurement phase, a non-parametric efficiency method is used, which enables the operators with the most significant leaks to be penalised.

Nanocatalysers based on manganese oxide for sustainable energy production (Mn4Energy): development of a set of highly active heterogeneous catalysts based on manganese oxide to be used to produce energy through water splitting and reduce CO₂.

Proposed actions for the removal of emerging pollutants and micropollutants in water treatment plants. Conventional and innovative processes: the study of various emerging micropollutants, selected for their consistent presence in bodies of water and potential but incompletely defined toxic effects, to provide a comprehensive and up-to-date framework of measures that may be adopted at water treatment plants to remove them. Through the analysis of technical literature and by processing of the data contained therein, the study will present the effectiveness of the various treatment methods currently available through the careful management of operational and process parameters, and the potential effectiveness offered by biological, physical-chemical and hybrid processes.

Sei Eco-logico? [Are you Eco-logical?]: a sustainability programme focusing on water, energy and the environment, delivered through fun puzzles and stickers. The three topics are illustrated in 47 fact sheets available in two languages. The contents were transformed into a web application by the students of the Italo Calvino Institute in Genoa. The project, which can be seen online at eduiren.it/seiecologico, has been published on the MIUR website among the experiences of excellence at national level. Furthermore, a second app was developed in collaboration with Liguria Digitale, featuring a virtual "playground" with 36 interactive games designed to promote environmentally sustainable behaviour in a fun and engaging way. The two apps can be accessed in the children's area of the Città dei Bambini e dei Ragazzi educational amusement centre in Genoa.

Culture and education

Cacche Spaziali. Il Musical! [Space Poo. The Musical!] Produced in collaboration with the Teatro dell'Ortica in Genoa, the play tells the story of a fantastical journey through space and time, leading to the magic world of treatment plants. The characters explore the city's foetid streets of the 1800s, witness the construction of the new sewerage systems and the first water treatment methods, are catapulted into the future where they discover astonishing facts about shooting stars and what astronauts eat, before returning to the present day to learn about the benefits of water treatment. The show was repeated in the 2020 edition of the Andersen Festival in Sestri Levante.

A sea without plastic: the show, aimed at children and families, debuted in streaming at the Genoa Science Festival, raising awareness among spectators, through the journey of the magician Eco and Anna, on the problem of pollution caused by plastic waste that ends up in the sea every year, endangering the ecosystem and health.

Collaboration in cataloguing the Group's historical archives: in 2020, the public authorities started cooperation with Iren aimed at reorganising the historical archives of the Brugnato water supply network, located at the Prato water purification plant.

Sustainable resources

RELEVANT TOPICS



Emissions



Sustainable use of water resources



Circular economy: management, sorted waste collection and reuse of waste



Energy efficiency, renewable sources and district heating



Biodiversity



POLICIES FOR THE ENVIRONMENT

When it comes to environmental protection and the rational use of natural resources, sustainable development has always been at the centre of Iren Group's attention, both because of the nature of its business and because of the orientation of its mission and growth strategy.

This commitment is made clear in the Integrated System Policy, which is distributed and shared by all Group personnel and Companies, and made concrete by the Business Plan to 2025, which launched the concept of the "multicircle economy", the long-term industrial vision focused on the Group's multi-business approach, in which various activities contribute to the objective of responsible use of resources.

In pursuit of its mission and strategy, the Group has developed Environmental Management Systems such as ISO 14001, ISO 50001, UNI CEI 11352 certifications, F-GAS certification and EMAS registration. In addition to the involvement of personnel, through specific information and training activities, the Group has also developed tools to monitor performance, such as the environmental impact/aspects assessment, analytical checks, internal audits and controls to check legislative compliance, which also aim to monitor performance in terms of sustainability and environmental protection.

PRODUCTION PROCESSES AND ENVIRONMENTAL IMPACTS

Iren Group activities that lead to environmental impacts include:

- **production of hydroelectric and thermoelectric energy** (co-generation and traditional plants, supplementary and reserve plants) and solar energy;
- management of **electricity distribution** networks (high, medium and low voltage and transformer substations), and **natural gas** distribution networks;

- management of the **integrated water service**;
- **waste collection, recovery and disposal** services;
- **other customer services** (including energy efficiency products and services, electric mobility);
- **environmental practices** of contractors, subcontractors and other suppliers of the Group.

Resources are used in these operating areas for the management of operating activities and outputs and impacts are generated, as illustrated in the following diagram.



DIRECT AND INDIRECT ENERGY CONSUMPTION

The **direct energy consumption** of the Group concerns the use of fuels for the production of electricity and heat at the plants (co-generation plants, thermal plants, boilers, waste-to-energy plants and landfills), as well as the non-renewable primary energy flows not directly associated with the production of energy (i.e. site heating, fuel for the Group's vehicle fleet, etc.), used in carrying out its activities.

In 2020, direct energy consumption showed a 3% reduction compared to 2019, related to the overall lower electricity and heat production driven by climate effects and domestic energy consumption contraction associated with the Covid-19 crisis.

Indirect energy consumption (electricity purchased and consumed by the Group) refers to the sites and production plants. The electricity used by the energy production plants is partially self-produced and the relevant figures are included in the direct fuel consumptions. If the electricity used exceeds the amount self-produced, electricity is purchased from third parties and accounted for under the indirect energy consumption of the Group, which, in 2020, amounted to 337 GWh, equal to 62,999 TOE (2,637,121 GJ), with an almost constant trend compared to 2019.

Direct energy consumption by energy source	u.m.	2020	2019	2018
Total direct energy consumption ⁽¹⁾	TOE	1,463,262	1,509,743	1,264,807
Total direct energy consumption ⁽¹⁾	GJ	61,252,146	63,197,819	52,944,833
Natural gas ⁽¹⁾	sm ³ /000	1,723,470	1,779,273	1,492,759
	TOE	1,440,821	1,487,472	1,247,874
Diesel	t	44	36	76
	TOE	45	37	78
Biogas from landfills, treatment plants and biodigesters ⁽²⁾	sm ³ /000	30,443	28,399	27,792
	TOE	11,497	10,475	10,047
Fuel for motor vehicles	t	10,643	11,481	6,681
	TOE	10,900	11,759	6,808

⁽¹⁾ The data for 2019 and 2018 were restated.

⁽²⁾ The 2020 data shows an increase due to the entire year consolidation of production from the Cairo Montenotte biodigestion plant, which was considered for only 6 months in 2019 following the acquisition.

WATER WITHDRAWALS

The water supply to the Group's sites is made by withdrawing water from surface water bodies (reservoirs, rivers), from the sea and from groundwater pumped from wells and water mains.

In 2020, the Group's water withdrawals were reduced by approximately 4% compared to 2019.

WATER WITHDRAWAL BY SOURCE (m³)⁽¹⁾

Withdrawal sources	2020	2019	2018
Water mains	2,449,820	2,842,846	2,212,067
Surface water	535,074,260	557,654,704	496,254,950
Seawater	9,751,104	10,872,000	(in surface water)
Ground water	7,417,101	6,484,966	5,829,269
TOTAL	554,692,285	577,854,516	504,296,286

⁽¹⁾ Since 2019, the new source classification established by the 303-3 GRI 2018 standard has been adopted. The seawater withdrawal for 2018 is included in the surface water. The data for 2018 and 2019 were restated. All withdrawal sources (except seawater) are composed of freshwater ($\leq 1,000$ mg/L of total dissolved solids).

Most Group companies have implemented a certified environmental management system (ISO 14001) and the main production sites have EMAS registrations; therefore, they have adopted various procedures for the management of water resources, which represent an operating tool for the management of withdrawals and discharges. The procedures apply to:

- the various types of production processes and/or supplies of services, which require the use of the "water" resource, even for a secondary purpose;
- water withdrawal of any kind and purpose;
- treatments and qualitative modifications of the resource water made for any reason;
- water discharges of any kind, purpose and origin to soil, subsoil, surface water bodies and sewers.

Iren Group pays particular attention to the implementation of initiatives to reduce water withdrawal for industrial and civil use in all of its activities.

In **waste-to-energy** plants, priority is given to the recovery and recycling of water for combustion slag shut-down and plant cooling.

In **energy production**, each activity regarding the use of water sources is regulated by legal provisions of the law or authorisations with the responsibility laying in the hands of the Legal Representative of the company or managers, provided with specific powers of attorney and proxies, who have the task of managing and supervising the correct performance of the activities and the correct application of the procedures. Moreover, the "environmental analysis" document, prepared for each site/plant, allows for the identification of the environmental aspects related to water resources and the obligations foreseen by environmental legislations. The analysis also identifies the applicability of the legislation to the Group's plants as well as the compliance with the regulations in force. The Torino Nord co-generation plant, for example, is equipped with recovery systems for rainwater and condensation produced by the turbine's air input refrigeration system. The industrial water produced is stored in a tank and used for firefighting purposes, to supply the demineralised water production installation and for plant-related services.

Within the **integrated water service**, the supply of drinking water is organised on the basis of effectiveness and efficiency criteria and in compliance with the law and resulting concessions. The criteria for the use of resources take into account: authorised quantities, the size of the reserves in the main reservoirs, the quality of the surface water available, the hydrological features of the basins, the data relating to the previous year and data relating to the current year. The supply plan can be modified, reviewed or updated on a monthly basis following an analysis of the data collected during the measurement and monitoring activities in the phases of the process.

WATER DISCHARGES

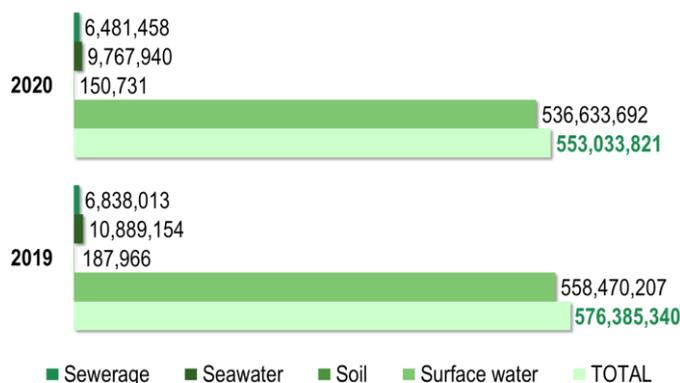
The activities carried out by Iren Group generate water discharges, whose management is regulated by the Integrated Environmental Authorisations, the Consolidated Environmental Authorisations and existing legislation:

- industrial discharges (including water used for the cooling of plants);
- integrated water service (in addition to the wastewater treated in the purification service, includes process water from production and purification systems, which do not contain particular pollutants);
- waste management and treatment;
- washing vehicles and industrial areas;
- discharge of domestic water at non-industrial sites.

Most water discharges are composed of water used in the cooling process at thermoelectric plants, which is discharged to surface water (rivers).

Discharges, like withdrawals, are also 4% lower than in 2019.

WATER DISCHARGES (m³)⁽¹⁾



⁽¹⁾ Data report the 2019-2020 biennium because the new classification required by 303-4 GRI 2018 standard was adopted from 2019. All discharges (except seawater) are composed of freshwater ($\leq 1,000$ mg/L of total dissolved solids). Volumes of water passing through for hydroelectric production are excluded, while for treatment plants, only process water is considered, excluding treated wastewater (see page 83). The data for 2019 has been restated.

Water withdrawn for all processes is almost entirely returned to the environment. Approximately 0.3% of water withdrawn, equal to 1.7 million cubic metres, is consumed in industrial processes. Predominantly water evaporated during production processes (WTE and thermoelectric plants) and used for the district heating networks.

WASTE PRODUCTION

Environmental protection is also achieved through the responsible management of waste produced by the Group during its activities, following the principle of prevention aimed at reducing production as much as possible and using the waste produced as a material or energy. The figures of waste produced are communicated on a yearly basis to the Chamber of Commerce through the environmental declaration form.

The Group's main waste-generating activities are:

- the **treatment and processing of urban and special waste** that the Group manages for communities and private bodies (e.g. leachate generated at landfills, ash and slag from waste-to-energy plants, etc.);
- the **treatment and purification of water** in the management of the integrated water service for the municipalities served by the Group (e.g. sludge, sand);
- operation and maintenance of heat and **energy production plants** and **electricity and gas distribution networks**.

Systems of sorted waste collection, aiming to increase material recycling, have been installed in all Group sites. Policies limiting the use of paper have also been drawn up and implemented through dematerialisation projects and computerisation of processes.

WASTE PRODUCED BY GROUP PROCESSES (t)



In 2020, the Group produced 605,704 tons of waste, of which 521,396 tons was non-hazardous, an overall reduction of 5% compared to 2019.

Waste generated by business and main materials (t) ⁽¹⁾	2020
Environmental Services	437,406
<i>of which non-hazardous</i>	353,433
- slags	173,558
- leachate	71,536
- sludge	7,534
- sands	4,548
- metals	8,238
- other waste	88,019
<i>of which hazardous</i>	83,973
Water treatment and purification service	167,185
<i>of which non-hazardous</i>	167,072
- sludge	143,727
- sands	5,762
- sieve/muddle	5,637
- other waste	11,946
<i>of which hazardous</i>	113
Energy production	892
<i>of which hazardous</i>	188

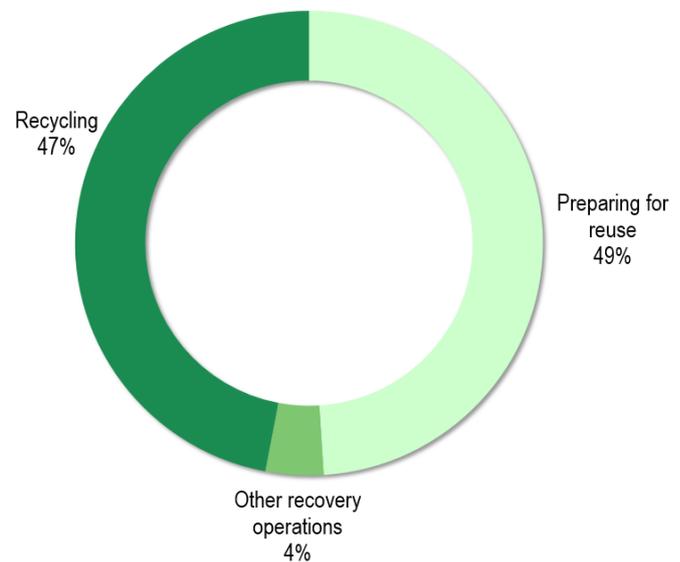
Waste generated by business and main materials (t) ⁽¹⁾	2020
Other non-hazardous waste	187
Other hazardous waste	34
TOTAL	605,704

⁽¹⁾ The difference between waste produced and their destination (next tables) is due to temporary storage. As of 2020, the breakdown of waste generated required by the new GRI 306 standard has been adopted, so it is not possible to provide a comparison with the three years.

In addition to complying with the legislative framework, the waste cycle is closed with a particular focus on the enhancement of the waste resource (recycling, material recovery and preparation for re-use) as opposed to disposal, where priority is given to the energy recovery of waste that the Group cannot usefully recover, and only as a last resort to landfill.

In 2020, approximately 59% of the Group's waste was diverted from disposal and sent to the material recovery chain.

WASTE DIVERTED FROM DISPOSAL



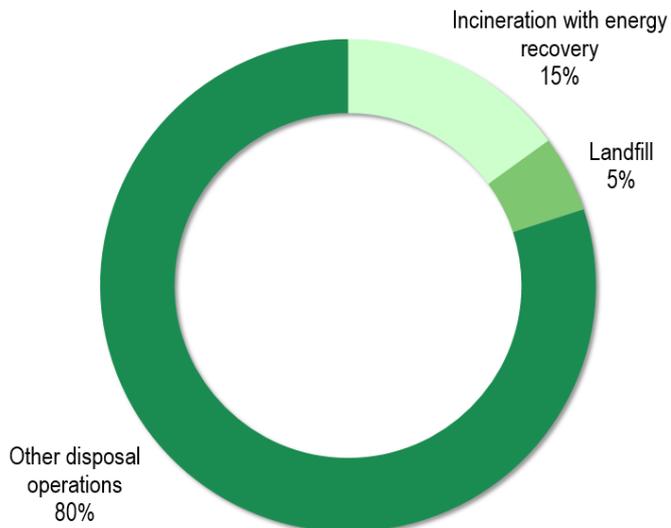
Details of waste diverted from disposal, thanks to treatment in Group or third-party plants, are given in the table below.

Waste diverted from disposal (t) ⁽¹⁾	Group plants	Third-party plants
Preparing for reuse	46,311	128,108
<i>of which hazardous</i>	48	23,708
Recycling	192	168,792
<i>of which hazardous</i>	-	24,543
Other recovery operations	47	13,123
<i>of which hazardous</i>	13	275
TOTAL	46,550	310,023

⁽¹⁾ As of 2020, the breakdown of waste generated required by the new GRI 306 standard has been adopted; therefore, a comparison with the three years is not possible.

The remainder of the waste produced by the Group (approximately 41% of the total) was disposed of in the manner and the quantities indicated in the following graph and table.

WASTE DISPOSED



All waste intended for incineration has been disposed of in plants with energy recovery.

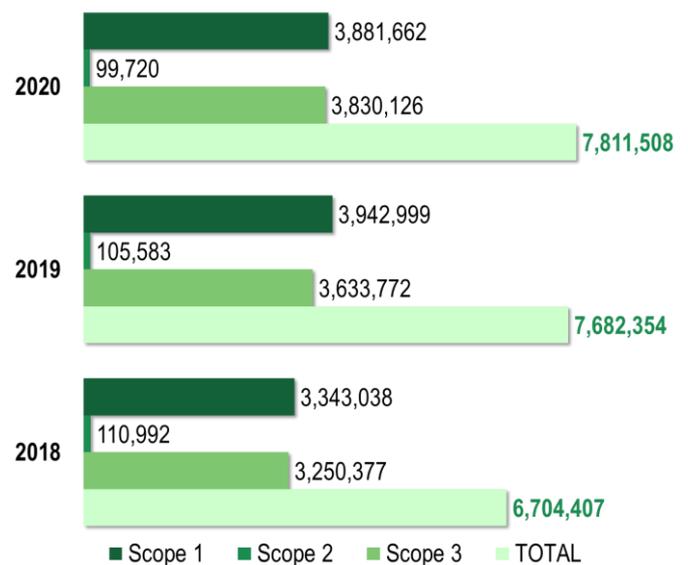
Waste disposed (t) ⁽¹⁾	Group plants	Third-party plants
Incineration with energy recovery of which hazardous	36,301 4	828 -
Landfill of which hazardous	7,725 -	4,864 -
Other disposal operations of which hazardous	124,832 8,616	74,692 27,112
Total	168,858	80,384

⁽¹⁾ As of 2020, the breakdown of waste generated required by the new GRI 306 standard has been adopted; therefore, a comparison with the three years is not possible.

Iren Group activities generate atmospheric emissions both directly, concerning production processes, and indirectly, from the supply of electricity from third parties. Reporting will therefore consider:

- **scope 1:** all direct emissions from sources owned by the Group, i.e. CO₂ emissions generated from fuels burned at the plants for the production of energy and heat, those originating from the company fleet and those deriving from natural gas consumption to produce heat for the heating systems of the various office buildings and/or for other activities in support of production;
- **scope 2:** CO₂ emissions from indirect consumption of the Group; i.e. emissions generated from the purchase of electricity consumed in the Group's plants and offices from third-party suppliers;
- **scope 3:** all emissions that, albeit related to core and business activities, are not directly controlled by the Group.

TOTAL CO₂ EMISSIONS (t)



ATMOSPHERIC EMISSIONS

SCOPE 1 EMISSIONS

Direct CO ₂ emissions – Scope 1 (t)	2020	2019	2018
Direct emissions from production plants	3,856,284	3,917,267	3,325,895
- of which from cogeneration, thermal and thermoelectric power plants	3,418,020	3,484,516	2,911,546
- of which from waste-to-energy plants (non-biogenic portion)	438,232	432,720	414,305
- of which other combustion reactions for process uses or services	32	31	44
Other direct emissions	6,922	5,215	5,938
Emissions from company vehicles	18,456	20,517	11,205
TOTAL	3,881,662	3,942,999	3,343,038

Direct emissions of biogenic CO ₂ from production plants (t)	2020	2019	2018
Waste-to-energy plants (biogenic portion)	456,119	450,383	431,216
Landfills and treatment plants	24,915	21,444	22,224
TOTAL	481,034	471,827	453,440

In 2020, direct emissions showed a decrease compared to the previous year that is affected by the overall reduction in energy production, due to climate effects and lower national consumption concerning the Covid-19 emergency, and by the improvement in emissions linked to the traffic of the company vehicles due to the progressive electrification of the vehicle fleet and lower mileage, also in this case related to the pandemic.

SCOPE 2 EMISSIONS

CO ₂ emissions – Scope 2 (t) ⁽¹⁾	2020	2019	2018
Emissions from electricity purchased for process activities	93,819	99,016	103,977
Emissions from electricity purchased for office activities	5,901	6,567	7,015
TOTAL	99,720	105,583	110,992

⁽¹⁾ Emissions are calculated by multiplying the electricity purchased from third parties by the emission factor of the national electricity mix, which for 2020 was 296 g CO₂/kWh, for 2019 was 316 g CO₂/kWh and for 2018 was 321 g CO₂/kWh (Source: NIR2020_ITALY). This factor accounts for the mix of various production sources for the electricity purchased.

In 2020, there was a slight reduction in scope 2 emissions compared to the previous year. The Group has set a target in its Business Plan to reduce these emissions by 36% by 2025 and achieve net-zero scope 2 emissions in 2035.



The plan will achieve a result both through the purchase of certified green electricity for the Group's processes and activities and the installation of new photovoltaic systems on the Company's premises that will help reduce the amount of energy purchased from third parties.

In 2020, the Group set a target of reducing scope 2 emissions by 2025

SCOPE 3 EMISSIONS

The Group is indirectly responsible for emissions produced by its suppliers and customers and by the entire value chain.

For this reason, each year, the Group aims to extend its emissions reporting boundary, analysing in greater depth the categories proposed by the GHG Protocol methodology.

In 2020, the analysis of scope 3 emissions was further refined

Overall, in 2020, scope 3 emissions are up compared to 2019 due to the refinement of calculation methodologies that broadened the boundary of emissions reported. In particular, the most significant increase is recorded for emissions from purchased goods and services, calculated on orders to suppliers in the year; this is due both to the rise in total orders of approximately 46% compared to 2019 and the expansion of the coverage of the analysis from about 75% of orders in 2019 to over 95% in 2020.

CO ₂ emissions – Scope 3 (t) ⁽¹⁾	2020	2019	2018
Goods and services purchased ⁽¹⁾	844,572	549,970	466,814
Capital assets (plants and machinery)	3,256	38	773
Use of fuel and energy (not included in Scope 1 and 2 emissions) ⁽²⁾	480,459	499,719	422,142
Upstream transport and distribution services ⁽³⁾	3,998	636	550
Transport of waste produced ⁽⁴⁾	1,426	1,492	1,367
Business trips ⁽⁵⁾	137	52	428
Employee commutes ⁽⁶⁾	12,750	12,750	12,750
Use of products sold ⁽⁷⁾	2,464,655	2,519,909	2,297,380
Downstream leased assets ⁽⁸⁾	8,602	7,806	8,700
Investments ⁽⁹⁾	10,271	41,400	39,473
TOTAL	3,830,126	3,633,772	3,250,377

⁽¹⁾ Supplier orders in the year have been analysed and the emissions deriving from the production of each type of goods and services purchased were estimated.

⁽²⁾ All direct and indirect consumption (natural gas, diesel, electricity and vehicle fuels) was calculated and Well-to-Tank (WTT) emission factors were used in order to quantify total emissions due to the extraction, processing and transport of the fuels used.

⁽³⁾ It is calculated from the total orders to suppliers for transportation services.

⁽⁴⁾ The weight of waste produced and diverted from disposal (then sent for recovery/recycling) was multiplied by the emission factor 4 kg CO₂/t waste.

⁽⁵⁾ The emissions were calculated by analysing orders placed in 2020 for trains, planes, hotels, etc.

⁽⁶⁾ Data estimated on the basis of the average number of employees (between 5,000 and 10,000).

⁽⁷⁾ The volumes of gas sold to end customers, which are not produced by the Group and therefore not relevant to Scope 1 emissions, were considered and multiplied by the emission factor (1.972 t CO₂/1000 sm³).

⁽⁸⁾ Data calculated on the basis of revenues from active leases and rental agreements.

⁽⁹⁾ Direct and indirect emissions of certain non-consolidated companies multiplied by the percentage equity held by the Group. The company Gaia continues to be considered in 2020, while the OLT company sold by the Group at the beginning of the year is no longer included.

Other atmospheric emissions from production plants concern sulphur oxides (SO_x), nitrogen oxides (NO_x), particulates and methane (CH₄).

Atmospheric emissions (t)	2020	2019	2018
SO _x ⁽¹⁾	62.91	25.36	9.80
NO _x	1,030.25	996.11	809.65
Particulates	10.64	9.96	17.70
CH ₄	5,929.47	5,763.08	5,867.79

⁽¹⁾ The data is calculated from the flue gas volume at the stack and the concentration measured by the emission analysis performed by an accredited external laboratory. The determined parameter, which describes the condition of a short period, is then extended to the whole year. This method of calculation may lead to significant differences from one year to the next.

⁽²⁾ The change in CH₄ emissions is related to increased biogas production from landfills.

OZONE-DEPLETING EMISSIONS

Ozone-depleting substances are normally contained in the refrigerants of air conditioning systems. The only harmful substance used by Iren Group is R22 (monochlorofluoromethane), which is present in plants either owned by the Group or managed for third parties (e.g. air-conditioner cooling circuits). Emissions of this substance are monitored on the basis of the quantities of coolant added following periodic maintenance checks (topping up). In order to avoid any dispersions from the Company's air conditioning equipment, all the initiatives envisaged by the Italian Presidential Decree 147/06 have been activated. All equipment was registered, indicating the gases contained and the respective quantities, and subjected to periodic checks to ensure that there are no leaks, as well as to check its correct functioning and cleanliness. In 2020, the Group replaced all split air conditioners with R22 gas in the Emilia area, which will continue in 2021 in the Liguria and Piedmont areas.

PCB MANAGEMENT

Polychlorinated biphenyls (PCBs) are aromatic compounds – consisting of toxic chlorinated molecules that are persistent organic pollutants with bio-accumulative properties – found in transformers and other electrical equipment. To avoid forms of pollution or dispersion of these substances, Iren Group regularly and continuously updates the number of machines containing insulating oil and the quantity contained in them, in accordance with registration and cataloguing procedures. The environmental performance improvement programme in the field of electricity distribution provides for the gradual decommissioning of electrical devices containing PCB/PCT contaminated oil. The goal is to keep the disposal trend steady until the elimination of all the contaminated devices.

In 2020, 16 electrical and electronic equipment containing oil contaminated with PCBs at concentrations between 50 and 500 ppm were sent for disposal, in the quantities indicated in the table.

Oil containing PCB disposed of (kg) ⁽¹⁾	2020	2019	2018
with PCB content of over 0.05%	0	0	0
with PCB content between 0.005% and 0.05%	3,560	3,043	2,197
TOTAL	3,560	3,043	2,197

⁽¹⁾ The total amount of oil containing PCB in transformers and other equipment as at 31/12/2020 is approximately 54,966 kg.

MEASURES TAKEN TO REDUCE ACOUSTIC IMPACT

Iren Group takes steps to monitor, evaluate and mitigate noise emissions throughout the life cycle of its plants and infrastructure, supported by specialist technicians, and dedicates time and resources to limit the acoustic impact of its activities, including through mitigation measures (e.g. soundproofing panels, silencers). In order to verify that the limits laid down by current legislation are respected, specific Acoustic Impact Assessments are carried out at each **energy production** site, either as a preventive measure or on existing situations, whenever:

- it is decided to build, modify or upgrade a construction project;
- it is intended to start a new business;
- an application is made for the issuance of permits for the construction of new plants, the infrastructure of productive activities or commercial services;
- a public body or a municipality requests it.

In cases where the specified limits were exceeded, acoustic decontamination measures were taken on the most significant sources to bring the noise emitted within the legal limit. Periodic phonometric tests are also carried out at the perimeters of the sites or in proximity of the sensitive receptors; moreover, upon receiving reports or complaints from citizens, we implement appropriate measurements to assess the need for specific mitigation measures.

At **gas distribution** plants, campaigns to measure the effects of noise produced on the surrounding environment in 2020 found no critical issues.

In the **distribution of electricity**, the Group found a primary substation to be marginally over the permitted noise emission limits, for which the design of the necessary mitigation works has commenced.

The subject of reducing the acoustic impact is normally not particularly relevant for the **integrated water service**. Despite this, machinery and equipment (compressors, grills, etc.) are replaced during the unscheduled maintenance interventions with models producing lower levels of acoustic impact or greater degree of soundproofing.

Lastly, regarding **environmental services**, phonometric tests are periodically carried out on waste collection, street sweeping and collection centres. In particular, in the waste collection sector, the Group is adopting new methods with vehicles with low acoustic impacts, such as electric vehicles. For waste-to-energy plants periodic acoustic monitoring campaigns are carried out. To date, the results of the investigations conducted show that the limits have been respected.

ELECTROMAGNETIC FIELDS

For several years now, Iren Group has been measuring electromagnetic fields, which involve:

- primary electricity power plants and stations;
- overhead and underground HV power lines;
- MV/MV and MV/LV electricity substations installed in schools, hospitals, parks, or with specific load characteristics;
- MV/LV electricity substations with a higher capacity;
- office buildings of Group Companies.

During inspections, the location of the substation is checked, as well as the electrical equipment it contains with respect to any sensitive adjacent buildings and any potentially hazardous situations found in the substation that are environmental and electrical. In 2020, the design and construction of new MV/LV substations continued to reduce the population's exposure to emissions from electromagnetic fields (EMF).

MATERIALS USED

The Group's production and service activities involve the use of materials acquired from external suppliers, including, for example, products for cooling and lubricating plants and machinery, substances for treating water, and reagents for waste treatment and waste-to-energy processes. In 2020, the Group used 212,098 tons of process materials in total, with a marginal proportion of renewable materials, considering the type of processes managed.

As part of the Group's supplier certification process, certain qualitative information is specifically requested regarding the use of materials with low emissions, low energy consumption, of recycled or recyclable material and the eventual adoption of procedures for the storage and collection of recyclable materials in order to guarantee recycling.

REDUCTION OF EMISSIONS AND ENVIRONMENTAL IMPACTS

INVESTMENTS FOR THE ENVIRONMENT

Iren Group has a responsible commitment to reduce its impacts and protect the environment, which it undertakes through the use of human and financial resources. The expenses and investments incurred in 2020 for environmental protection amount to approximately 490 million Euro, allocated as follows:

- 56% to the improvement and efficiency of the gas and electricity distribution networks, the upgrading and renewal of water networks, sewerage and water purification systems and smart metering;
- 40% to optimise sorted waste collection systems in order to pursue the waste recovery objectives defined in the local area plans;
- 3% to the efficiency of electricity and thermal energy production plants through flexibilisation interventions, installation of heat and electricity storage systems and development of production from renewable sources (photovoltaic and hydroelectric);
- 1% to implement services and products with positive environmental impacts for customers (e.g. Iren Plus and IrenGO).

REDUCTION OF EMISSIONS

The Group carefully monitors atmospheric emissions (measurements on chimneys, indirect calculations, number of leaks, etc.) in order to identify specific measures to reduce them and verify the results achieved on a regular basis.

The generation of electricity from renewable sources creates significant positive effects on the reduction of emissions and the predominant cogeneration framework (production of electricity and thermal energy that feeds the district heating networks in different cities) of the Group's thermoelectric plants significantly contributes to containing specific greenhouse gas emissions.

More than 2.7 million tons of CO₂ avoided by eco-friendly energy production, sorted waste collection, material recovery and numerous other initiatives

All power plants use renewable energy sources, waste or natural gas, for their power supply and adopt low-emission and pollutant-reducing combustion technologies (catalysts to reduce CO and NO_x). Continuous emission monitoring systems make it possible to detect in real time the main pollutants and the improvement of the efficiency of the combustion process of cogeneration plants, larger thermal plants and waste-to-energy plants. The latter are also required, pursuant to the relevant Integrated Environmental Authorisations (IEA), to comply with stricter emission limits than those contained in national legislation.

Pursuant to the IPPC environmental legislation and relevant IEAs, it is mandatory for power plants with a capacity exceeding 50 MW to continually improve environmental services, by updating to the best available technology in order to continually reduce the pollution for the different environmental compartments, including atmospheric emissions.

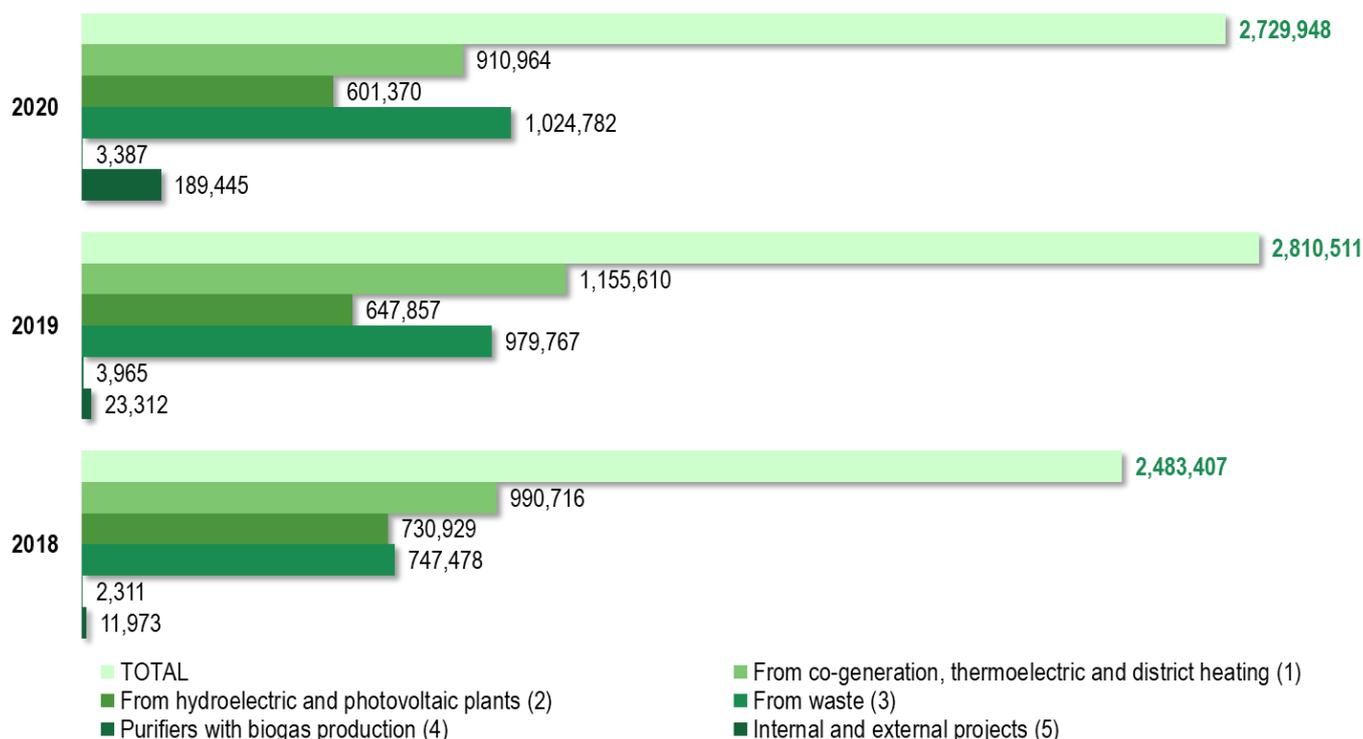
The combustion of the biogas produced in landfills produces the maximum reduction of methane and other greenhouse gas emissions, although its conversion into CO₂ has a potential greenhouse effect 21 times lower than natural gas (Source: UNI ISO 14064).

In addition to monitoring and limiting emissions from its power plants, Iren Group is increasingly contributing to reducing CO₂ emissions through specific investments and projects, such as:

- **district heating** that uses heat produced in cogeneration, replacing traditional condominium boilers and reducing the natural gas consumption;
- **heat storage systems** that absorb the production capacity of plants during periods of low demand and reuse it to efficiently manage peak demand;
- **sorted waste collection**, which avoids the emissions that materials would have produced if sent for disposal;
- **material recovery from waste**, which has a positive impact on the environment, for example, through the reuse of plastics and the production of compost and biomethane from organic waste;
- **sustainable mobility** and reduction of employee travel through smart working and agile ways of working;
- the offer of **products and services for energy efficiency** and the reduction of environmental impacts by customers.

The emissions avoided by adopting the listed initiatives are summarized in the graph below:

CO₂ EMISSIONS AVOIDED (t)



(1) The calculation considers as a benchmark the emissions of the national thermoelectric system equal to 457.059 kg CO₂/MWh in 2020, 479.01 kg CO₂/MWh in 2019 and 478.224 kg CO₂/MWh in 2018 (Terna and PNA data). Avoided emissions decreased due to the reduction in the emission factor, reflecting the gradual improvement in the national production mix. The data also includes emission reductions from hydroelectric and photovoltaic plants, compared with the conventional thermoelectric mix.

(2) The calculation considers emission reductions from hydroelectric and photovoltaic plants, compared with the conventional thermoelectric mix.

(3) CO₂ avoided from waste takes into account: - production from biogenic sources: landfills and biodigester with the production of electricity from biogas, electricity and heat produced by WTE, assuming 51% of the total output of WTE as a renewable source (Source: GSE) and, in case there is also the production of thermal energy, converting thermal energy into electricity (for PAI=1/6.88, for TRM=1/4.5) and applying the national benchmark (see footnote 1); - sorted waste collection: the calculation is based on the correlation between the most relevant tons of recycled waste (paper and cardboard, plastic, organic and green, wood, iron, glass) and the tons of CO₂ equivalent saved (Source: Waste management options and climate change EC-AEA 2001); - material recovery: the emissions avoided by the primary materials recovered in Group plants that have been diverted from incineration (plastic, durable goods, other materials) or by the secondary raw material produced by their recovery (compost, bluir).

(4) The calculation takes into account the amount of biogas from the treatment plants from which electricity was produced.

(5) Specific projects include both internal Group initiatives (e.g. energy efficiency of plants/processes, electric mobility) and external ones (energy efficiency services, innovative Iren Plus products, sale of certified green electricity, not calculated in previous years).

Emissions of NO _x and SO _x avoided (⁽¹⁾ (t))	2020	2019	2018
Nitrogen oxides (NO _x)	467	690	812
Sulphur oxides (SO _x)	271	435	489

(1) The calculation considers emissions that, for the same amount of energy produced, would have been generated by domestic heating systems and the national electricity production network, subtracting the emissions effectively produced by the Group's plants.

INITIATIVES TO MITIGATE ENVIRONMENTAL IMPACTS

The Group has undertaken many initiatives to reduce the environmental impact of its activities in the various business sectors.

ENVIRONMENTAL SERVICES

All the Group's **waste-to-energy** plants are equipped with monitoring systems that guarantee continuous measurement of emissions and verification of compliance with the regulations and the Integrated Environmental Authorisation with control of the substances indicated. In order to make even more timely adjustments to the combustion parameters and to optimise the reduction of mercury, in 2020, the

activities that equipped the three plant lines with a backup system for dosing activated carbon were completed on the Turin waste-to-energy plant.

In regard to the containment of the biogas emissions from **landfills**, cycles of internal control are carried out for the regulation of the valves at the top of the biogas collector wells with measurement of the capturing efficiency of the plant.

Another initiative regarded the **replacement of diesel-powered roll on/roll off compactors** with electronic equivalents. In 2020, 7 new devices were purchased, which contribute to the reduction of atmospheric and acoustic emissions.

INTEGRATED WATER SERVICE

The initiatives aimed at reducing the environmental impacts mainly concern:

- the reduction of energy consumption by adapting wastewater treatment processes and replacing old machinery with the latest generation equipment that consumes less energy;
- the replacement of submersed electric pumps of the pumping stations with new pumps fitted with inverters;

- the reduction of water procurement through the reduction of leaks from water mains;
- the improvement of the quality of the water that leaves the treatment plants and the connection of stretches of untreated sewage to final treatment systems;
- the abatement and containment of odorous emissions from treatment plants by confining them to secure rooms during the process in order to allow the air to be aspirated and treated.

The public water dispensers for the free distribution of drinking water (chilled and sparkling) to residents has considerably reduced the use of plastic bottles (approximately 17 million 1.5 litre bottles in 2020) and, therefore, the production of waste (588 t of PET avoided). Savings of 1,530 tons of CO₂ are estimated for 2020, thanks to the non-consumption of 1,116 tons of oil equivalent for the production of the bottles.

Public water dispensers have allowed approximately 1,530 tons of CO₂ to be avoided, equal to 1,116 TOE

GAS DISTRIBUTION

The main environmental impact from the gas distribution network is the leakage of methane gas into the atmosphere. To guarantee the safety, quality and continuity of service levels, the Group has adopted distribution monitoring systems (for example, remote control) and intrusion detection systems, as well as ongoing scheduled research and ordinary and extraordinary maintenance of networks and substations.

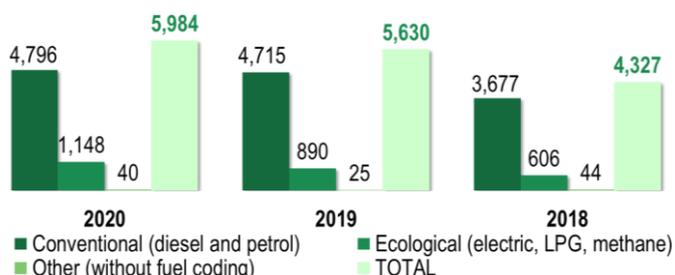
OTHER INITIATIVES

LED lighting: this involves the installation of new public street lighting fixtures and traffic lights with LED technology. In 2020, the initiative led to savings of approximately 17,300 tons of CO₂ (see page 89).

MOBILITY MANAGEMENT

The Group is committed to reducing atmospheric emissions from road traffic through the progressive electrification of its fleet, the systematic renewal of vehicles and the promotion of initiatives for employees.

OWNED AND LEASED COMPANY VEHICLES AS OF 31/12/2020 (no.)



ATMOSPHERIC EMISSIONS OF COMPANY VEHICLES (t)

Types of emissions (t) ⁽¹⁾	2020	2019	2018
NO _x	54.56	91.81	45.01
VOC	3.38	4.72	1.78
CO	24.67	33.34	13.95
PM10	3.93	5.13	2.58
CO ₂	18,456.33	20,516.89	11,204.85

⁽¹⁾ The emissions are calculated multiplying the km travelled by the vehicles (broken down into different Euro categories, type of fuel and vehicle) by the more recent emission coefficients (Source: INEMAR - ARPA Lombardia 2018). Travel distance data were taken from the management software in use. The distances are measured using the final data of the files of the companies supplying the fuel with relevant controls on evident anomalies.

In 2020, there was a significant decrease in atmospheric emissions from company vehicles, particularly a 10% reduction in CO₂ emissions, despite the growth in the number of vehicles in the company fleet. The positive trend is, in part, due to lower distances travelled related to the reduction in employee travel, but also, and above all, to the progressive efficiency and improvement of the car fleet: in 2020, the percentage of environmentally friendly vehicles in the total company fleet has further increased, exceeding 19% (16% in 2019) and the campaign to replace obsolete vehicles has continued (at the end of 2020, 62% of diesel and gasoline vehicles belong to Euro 5 and 6 categories, +12% compared to 2019).

The management of vehicles is performed pursuant to the corporate guidelines that define levels of safety, maximum distances travelled and levels of replacement in relation to total distances travelled, the age of the vehicle and level of wear and tear, together with the changing operating needs or the management synergies between the different areas of operation.

The Business Plan to 2025 confirms, once again, the initiative towards sustainable mobility: the objective is to reach 35% of environmentally friendly vehicles in the total company fleet by 2025 and 50% in the long term by 2035.

This will be possible by continuing the **IrenGo** project, which involves purchasing full-electric vehicles – cars, vans, vehicles for sorted waste collection and heavy vehicles – and the installation of recharging infrastructures (recharging units and wall boxes) at the company's premises. At the end of 2020, more than 720 vehicles were already on the road (cars, vans and waste collection quadricycles) and there were more than 700 operational recharging points.

The new vehicles help to improve the air quality in the urban environments in which they work every day. In 2020, the IrenGo project avoided around 1,100 tons of CO₂ and over 260 TOE.

The Group also promotes initiatives to encourage employees to use public transport (purchase of season tickets at a discounted price, in instalments or charged to their salary) and alternative methods of transportation to get to work, such as the "Ecoviaggio Smart" app, which offers employees the possibility of organising car-sharing journeys for work.

Working from home in 2020 had a positive environmental impact: 2,000 tons of CO₂ avoided and nearly 1,000 TOE saved.

Also, the Group has been activating remote working methods (teleworking and “smart-working”) for several years now, which, in 2020, due to the Covid-19 emergency, were significantly extended, involving 3,166 employees. This has generated a significant positive environmental impact: in fact, thanks to the reduction in travel estimated at almost 14 million km, more than 2,000 tons of CO₂ have been avoided, and nearly 1,000 TOE have been saved.

INTEGRATED WATER SERVICE

WATER PRODUCTION AND DISTRIBUTION

The supply of water for the distribution of drinking water is carried out in compliance with regulations and concessions and according to effectiveness and efficiency criteria.

The criteria for using resources consider several factors (authorised quantities, size of reserves in the main reservoirs, the quality of available surface water, the hydrological features of the basins, final data relating to the previous year and the current year).

Modern automation and remote-control equipment ensure the water catchment, purification, and lifting systems’ best operation.

The total volume of water fed into the network in 2020 is down compared to last year.

Water fed into the network (thousands of m ³)	2020	2019	2018
Piacenza	31,041	32,239	32,122
Parma	38,095	38,156	38,024
Reggio Emilia	45,818	46,159	44,982
Vercelli	8,916	8,744	8,819
Genoa	90,605	95,719	99,045
Savona	19,093	19,057	19,752
Imperia	3,080	3,462	3,515
La Spezia ⁽¹⁾	38,002	40,296	30,865
Other provinces ⁽²⁾	4,956	6,638	15,826
TOTAL	279,606	290,470	292,950

⁽¹⁾ In 2018, Acam Acque is only considered for the period of consolidation (from April 1).

⁽²⁾ The significant reduction compared to 2018 is due to the termination of service in the provinces of Alessandria, Aosta, Novara, Brescia, Pavia and Verona. The provinces of Asti, Cuneo, Mantua remain included.

The percentage of network leaks stands at 33.3%, compared to a national average of 43.7% (ISTAT 2019 data).



Among the initiatives for the reduction of dispersions in water networks, the Group is developing district planning. This technique involves dividing the networks into small homogeneous areas, the so-called “districts”, which allow daily monitoring and constant analysis of hydraulic parameters. In this way, the instrumental leak detection campaigns are punctual and targeted only to the districts on which the monitoring has detected hidden leaks. Currently, 56% of the total managed network has been associated to a district in progression according to the objectives defined by 2025. District planning also produces a benefit in terms of reducing energy consumption: it saved 523 TOE in 2020.

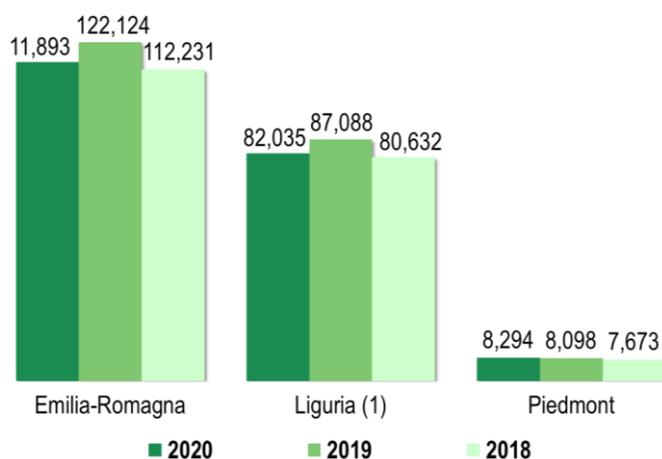


SEWERAGE AND TREATMENT QUALITY

Urban wastewater from public sewers is treated at 1,356 treatment plants of varying capacity and type. In the central plants, pre-treatments are carried out to remove coarse matter, sand and oils, primary treatments to remove settleable solids and traditional secondary and tertiary treatments for nitrogen removal.

The Group also manages several phyto-purification plants that use plants’ treatment activity and are used both for the purification of sewage (sub-surface flow system) and for the refinement of water treated in traditional treatment plants (surface flow systems).

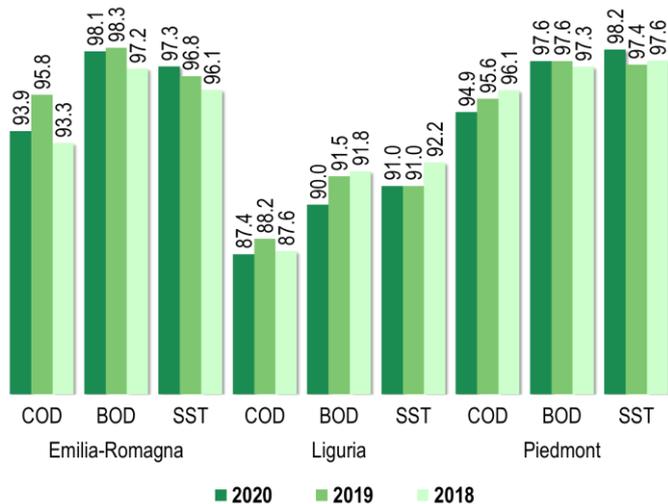
WASTEWATER TREATED (thousand m³)



⁽¹⁾ In Liguria, the Group does not manage the sewerage and treatment service in the Savona and Imperia areas.

For the volumes of water treated and the calculation of pollutant reduction, all the Group’s treatment plants with a capacity of more than 2,000 residents equivalent are considered.

POLLUTANT REDUCTION – GEOGRAPHICAL AREA (%)



1,356 treatment plants operated by the Group that contribute to improving the conditions of rivers, streams and seas

The Group's objectives are to increase purification capacity, increasing the plants' potential to ensure increasingly efficient service and improving wastewater management's environmental impact.

Investments made in 2020 in this direction also contribute to the achievement of the set objectives.



RECEIVING BODIES OF TREATED WASTEWATER

All the water bodies that receive wastewater treated by the Group in the Emilia and Piedmont regions fall within the Po river basin.

The land lies within an area declared as sensitive so the plants, depending on their size, are subject to the application of the strictest nitrogen and phosphorus limits.

The wastewater treated by the treatment plants in Liguria's served areas is discharged into the Ligurian Sea (mainly the Gulf of Genoa, the Gulf of Tigullio and the Gulf of La Spezia).

ENVIRONMENTAL SERVICES

WASTE COLLECTION

Iren Group operates in the waste collection sector in a number of different capacities, depending on the agreements in place with service providers:

- as an operator, based on long-term service contracts, in 166 municipalities in the provinces of La Spezia (Acam Ambiente), Parma, Piacenza, Reggio Emilia (Iren Ambiente), Vercelli (ASM Vercelli) and in the city of Turin (Amiat). In these contexts, the Group collaborates with the Regulatory Bodies to define targets and plan the collection systems;
- as a contractor, in the case of San Germano, with operational support to local authorities or other operators, in 141 other municipalities.

In 2020, the Group provided urban waste collection services in a catchment area of more than 3 million residents, where the Group handled almost 2.2 million tons of urban waste (approximately 325,900 tons collected by San Germano).

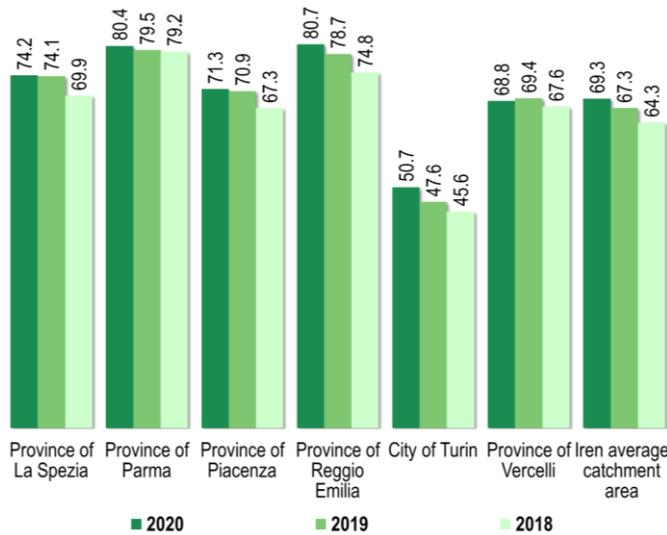
The Covid-19 emergency has required the Group to reorganise the collection service by adopting specific methods, in line with the provisions of the local authorities: in Liguria, a dedicated collection of waste produced by households where there were cases of contagion or quarantine has been set up; in Piedmont and Emilia-Romagna, on the other hand, in the presence of cases of infection or quarantine, the sorting of waste has been suspended, to send it all for disposal by waste-to-energy, which is considered the most suitable method for guaranteeing health and safety.

Preventing waste generation, increasing sorted waste collection levels, and recycling waste are critical objectives of waste management policies, as they reduce disposal requirements and thus the overall environmental impact. In addition to specific communication and information campaigns aimed at raising awareness among citizens to reduce waste production, Iren Group adopts **advanced collection systems** (door-to-door, ecostation with user recognition), which contribute to achieving high levels of sorted waste collection: in 2020, the Group reached 69.3% of sorted waste collection (67.3% in 2019), compared to a national average of 61.3%, once again exceeding the target of 65% by 2035 of the European Union's Circular Economy package.

In the system offered to residents to increase the results of sorted waste collection, the presence of 195 **Waste Collection Centres** (of which 32 in the San Germano operation area) is particularly relevant, enabling residents to freely deposit waste in large containers. The range of services is completed by collecting bulky waste at home and services dedicated to companies for the management of waste assimilated to urban waste.

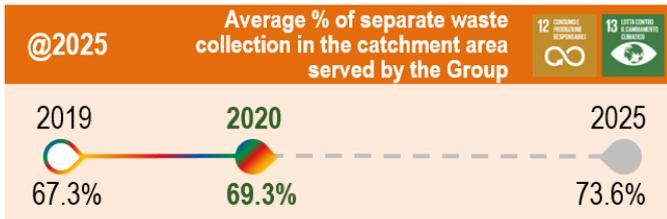
Of the 1,335,891 tons of urban waste collected in the areas where the Group acts as operator, 922,933 tons referred to sorted waste. The municipalities served by San Germano also achieved positive results with around 217,555 tons of sorted waste collected.

SORTED WASTE COLLECTION BY REGION (%)

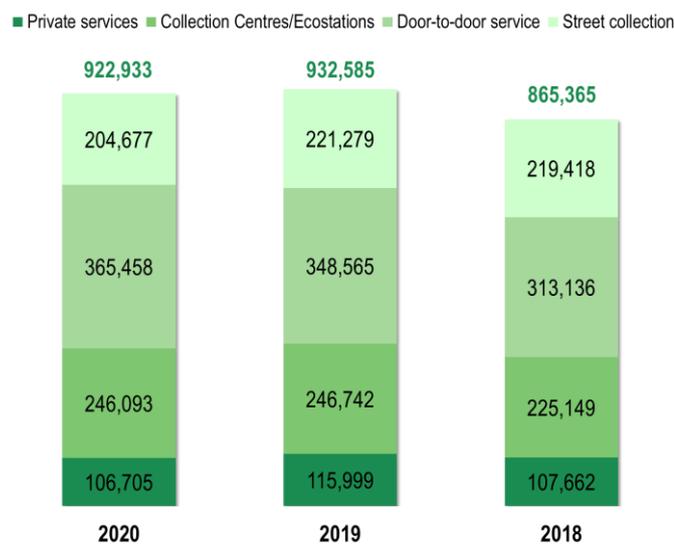


The percentages of sorted waste collection achieved in 2020 show a very positive trend: in Parma and Reggio Emilia, the results exceed 80%, and in the city of Turin, they go beyond 50%.

The Group has planned investments to bring all the regions to excellence: the Business Plan sets the objective of further growth in the sorted waste collection (73.6% by 2025 and approximately 80% by 2035).

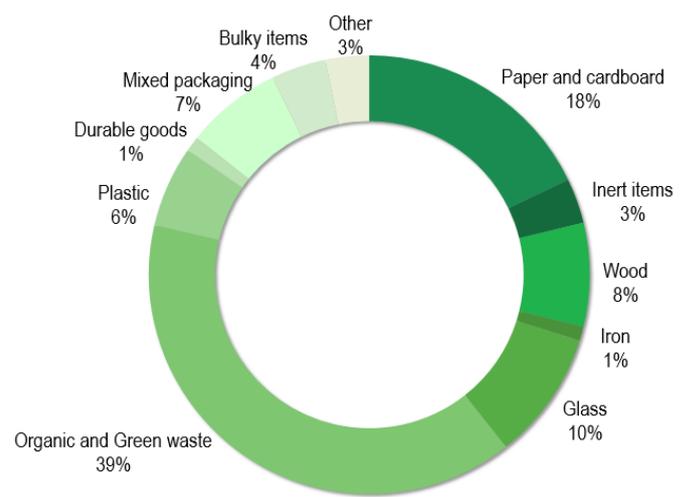


SORTED WASTE COLLECTION BY METHOD (t)



In 2020, sorted waste collection, which will be 1% less than in 2019 due to the already highlighted suspension of sorted waste collection due to cases of quarantine or Covid-19 infection, is sent for recovery through specialised platforms and sector supply chains, thanks to the agreements in place with the Consortia belonging to Conai (National Packaging Consortium), or through private operators.

SORTED WASTE RECOVERED BY TYPE



WASTE RECOVERY, TREATMENT AND DISPOSAL

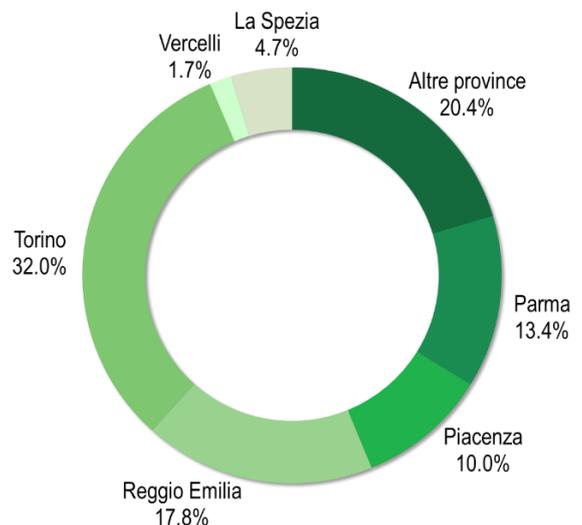
In order to guarantee an effective management of the entire cycle, the Group is also committed to the treatment and disposal of waste, the recovery of material and the exploitation of the resource waste for the generation of electricity, heat and biogas through a structured system of plants.

The plants owned by Iren Group are summarised in the table:

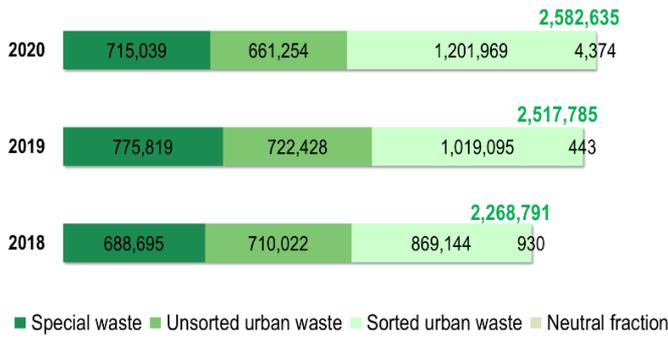
Plants	Number
Waste-to-energy plants	3
Operating landfills	2
Storage and transfer	18
Liquid waste treatment	4
Material recovery	13
Organic waste treatment and recovery	3
Mechanical-biological treatment with SSF production	1

In 2020, a total of 2.9 million tons of waste was managed, including 328,794 tons collected by San Germano (these quantities are not included in the breakdowns below).

WASTE MANAGED BY AREA (%)



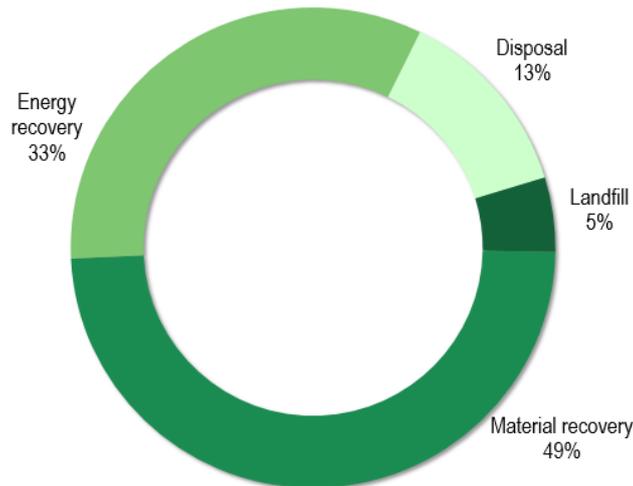
WASTE MANAGED BY TYPE (t)



The sorted component of the waste can be sent directly for recovery or transit through Group plants or storage areas, where it is sorted and/or treated before its final destination.

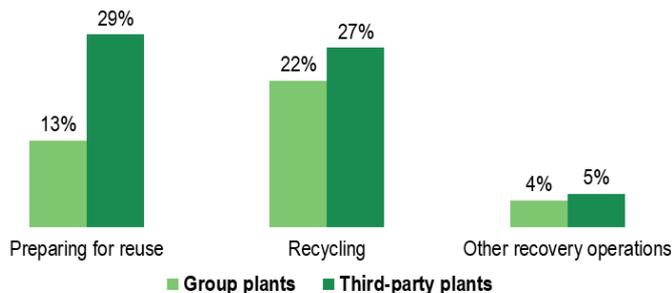
The unsorted component of the waste collected is destined for various disposal methods searching for the best use of the waste resource that sees energy recovery, through waste-to-energy, as the most effective solution from an environmental point of view. The Group has structured some plants for the preventive mechanical sorting process with the goal of intercepting a wet fraction of waste that is rich in organic material and which can be stabilised biologically.

DESTINATION OF MANAGED WASTE (%)



49% of the waste managed by the Group in 2020 was destined for the material recovery chain in Group and third-party plants.

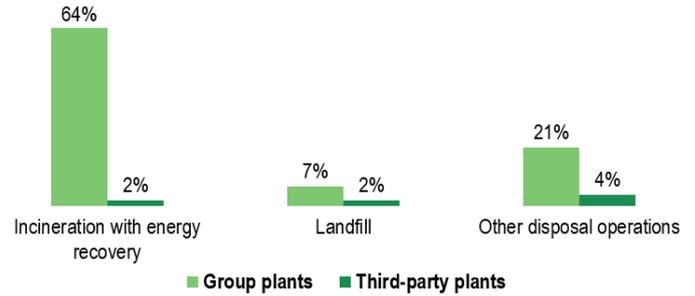
WASTE SENT FOR MATERIAL RECOVERY (%) ⁽¹⁾



⁽¹⁾ Approximately 2,640 tons consist of hazardous waste, equal to 0.2% of the total.

66% of the portion of the waste that could not be recovered as a material was sent for energy recovery, and the remainder – representing 17.7% of the total waste managed – for disposal.

WASTE DISPOSED (%) ⁽¹⁾



⁽¹⁾ Approximately 37,970 tons consist of hazardous waste, equal to 3% of the total. No waste has been sent for incineration without energy recovery.

In its Business Plan to 2025, the Group has demonstrated its growing commitment to closing the circular economy cycle, conceiving investments in several new plants for the recovery of the organic fraction, with the production of compost and biomethane, for the recovery of paper, plastic and wood, with the production of materials that are reintroduced onto the market.

PLASTIC RECOVERY WITH I.BLU

I.Blu, through its plants in Costa di Rovigo and in San Giorgio di Nogaro (UD) (expected to be operational by 2021), transforms mixed plastics deriving from the sorted waste collection into *Blupolymer*® and the secondary reducing agent *Bluair*®: the former consists of a recycled plastic granule with multiple uses, such as the construction of buildings and resistant infrastructures, containers and bags for sorted waste collection and many other objects; the latter is a *techno-polymer* designed for the steel industry, which acts as a reducing agent, replacing fossil fuel and significantly improving efficiency and environmental impact.

One of the Group's primary medium and long-term objectives is to increase waste recovery capacity in its own plants: this is expected to reach 1.6 million tons in 2025 and around 2 million tons in 2035. In 2020, thanks to the acquisition of the I.Blu plants and the complete consolidation of the operations that took place during 2019 (CMT and Ferrania Ecologia), the amount of waste treated in Group plants increased by 62% compared to 2019.



2020 was also the year of the launch of Just Iren, a digitalisation project that will make the management of waste collection services increasingly efficient. The project started in the City of Turin and will be progressively extended to all the other areas.

ENERGY PRODUCTION AND SERVICES

RENEWABLE AND SIMILAR SOURCES

The Group's power production plants consist mainly of hydroelectric and photovoltaic plants that use renewable sources and cogeneration thermoelectric plants that produce energy via combined cycles, which are some of the most efficient technologies currently available on the market. Furthermore, cogeneration is connected to the urban district heating network, which, compared to traditional heating systems, allows for reductions in energy consumption and improves environmental performance.

In 2020, Iren Group produced 10,110 GWh of electricity, more than 73% from renewable sources (water, solar, biomass or waste) and high-efficiency cogeneration.

The Group's three waste-to-energy plants produced 598 GWh of electricity, in line with the previous year, as was the quantity of waste treated; the significant change compared to 2019 is in the production of thermal energy, which, thanks to the connection of the Turin waste-to-energy plant to the district heating network, increased by over 27%.

In order to increase hydroelectric production, which in 2020 amounted to approximately 1,295 GWh, projects continue for the reactivation of the Noasca (TO) and Giffoni (SA) plants and the installation of the San Mauro (TO) weir generator unit.

Producing energy from hydroelectric, photovoltaic and co-generation plants reduces environmental impact

As for the development of district heating, the following projects set forth in the Business Plan were continued in 2020:

Project	Project description	Progress in 2020
Saturation of the Turin network	extension of the connections that will bring the Turin area to a volume of 64 million cubic metres and saturation of the district heating system's capacity, without the construction of new production sites	approximately 1.1 million cubic metres of volume connected and 5.6 km of network laid, reaching 8.7 million cubic metres
Torino Nord extension phase 1	approximately 5 million cubic metres of new district heating volumes to saturate the residual capacity of the district heating system by optimising the storage systems	connected 170,000 cubic metres (progressive value reached 1.4 million) and laid 4.4 km of network
Torino San Salvario	extension of the district heating volumes (about 3.5 million cubic metres) and construction of a new storage system entirely concealed by a system of green surfaces and trees (<i>Giardino del Calore</i>)	connected about 90,000 cubic metres of new volumes and laid about 4.6 km of network
Turin waste-to-energy plant for district heating	connection of the Turin waste-to-energy plant with the district heating networks of Beinasco and Grugliasco to increase the volume served without the construction of new plants	the plant went into operation with 30 thousand cubic metres of volume in Beinasco; 800 m of network were laid in Grugliasco
Piacenza waste-to-energy plant for district heating	the district heating network's connection with the Piacenza waste-to-energy plant increases the volume of district heating by about 1 million cubic metres	connected about 140,000 cubic metres and laid 500 m of network

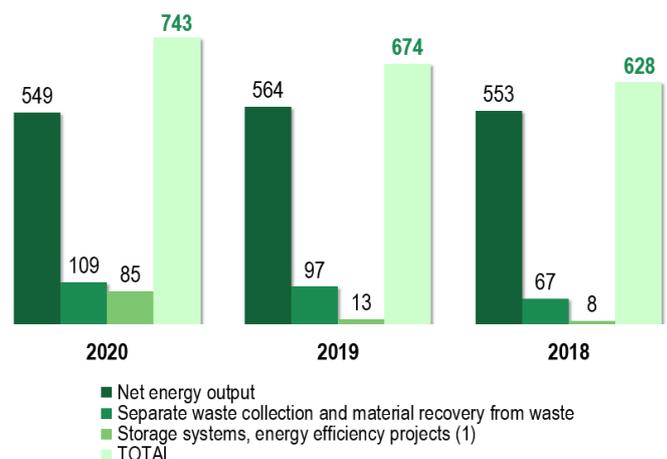
EFFICIENCY AND ENERGY SAVINGS

The efficient use and saving of energy resources are among the main objectives of the medium and long-term Business Plan of Iren Group, pursued across all business units with increasing efficiency in processes and services, through solutions to guarantee stakeholders a reduction in energy consumption and the use of technological systems, monitoring and guidance of correct behaviour.

The total energy savings generated by the Group in 2020 stood at 742,885 TOE, with contributions from various areas of operation.



TOTAL ENERGY SAVINGS IN 2020 (KTOE)



(1) As well as the energy savings projects described on pages 88-89, the savings obtained through the division of the networks into districts, the public water dispensers, the projects to reduce the impacts of employee mobility (IrenGO, Ecoviaggio, smart working and remote working) and the energy efficiency certificates obtained through the implementation of particular projects and, in addition to previous years, the positive impact deriving from the sale of green certified electricity have been included.

ENERGY SAVINGS FROM PRODUCTION

Energy production and saving ^{(1) (2)}	u.m.	2020	2019	2018
Production from hydroelectric and photovoltaic plants				
Electricity produced	GWh	1,316	1,352	1,528
Energy saved	TOE/000	228	235	264
Energy saved	GJ	9,555,816	9,822,759	11,068,510
Production from cogeneration plants, boilers and thermoelectric plants				
Electricity produced	GWh	8,161	8,392	6,875
Thermal energy produced	GWh	2,763	2,853	2,799
Energy saved	TOE/000	253	255	220
Energy saved	GJ	10,594,244	10,676,558	9,195,890
Production from waste-to-energy plants and landfills				
Electricity produced	GWh	626	634	599
Thermal energy produced	GWh	181	142	133
Energy saved	TOE/000	65	65	62
Energy saved	GJ	2,725,300	2,734,936	2,589,899
Biogas plant production				
Electricity produced	GWh	6.9	4.02	0.03
Energy saved	TOE/000	2.8	1.7	0.9
Energy saved	GJ	118,533	70,357	41,002

⁽¹⁾ The data are calculated according to the following criteria:

- hydroelectric and photovoltaic production: the calculation was based on the assumption that there was zero fuel consumption and compared the consumption recorded by the national electricity grid for the production of the same quantities of electricity;
- cogeneration, boilers and thermoelectric: the comparison between gross production and actual fuel consumption of the Group with the consumption that the national electricity grid and the "national average" production system would have recorded to produce the same quantities of electricity and heat;
- waste-to-energy plants and landfills: amount of electricity and thermal energy production (for the Parma PAI the conversion coefficient for thermal energy into electricity is 6.88, while for the TRM waste-to-energy plant in Turin is 4.5) multiplied by the electricity coefficient (187 TOE/GWh);
- biogas plants: by multiplying the cubic metres of natural gas produced (60% of biogas) by the sm³/TOE conversion factor 0.836.

In some cases, the energy saved may increase/decrease in a manner that is not directly proportional to the increase/decrease in production, due to an increase of the specific consumptions used for calculations.

⁽²⁾ Energy saved is also expressed in GJ by using a conversion factor of 1 TOE = 41.86 GJ.

ENERGY EFFICIENCY PROJECTS

Iren Group is investing more and more in **energy-saving** projects and initiatives, both internally, in terms of energy efficiency of production processes, and externally, by offering products and services that allow customers and citizens to reduce their environmental impact. The projects are described in the table below.

Through projects launched in 2020, Iren Group achieved an energy savings of over 15,000 TOE/year

ENERGY COMMUNITIES

In 2020, the Group launched a project to develop Energy Communities and Collective Self-Consumption systems to promote renewable source plants' diffusion on condominiums, small and medium-sized enterprises, and public administration properties. Through Energy Communities, several users can share the electricity produced by one or more photovoltaic systems, with immediate benefits in economic and environmental terms.

Project	Description	Savings obtained
External impacts		
Smart thermostat	The sale of thermostats for energy efficiency that ensure the boiler is only on for the minimum time required to maintain the desired temperature. Energy savings are calculated by estimating average gas consumption per household and applying a 22% reduction in consumption from the use of the smart thermostat	370 TOE
Condensing boilers	Sale of latest generation condensing boilers, offering savings of up to 25% compare to current consumption. By recovering some of the heat from steam and, consequently, using less fuel, the boilers save energy and cause less environmental pollution	173 TOE
Photovoltaic plants	Design, construction and installation of turnkey solar panels for customers. The energy produced is clean and sustainable and can be stored in storage systems until needed. Energy savings are calculated estimating the kWh produced by the photovoltaic plants sold	128 TOE
Fixtures and fittings	Replacement of fixtures and fittings for customers. The energy saved is calculated by estimating the difference in transmittance between windows and doors replaced with the new high-performance elements	11 TOE

Project	Description	Savings obtained
Heat pumps	Latest generation heat pumps allow to manage gas better and save up to 40% compared to current consumption	13 TOE
Heating systems in municipal buildings	Continuation of redevelopment works (revamping 2 and 3) on heating systems of buildings in the Municipality of Turin	784 TOE
LED public street lighting	Replacement of traditional lamps in the city's public lighting systems with LED fixtures. The new lamps' efficiency and reliability guarantee a reduction in energy consumption of more than 50%. The main project concerns the City of Turin; activities were also carried out in the Municipalities of Alba, Asti, Biella, Fidenza, Vercelli and other small municipalities	7,096 TOE
Thermostatic valves and heat allocators	Installation of about 520 thermostatic valves and allocators in condominium contexts reduces consumption in individual flats. The savings are calculated on the basis of the historical data of the apartment buildings, compared with pre and post-intervention consumption	9 TOE
Domestic heat management	Replacement of 306 traditional and diesel boilers with high-efficiency condensing boilers in apartment buildings. Savings are calculated by comparing the replaced boiler's rating plate data with that of the high-efficiency boiler, and the Group took measurements before or after installation under the same conditions of use and weather conditions.	1,538 TOE
Energy upgrading in buildings	Energy requalification interventions in 20 buildings (thermal insulation, insufflation, insulation) and start of numerous worksites that will generate savings from 2021 onwards.	27 TOE
Internal impacts		
Energy efficiency of production plants	Energy efficiency measures at Group plants (e.g. purifiers, transformers, voltage stabilisers), with a savings of 377 TOE, and at the Parma and Piacenza waste-to-energy plants to reduce energy consumption, with a savings of about 2,000 TOE.	2,376 TOE
Dematerialisation of bills and reminders	The strong push towards the bill dematerialisation, thanks to the progressive shift to digital communication and payment tools, allows a significant reduction in paper use	7 TOE
UNI EN ISO 50001 Certification	Energy efficiency interventions planned as part of the ISO 50001 Certification for power plants: in 2020, the savings achieved amount to 2,350 TOE. The value expected when fully operational (from 2021) is 3,000 TOE/year	2,350 TOE

SMARTFLOWER: A NEW PHOTOVOLTAIC

In 2020, Iren Group installed a new and innovative photovoltaic system in Turin that recalls the idea of a sunflower in its shape and movements. This is the Smartflower, the latest generation system that tracks the sun throughout the day, from east to west, and during the seasons: in summer, it is arranged on an almost horizontal plane and in winter on a nearly vertical plane. This makes it possible to produce 40% more energy than a conventional photovoltaic system with the same characteristics and positioned on a south-facing roof. The system is equipped with monocrystalline photovoltaic cells positioned on its petals for a nominal power of 2.3 kW and an annual energy production of 4,500 kWh.

ENERGY EFFICIENCY CERTIFICATES (EECS)

Thanks to the high-efficiency cogeneration plant of Torino Nord, 104,640 energy efficiency certificates (EECs) were obtained in 2020 (equivalent to an equal amount of TOE of energy savings). Furthermore, Iren Group has implemented other projects that resulted in 11 EECs in 2020.

The requirement to produce (or purchase on the market) and supply Energy Efficiency Certificates to the GSE (Electricity Services Provider) is the sole responsibility of Ireti (distributor) and is valid for 2020 (with maturity 31 May 2021).

Approximately 28,084 Energy Efficiency Certificates were also purchased at the average price of 259.71 Euro/EEC in order to meet the annulment obligations provided annually for the distributor.

During the year, around 3.23 million CO₂ allowances (EUAs) were purchased to meet the obligations provided for in the Emissions

Trading Scheme (ETS) legislation related to emissions generated by Iren Group's plants.

In 2020, Iren Group obtained Energy Efficiency Certificates equivalent to 104,640 TOE

ENERGY SAVINGS INCENTIVES

Green Certificates were replaced by equivalent incentives which, in 2020, Iren Group matured in the amounts indicated in the table below.

Incentives by plant (no.)	2020
Hydroelectric	259,757
Bardonetto	16,186
Valsoera, Telessio, Eugio, Ceresole, Rosone	209,172
Tanagro	13,193
Canate	21,206
Waste-to-energy plants (TRM)	238,436
TOTAL	498,193

BIODIVERSITY

Protecting biodiversity from the continuous deterioration of natural habitats and threats to certain species is one of the main issues considered by the European Union in its environmental policy which attempts to ensure biodiversity through the conservation of natural and semi-natural habitats and of wild flora and fauna within the territory of member states.

To this end, a network of special protected areas was established at European level under the Directive "Natura 2000", involving various Italian regions and areas. The network also includes certain environments transformed by man over time which represent important areas for the survival of numerous species of plants and animals. The protection of Natura 2000 sites is mandatory (Italian Presidential Decree 357/97 "Regulation implementing Directive 92/43/EEC on the conservation of natural habitats, and of wild flora and fauna" and Italian Presidential Decree 120/2003).

The law states that the territorial planning and scheduling must take into account the naturalistic and environmental importance of the Sites of Community Importance (SCI) and the Special Protection Areas (SPA) and that any plan or project, internal or external to the sites, which could in any way affect the conservation of habitats or species that have been identified as protected should be subjected to an appropriate impact assessment for the affected sites. Prior to the implementation stage of new measures, the development of new networks and significant maintenance activities (revamping/repowering), which may lead to environmental impacts for the "Natura 2000" protected areas, they must be submitted for prior assessment in order to protect the areas. It is also necessary to verify that machinery, plants and equipment subject to the measures possess the environmental requirements necessary and to assess the potential impacts resulting from the use of hazardous substances and the adoption of appropriate management measures. In particular, the Impact Assessment (Italian Presidential Decree 357/1997 in Art. 5) is the procedure implemented in cases where an intervention may significantly affect an SCI or an SPA in the "Natura 2000" network. The Italian Ministry of the Environment and the Protection of the Land and Sea publishes decrees which list the Italian SCIs.

The construction and management of plants, activities and projects must be carried out under the provisions of Italian law and environmental regulations (Italian Legislative Decree 152/2006), which provide for the integration of environmental aspects into the development of plans and programmes and the Environmental Impact Assessment (EIA), to identify and assess in advance the environmental effects of specific public or private projects – in their start-up phase or the case of significant changes to existing projects – and to identify measures to prevent, eliminate or minimise adverse impacts on the environment, before they occur, analysing the impact in terms of atmospheric emissions, water withdrawals and discharges, waste, noise, odours.

GROUP POLICY AND PRINCIPLES

In 2020, Iren Group formalised, in its Biodiversity Policy, its commitment to the conservation of biodiversity in the areas in which it operates, which is based on the adoption of an effective management model, consistent with the National Strategy for Biodiversity, with European strategic objectives (European Green Deal and EU Biodiversity Strategy to 2030) and with the United Nations Sustainable Development Goals (SDGs).

The principles on which the Group's Policy is based are:

- **conservation** of the biodiversity of ecosystems, in particular for the activities carried out in vulnerable or protected natural areas;
- **monitoring and mitigation** of the impacts of the activities on biodiversity;
- **promotion of environmental improvement** through actions aimed at protecting areas of high ecological value and disseminating a culture of biodiversity;
- raising **awareness** and **knowledge** about biodiversity, its protection and conservation, encouraging best practice and passing it on internally and externally;
- **collaboration** with local associations and communities in actions and projects designed to increase stakeholders' awareness of the importance of protecting biodiversity.

ACTIVITIES IN PROTECTED AREAS OR AREAS OF ENVIRONMENTAL INTEREST

The Group's activities, by their very nature, have a direct or indirect impact on the air, water resources, soil, ecosystems and the species that inhabit them. This is why Iren, aware that the preservation of the natural ecosystem is essential for long-term global sustainability, promotes the sustainable development of its activities.

The Group's **electricity generation** activities in protected areas mainly concern hydroelectric plants and their impact on water resources and in terms of acoustic emissions. Water withdrawals and releases are managed in accordance with the concessions issued by the Competent Authorities and the legislation in force. Management Plans have been prepared for all the reservoirs managed (pursuant to Italian Ministerial Decree 152) with the relevant impact studies for those affecting SCI areas. The main water sources involved in water withdrawals at the Group's production plants are the Ligurian Sea, the Po river, the Naviglio Grande canal and withdrawals from groundwater through wells for industrial use. The complete framework of withdrawn water (dams and weirs) for the production of hydroelectric energy concerns the Orco, Dora Riparia, Po, Maira, Brugnato, Secchia, Bussento, Tanagro, Tusciano, Calore, Picentino and Terza rivers.

Water discharges flow into the Ligurian sea, the basin of the Po, Ticino, Dora Riparia and Secchia rivers, lake Pian Telesio in Piedmont, the Chisola and Piantonetto streams, and the Naviglio Grande canal in Lombardy. All discharges, authorised and in compliance with the law, are made up of cooling water from the plants or water from the treatment processes of the water used in production sites. The measures to improve efficiency of hydroelectric plants,

carried out by the Group in the past, had positive repercussions on the entire system, as they reduce the need to produce energy from fossil sources and help to reduce atmospheric emissions. For all the redevelopment work carried out, the plant IAFR certification (certifying that it is powered by renewable sources) was obtained, which identifies the environmental benefits expected in terms of reductions in SO₂, CO₂, NO_x, particulate and natural gas emissions.

In relation to the acoustic impact, all plants are soundproofed appropriately to minimise the impact on the surrounding area.

The development of the **electricity distribution network** in the city of Turin may directly involve or be in the immediate vicinity of various areas of the "Nature 2000" network, including: Collina di Superga (SCI), Meisino (SPA), Stupinigi (SCI), Lama del Badiotto (SPA) and Garzaia della Brarola (SPA). The electricity distribution network of Parma does not affect SCIs or SPAs in the "Natura 2000" network.

Waste management and environmental health activities that the Group carries out do not affect protected areas in the Emilia area. Plants with greater capacity (waste-to-energy plants and landfills) are equipped with a green system, in harmony with the vegetation climax in which they are situated, with visual and environmental mitigation functions. Every year, the impacts related to the activities carried out at the sites are examined with the aim of verifying the results of the measures carried out and having available all the elements necessary to confirm/modify the implemented system, so as to assess compliance with the regulations and authorisations required by environmental legislation and to verify the state of progress and define/update improvement plans for management systems, including those related to environmental performance.

The **Parma Integrated Environmental Centre (PAI)** operates in a largely industrial area and has a "green system" that, in addition to complying with the mitigation of particulates, also restores some habitats and acts as an ecological bridge between different biotopes that will lead to the creation of a surface ecosystem that could be an important resource for the overall recovery of the landscape and ecological value of the area. Every year, a monitoring campaign is carried out on the content of the particulates collected from the plants based at the PAI, in order to estimate the environmental benefits in terms of the atmospheric particulate matter removed.

The area of the **Piacenza waste-to-energy plant** is not subject to any urban, landscape, hydro-geological, seismic or territorial restrictions and there are no protected parks, oases or other areas protected by law.

The **Turin waste-to-energy plant (TRM)** obtained a positive environmental compatibility assessment via a process that included an Environmental Impact Study, the conclusions of which, in terms of vegetation, flora, fauna and ecosystems, demonstrated that the site is located within a highly developed area where no specific natural value has been detected in regard to vegetation and wildlife. Despite being in the middle of an EIA phase, the introduction of the plant does not indicate the appearance of significant symptoms of stress on the ecosystems that already suffer from human impact; the emissions do not cause any harm to the local fauna present across a vast area, including the areas of particular naturalistic interest represented by the Stupinigi Natural Park and the system of protected areas of the Po river belt.

The activities related to the **gas distribution** service do not have any particular impact on biodiversity. Infrastructure development,

maintenance and management activities rigorously comply with the regulatory framework relevant to environmental impact. Annual walking inspections are carried out within the natural areas where plants are present and at the end of the winter season to not damage the vegetation.

Regarding the **integrated water service**, all the water bodies receiving wastewater treated by the Group in the Emilia and Piedmont regions are located in the basin of the Po river. The land lies within an area declared as sensitive so the plants, depending on their size, are subject to the application of the strictest nitrogen and phosphorus limits. The wastewater treated by the treatment plants situated in the Liguria area is drained into the Ligurian Sea from the coast (mainly the Gulf of Genoa, the Gulf of Tigullio and the Gulf of La Spezia). By nature, the activities conducted are aimed at maintaining optimal environmental conditions. Specifically, protecting the areas in which sources of water withdrawal are found is of the utmost importance for the management of the integrated water service. Likewise, the main objective of the treatment activity is to ensure that discharges are appropriately treated so that they are compatible with the natural habitats of the receiving bodies of water. Screenings and environmental impact assessments are carried out within the timeframe required by current regulations, both for water treatment plants and water withdrawals.

In 2020, activities to restore the full purification structure of the Sturla plant in the Liguria area, which was damaged by the 2018 storm surge, were completed. In addition, the new Rapallo water treatment plant was activated. Both activities contributed to the improvement of environmental conditions near the discharge points.

The Genoese plants of the Brugnato Dam lie within Antola Regional Park (Genoa), while the Gorzente lakes lie within the Regional Park of Capanne di Marcarolo, partly within the Province of Alessandria. In the Province of Piacenza, the Group owns a lowland forest within the protected area of Conoide del Nure and Bosco di Fornace Vecchia (SCI). The treatment plants managed in the province of La Spezia are located near the Cinque Terre National Park/Cinque Terre Marine Protected Area, the Porto Venere Regional Nature Park, the Regional Nature Park of Montemarcello-Magra-Vara and the Regional Islands of Portovenere Marine Protection area.

No natural habitats were offset during the reporting period.

■ MAIN AREAS AND SPECIES PROTECTED

Iren Group constantly collaborates with the management bodies of the protected areas in which it works to safeguard the ecosystem and protected species.

It also undertakes to increasingly extend the mapping and location of plants and networks to identify the potential interference they generate with the protected areas they are located or in their vicinity.

The map shows the main Sites of Community Importance and Special Protection Areas where plants and/or networks managed by Iren Group are located. There are approximately 305 protected species listed on the national and international IUCN Red Lists (of those cited in the documentation available online). Approximately 25% of these species are among the following IUCN List categories: regional extinction (RE), vulnerable (VU), endangered (EN), critical risk (CR) and nearly threatened (NT).



COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS AND REPORTING MECHANISMS

Iren Group adopts an Environmental Management System that complies with the ISO 14001 standard: all employees are required, as part of their duties, to participate in the process of risk prevention, protection of the environment and of their own health and safety, and that of their colleagues and third parties.

All processes are carried out in full compliance with applicable environmental legislations, and the Group contributes to the research and development of advanced technologies aimed at protecting the resources and at reducing the environmental impact and their related risks. Furthermore, the activities of Iren Group are managed in compliance with the regulations relevant to the prevention and protection from accidents and occupational health and safety.

There are many instruments at the disposal of the stakeholders to report an environmental breach: these methods include written communications via post, e-mail, fax and social media channels. All communications are considered and sent to the competent offices, which carry out to the appropriate checks, and, lastly, each stakeholder receives a response in relations to their reports.

During the qualification process, suppliers are required to hold an environmental certificate or, in any case, to have taken on substantial elements interlinked with the environmental system (see page 120).

The **production and distribution of electricity** services are certified by standards of quality and environmental management, and are, therefore, subject to internal and external audits with regard to the processes and obligations relevant to environmental legislation. Also, in order to ensure a path of sustainable corporate growth based on the principle of continuous improvement, resources are committed to the development of energy production from renewable sources (hydroelectric, solar and biomass), sources similar to renewables (waste) and high-efficiency resources (co-generation) and the promotion of district heating, as well as the adoption of the best plant

technologies available on the market, to ensure a lower environmental impact.

With regard to the **environmental services**, residents and public authorities have access to an environmental contact centre where it is possible to report any breaches and/or critical situations pertinent to the environment. Moreover, “Environmental Inspectors” operate in the Provinces of Piacenza, Parma and Reggio Emilia, who patrol the areas of competence in order to identify illegal landfills and abandoned waste, including those hazardous to the environment. Once a report is received, the environmental inspectors organise the verification activities and the necessary treatment for the resolution of the problems identified, pursuant to the proper procedures. In addition to this type of reporting, the inspectors also provide information to residents about correct waste separating methods and the use of the collection service. Furthermore, specific procedures provide guidelines for operators concerning the processes to be implemented for the solution and/or limitation of any environmental emergencies that may arise during the performance of services.

In relation to **waste-to-energy plants**, emission data are released to the supervisory authorities in real time. These figures are public and can be viewed daily on the websites. To ensure IEA provisions on communication anomalies are adhered to, a 24-hour technician service has been established.

In the **integrated water service**, the entire cycle is subjected to constant monitoring of operating parameters, also through remote control systems of the plants, providing for the execution of tens of thousands of laboratory analytical determinations and the continuous improvement of the use of water resources, both in terms of withdrawal and use, and of release and discharge. In addition, urban wastewater treatment plants are being renovated by researching the best available technologies to improve effluent water quality and minimise emissions. The water service is also subject to controls pursuant to the law by local regulatory authorities. The optimisation of the corrective measures put in place to minimise possible negative effects of problems identified, is often carried out through the involvement of other bodies, including through specific operational protocols.

In 2020, the Group received and paid 51 fines and penalties, for a total value of around 150,358 Euro, for non-compliance with environmental laws and regulations (Italian Legislative Decree 152/2006) and municipal regulations or rules of the road code in the management of construction sites. Breaches mainly related to the absence of discharge permits at certain wastewater treatment plants, the exceeding of limits set out in the tables for wastewater discharge, and non-compliance with permits or delays in the execution of certain works.

Customers and Communities

RELEVANT TOPICS

	Efficient and reliable services			11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
	Service levels offered, customer focus and changes in customer expectations	1 NO POVERTY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	11 SUSTAINABLE CITIES AND COMMUNITIES	
	Responsible management of business segments			11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
	Internal and external communication				17 PARTNERSHIPS FOR THE GOALS	
	Development of local communities			11 SUSTAINABLE CITIES AND COMMUNITIES	17 PARTNERSHIPS FOR THE GOALS	
	Management of emergencies			3 GOOD HEALTH AND WELL-BEING	11 SUSTAINABLE CITIES AND COMMUNITIES	
	Environmental education				4 QUALITY EDUCATION	
	Dialogue with Public Authorities			16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS	
	Sustainable management of the supply chain				8 DECENT WORK AND ECONOMIC GROWTH	

RELATIONS WITH CUSTOMERS

The customer has always been at the centre of the attention and daily work of Iren Group. Customer satisfaction, together with a high-quality level of service, are pillars that support Iren's growth strategies. In its relationships with its customers, the Group has transformed its role from mere supplier to expert in energy services, innovative domestic products and e-mobility solutions, adopting a new customer relations model that is increasingly orientated towards dialogue and advice. A new relationship that evolves and adapts to different lifestyles, offering personalised experiences and services to families.

In 2020, the Covid-19 emergency had a substantial impact on people's lives, and Iren Group, to provide constructive support, immediately activated a series of measures to reduce the impact of this situation on relations with its customers.

In the first phase of the emergency, the physical contact points that the Group set up within the offices of some of the municipalities in the areas served remained open, adopting specific precautions such as the use of personal protective equipment (PPE), limited access to the premises, spacing, plexiglass protective barriers, digital systems for managing queues and appointments, disinfectant dispensers, sanitation of the premises and contact tracing of visitors.

From 9 March 2020, as a precautionary measure and in the spirit of the regulations issued by the Government, all the Group's commercial help desks were closed. In the municipalities where the local authorities have granted the possibility of carrying out the service, the points of contact with residents, necessary for the continuity of essential services such as the Collection Centres or the "Punto Ambiente" [Environment Points], have remained open in compliance with the regulations in force.

Since 5 May 2020, the main help desks in the capital municipalities have been reopened with the new access methods already applied to the contact points in the municipalities, and since 18 May all help desks have normally been operating again.

At the same time, Iren Group has strengthened and promoted the use of digital channels, such as the website irenlucegas.it and the IrenYou App – which allow to carry out operations related to the management of contracts, such as communicating the meter reading, paying bills, etc. – or the Facebook page "Iren luce gas e servizi" to have a first response to the most straightforward requests. Also, to avoid waiting at counters, it has implemented the new UFirst App, which allows scheduling appointments with the Group's offices and thus avoiding crowds.

Confirming its attention to local areas and people in difficulty, since March, the Group has stopped all new actions to suspend or reduce supplies (gas, electricity, water and district heating) due to situations of non-payment and, in order to deal with problems in the delivery of bills by the postal services, has acted promptly by reinforcing communication on the possibility of receiving digital bills and extending payment terms.

Pending the adoption of specific measures by the Government and the Regulatory Authority for Energy, Networks and Environment (ARERA), the Group has offered all customers, households and

businesses, who have experienced objective economic difficulties, the possibility of requesting a 30-day deferral of the due date for payment of their bills or an instalment plan for their gas, electricity, water, district heating and waste bills under a specific fee or commercial tariff. This option was applied, upon request, for invoices due between 13 March and 30 April, without the application of interest charges for late payment.

In support of the initiatives started by the Group, ARERA's resolutions, subsequently intervened, providing for: the blocking of suspensions for non-payment and the obligation to re-power the utilities suspended from 10 March to 3 May for electricity, gas and water; favourable instalment conditions (for customers under the protection of the electricity service and water users); suspension of the terms of payment of utilities in the municipalities of the "first red zone" with instalment of the same; the incentive to digitize bills.

Call centre operations were always guaranteed at full capacity. Despite the highly critical moments caused by the situation, the suppliers that support the Group in providing customer services quickly activated smart working for their employees, thanks to which a level of service in line with the parameters of Iren Group was guaranteed.

BUSINESS CONDUCT

Communications to customers comply with the principles of clarity and transparency provided by the Code of Ethics and Code of Business Conduct, with the objective of placing the customer in a position to be able to make an informed choice.

Iren Group fully complies with the guidelines of the Code of Business Conduct for the sale of electricity and natural gas to end customers, formulated by ARERA, the Italian Regulatory Authority for Energy, Networks and Environment, which regulates sales outside of the Company's commercial premises, i.e. activities of physical door-to-door companies and at commercial stands and *teleselling* and *webselling* to promote energy contracts.

As part of the contractual relationship, the Group requires external promotion companies (door-to-door companies, commercial stands, *telesellers* and *websellers*) to comply with the regulations and procedures of the sector and, more specifically, requires compliance with ARERA's Code of Business Conduct, the Consumer Code, as well as Iren Group's Code of Ethics, Model 231 and Quality Policy. In addition, the Group's control systems on contract promotion are also stricter compared to sector regulations.

Promotion companies are selected according to rigorously applied criteria, which shall include:

- the possession of all permits, licences and registrations for conducting commercial agency activities (including registration in the National Register of Commercial Agents);
- the availability of a *back office* to monitor and train agents, conduct the preliminary verification of contracts acquired and verify customer awareness via *check-calls*;
- the knowledge of the local market and technical and organisational expertise.

It is only once the formal and technical verifications have had a positive outcome that an agency contract or a commercial collaboration contract is signed.

All agency collaborators receive adequate training on the regulations governing the sector and the codes of conduct to adopt. This training is divided into different sections (gas market, electricity market, offer type, Code of Business Conduct) and the first session is held in the presence of Group sales staff.

The activity of the companies is monitored and controlled at various levels and in different ways depending on the type of activity performed. In order to verify the correct operation of suppliers, as provided for in the mandate, the Group carries out controls through *quality calls* on the activity carried out by door-to-door companies to confirm that contact has been made with the agent and that the contractual proposal has been accepted. Alternatively, in 2018 *instant calls* were introduced, a *quality call* carried out on average within 2 hours of the contract being signed, for more timely and effective control of the sales activity. With regard to *telesellers* and activities deriving from *webselling*, a third party is appointed to make calls to check customer awareness concerning the telephone proposal accepted (*welcome calls, courtesy calls and confirmation calls*).

Pursuing a policy of transparency and protection of the customer's wishes, Iren Group offers customers with telephone contracts the option of listening to their telephone recording by accessing a dedicated section on the company website using personal login details.

Lastly, to verify that the companies work in compliance with contractual obligations and, specifically, in compliance with the Company's self-regulatory documentation (Code of Ethics, Model 231, operational procedures), visits are made periodically to the sales offices, the results of which are presented and discussed at the process committee.

The organisation of Iren Mercato also provides for a specific structure dedicated to analysing customer complaints concerning external channels of sales. These complaints can result in the application of penalties and, in more serious cases, the dismissal of the agent, with a ban on working for Iren Mercato, even through other companies, up to the possible resolution of the agency mandate.

Sales and marketing activities are conducted in accordance with the principles of honesty and transparency and in full compliance with the provisions of EU Regulation 2016/679 (GDPR), of Italian Legislative Decree 196/2003 and any applicable regulation concerning personal data protection. In order to guarantee compliance with privacy regulations:

- the processing of customers' personal data in accordance with freely given and collected consents is guaranteed;
- the processing of personal data on behalf of Iren Mercato is permitted only to persons appointed in writing as external data controllers (Art. 28 of the GDPR);
- commercial or promotional actions are carried out exclusively with regard to persons who have given informed consent after reading the specific privacy policy (Articles 13 and 14 of the GDPR).

In order to guarantee the exercise of the rights provided for by the GDPR, Iren has made available communication channels and facilities dedicated to the reception and management of requests regarding access, rectification, cancellation, restriction of processing, portability and opposition to the processing of personal data.

In compliance with the principles of anti-competitive behaviour, Iren Mercato does not conduct any commercial or promotional action

towards customers who are part of the protected market, limiting its activities to its customers in the free market or prospective contacts acquired under regulations.

CUSTOMER HEALTH AND SAFETY

Iren Group has always put in place solutions to minimize the impacts that its activities may have on the health and safety of its customers and communities. Below is a summary by business segment.

Environment: the Group has developed performance monitoring tools such as environmental impact assessment, analytical controls, internal audits and legislative compliance checks, aimed at monitoring performance also in terms of sustainability and environmental protection. 70% of products and services in the environment sector undergo health and safety impact assessments.

Energy and smart solutions: the management model adopted considers the health and safety of customers, assessing environmental aspects, as well as the analysis and measurement of risks during all stages of the services supplied, from plant planning to maintenance, and the activation of new services and the selection, storage and disposal of materials and products that require specific certificates.

Iren Smart Solutions develops and supplies products and services that meet customers' needs for safety and well-being, such as anti-seismic building interventions and energy requalification; the creation of lighting systems that increase visual comfort; the management of thermal systems that make indoor environments safer and more comfortable, improving heat distribution.

As far as technological services managed for public administrations are concerned, the light pollution of public lighting systems (alteration of the levels of light naturally present in the night environment) and the consequent photobiological risk (damage that the direct vision of light sources, in particular LEDs, can cause to the human eye), are parameters monitored through the inclusion of stringent construction requirements in the purchase of lighting equipment. Moreover, for the public street lighting and traffic light service of the City of Turin, an app is available through which residents can report in real-time any faults or malfunctions.

As regards the global service for the public buildings in Turin, there is a detailed process for reporting faults/malfunctions, call management and problem resolution, with response times for each type of event and analysis and evaluation of the service level. A 24-hour contact line is provided to manage domestic heating systems, with repairs within 3 hours of the report.

Integrated water service: in the supply of water for drinking purposes, the health and safety of customers is the main priority. This aim is ensured through constant monitoring, even beyond legal obligations, of water quality along the entire supply cycle: catchment, treatment, disinfection, distribution.



Gas distribution: customer safety is the main issue in service management. Hiring competent and well-trained resources, together with continuous network monitoring, are elements that contribute significantly to accident prevention. These elements are subject to constant analysis and improvement measures in order to increase their effectiveness while respecting efficiency.

Electricity distribution: initiatives are implemented to safeguard the health of customers to ensure compliance with the limits of electromagnetic fields at power generation and distribution plants. In particular, in electrical substations, measurements are taken on each new substation, verifying the substation's positioning and the electrical equipment inside it, concerning any adjacent sensitive areas. Similarly, in the plants, measurements of external acoustic emissions are carried out to verify the absence of any noise pollution to the local population.

District heating: since 2017, the Department of Environmental, Territorial and Infrastructure Engineering (DIATI) of the Polytechnic University of Turin has carried out some studies on the consequences of the possible environmental benefits, in terms of air quality, of district heating systems in the Cities of Turin, Reggio Emilia, Parma and Piacenza. Analyses were conducted by comparing the environmental impacts of a scenario with a district heating system to a past scenario with a heating system based on decentralized stand-alone systems. The results showed a substantial reduction in the environmental impacts on the atmosphere through the extension of district heating networks powered by cogeneration plants. The magnitude of this reduction and the average concentrations of pollutants in the atmosphere were also calculated in economic terms, i.e. by estimating the social costs avoided due to the reduction of adverse health effects.

Market: the whole range of products made available in the commercial offers of IrenGO and Iren Plus, promote the improvement of the health and safety of the customers, starting from the safety of the home to the individual.

COMMUNICATION AND RELATIONS WITH CUSTOMERS

Iren Group devotes significant attention to communicating its development plans, products and services, aiming to provide timely and transparent information through a number of channels.

Iren's communication in 2020 was strongly influenced by the rebranding launched on 1 July. The new logo, which has maintained traces of the previous one, has marked a decisive step forward for a dynamic Group in which the services offered, symbolized by the variety of colours, are more integrated and connected, with a fluidity of form that symbolizes the ability to adapt to continually changing needs, without forgetting the values and objectives that have guided and will guide the future of the Group: attention to the environment, to people and contact with the local areas.

The new brand and the derived coordinated image have been applied on all communication media, within the company spaces and on contractual and commercial documentation. This activity allowed us to focus on the overall graphic revision of the materials for greater homogeneity and consistency with the new logo.

The rebranding was also an institutional campaign published in the leading national newspapers to support the subsequent television commercial campaign. In 2020, the growth trend of followers on the Group's social channels and visitors to its websites continued. Product communication during the year was also based on the new national perspective launched with the "Go National" campaign.

In support of the commercial activities beyond the Group's historical reference areas, a vital communication campaign was undertaken to position *Iren luce gas e servizi* as a brand at a national level. In July and September, multi-subject television commercials were broadcast on all the major national broadcasters, reaching a wider audience than that of the historical areas. The television coverage was complemented by an intense digital campaign aimed at different audience segments and a significant branding intervention in Piazza Maggiore in Bologna, the Roma Termini railway and underground stations, and the Milano-Duomo underground. In the last six months of the year, issues were also planned in the leading national newspapers and the essential local newspapers.

On the occasion of the restyling and the opening of new stores and commercial spaces (Iren store in Sanremo, Green Pea commercial space in Turin and the future opening of a new store in Reggio Emilia in 2021), new guidelines were defined for the in-store communication and the fitting out of the commercial spaces oriented by solid attention to environmental issues.

The choice and use of materials for the fittings, where possible, follow criteria of environmental sustainability, in line with what was done in particular for the new Iren store at Green Pea (the first green retail park), where, in a prestigious context, entirely focused on the theme of respect and sustainability, natural or recycled materials were used.

In parallel with the opening of new stores, the Group continued to set up corners in shopping centres and new display areas focused on selling e-mobility and energy efficiency products.

Constant attention was paid during the year to the effectiveness of all communication channels and contact with customers, which required greater monitoring concerning the Covid-19 emergency.

Universal toll-free number for commercial services: there was an increase in incoming telephone traffic in the year compared to 2019, resulting from the closure of physical counters due to the lockdown. Although the number of calls increased by 22.4% (2,705,887 customers spoke to an operator of Iren Group), the performance respected the targets required by ARERA, with an answer rate of 91.3% on incoming calls, with an average waiting time of 60 seconds.

Also, some projects have been developed to improve the functionality of the telephone service: in order to avoid a prolonged wait for the customer, the Virtual Assistant, an automatic channel of artificial intelligence able to understand the most common questions of the customer, has been integrated into the reserved web area. The use of call back has been systematically adopted, allowing customers to book a call from the call centre operator when the phone line is busy to avoid long waiting times.

Environmental services contact centre: the service provides information to customers on waste collection and management services. All incoming contacts be they telephone, e-mail, web, are tracked on a unique management system that, through its database, allows a subsequent statistical calculation and processing. Reports and requests are automatically transferred to the local Environmental Services. In 2020, the Group carried out extensive customer care and customer satisfaction activity to increase the value of the relationship with the customer and create a direct thread, with the objective of planning actions targeted at specific customer segments and communications modulated according to needs. There were 578,220 calls at the call centre (up 24% from 2019) and 101,744 were e-mail and web contacts (up 26% from 2019).

The significant increase in calls and contacts was mainly due to the management of responses to requests for specific waste collection services in situations of Covid-19 positivity or quarantine and the activation of the collection service using personal badges in some districts of Turin. Despite the increase in incoming calls, 85.4% of customers who contacted the service by phone spoke to an operator, with an average wait time of 54 seconds, broadly in line with 53 seconds in 2019.

The integration of customer care activities aimed at the inhabitants of the municipalities managed by SETA continued in 2020.

Integrated customer relationship management (CRM) system: the new Customer Relationship Management system is integrated with many communication channels, allowing all information relating to each customer interaction to be collected, recorded and managed in a single system. It includes the sending of proactive multi-channel communications (e-mail, text, mail), allowing customers to receive continuous updates on the progress of procedures or requests until they have been resolved, and notifications regarding supplies.

Help desk, Iren space for customers: 2020 recorded a decrease in the number of contacts at the help desks generated by factors arising from the Covid-19 pandemic. Iren served 386,090 customers compared to 607,469 in 2019 (-36.4%), in the 82 physical points located throughout the regions.

Despite the critical nature of the period, the plan to optimize the help desks continued, intending to guarantee efficiency and commercial repositioning, transforming a reception and management channel into a tool to strengthen the brand and seize opportunities to promote products and services designed for the customer, while maintaining the objective of continuous improvement in service quality levels. The help desk has consequently evolved into a place for advice, which encourages dialogue and closeness between customers and Iren, capitalising on the role of the human figure as a vehicle for trust, support and specialised experience.

A growing network of Iren Spaces: 82 physical points for managing requests and providing professional advice to customers

In 2020, the number of help desks increased significantly due to two new points opened by Salerno Energia Vendite, two new openings in Turin, including the store inside Green Pea, two openings in Sanremo and one in the province of Reggio Emilia. In addition, in the Piedmont and La Spezia areas, an integration between the Iren Mercato help

desks and the spaces that offer environmental services was launched at the end of 2020.

Help desk activities	2020	2019	2018
Help desks (no.)	82	68 ⁽¹⁾	73
Customers served (no.)	386,090	607,469	584,508
Average waiting time (min.)	5.5 ⁽²⁾	12.0	13.9

⁽¹⁾ The data for 2019 has been restated.

⁽²⁾ The data is affected by the closure of the help desks for two months due to the Covid-19 emergency and the reopening with access by appointment only.

Direct contact channels: interaction with condominium administrators and consumer associations has been encouraged on an ongoing basis, albeit remotely. In order to deal with the continuation of the Covid-19 emergency, a new informal contact channel was introduced between Iren Mercato and the consumer associations in the area through an e-mail address, which developed a volume of about 500 requests managed.

The Group also continued to promote meeting sessions, mainly with consumer associations, to discuss matters of particular importance, such as promotional activities, compliance with the Code of Business Conduct or free-market contracting arrangements.

Websites: in order to make the irenlucegas.it website more and more usable, the menus and contents have been revised, simplifying navigation and offering the customer more information in a clear and organised manner. The live chat has been optimized to offer assistance in searching for information or in the path to purchase services and products. In order to achieve greater visibility on the network, with a good ranking in the major search engines, all pages of the site have been optimised for SEO.

Social networks: the growth in social networks continued, leading to increased use, especially for caring purposes. Through social channels (especially Facebook), the Group, thanks to a friendly and more informal approach, spreads messages about the world of energy, services, regulations and environmental sustainability. Simple language is used, and quizzes or gamification modules are presented to encourage interaction with customers. Through the social channels, the Group tells its story more directly, through videos and photographs, and responds to customers through quick and easy interaction.

Mobile App: in April 2020, Iren Mercato launched IrenYou, the new application accessible from a smartphone or the web that allows customers to directly manage all supplies: electricity, gas, water, district heating and waste. Customers can download the bill online, avoiding the paper document, check their consumption, communicate their meter reading and be informed about the Group's initiatives. Among the most appreciated novelties of the new application is using digital payments such as IrenPAY or credit card. The goal is to provide customers with a more intuitive interface with more functionality that offers a personalised experience. There were 457,454 registered customers at the end of the year, up 28% compared to 2019 when the previous application (ClickIren) was still operational. The App, after about six months since its release, has recorded a high level of satisfaction from users, demonstrated not only by an increased number of downloads but also by the evaluation recorded in the leading stores (4 out of 5). To support the use and knowledge of the new tool, a digital information campaign was launched, through which video tutorials were sent directly to customers. The videos were also

uploaded to Iren Group's website and YouTube channel and projected on the local help desks' monitors.

Ecolren is the App that provides residents and customers with helpful information on environmental services and Acquapubblica distributors in the area, and also allows a system of photo reporting: photos of abandoned waste, damaged bins and other anomalous situations can be taken and sent, along with text and geographical coordinates.

Digital payments: in 2020, Iren Mercato, following the possibilities granted by the European legislation PSD2 (Payment Services Directive 2), developed the IrenPAY service, which allows customers to pay their bills directly through their bank's online payment account. To help customers understand the simplicity and level of security of the new service offered, a digital campaign has been launched showing through a video how the service works and how to use it.

IrenCollabora.it platform: this is a tool that was created within the context of the Iren Local Committees (see page 108), to establish an innovative channel of dialogue, discussion and participatory planning between Iren Group and the local community stakeholders. The platform collects ideas, proposals, comments and observations to support and initiate environmental and social sustainability projects.

COMMERCIAL ACTIVITIES

Iren Group presents its customers with a complete offer portfolio which, starting from historically managed activities, incorporates new solutions and technologies to meet all energy management needs and the well-being of residents, companies and public administrations. The service is characterised by an efficient sales network assisting customers, consisting of a widespread network of help desks and call centres available to households and small businesses, as well as specialists dedicated to large companies, which are also able to support energy supply with consultancy and assistance activities on tariffs and contracts.

The Group also offers its customers certified clean electricity thanks to the procurement of renewable sources.

In the Environment sector, the Group operates according to transversal logic across the areas of interest, via a network that is useful for identifying and assessing business opportunities present on the market, also outside the areas of reference (tenders of national importance).

RETAIL CUSTOMERS

Regarding the retail segment, commercial activities are aimed at building loyalty and developing new regional areas.

The Group's strategy, aimed at proposing commercial offers and services throughout the country (*Go National*), has led to a progressive homogenization of the portfolio of offers and services to customers. Sales activities were consolidated through the already active channels of *teleselling* and physical companies, with maximum attention paid to the monitoring and control of sales partners.

In 2020, the web sales channel grew considerably, available in self-navigated and chat-assisted mode, reaching a significant share of total contracts. In order to increase the traffic on its website, in 2020, Iren Mercato confirmed the flanking of the advertising campaigns on the Google search engine (Google Ads) with SEO (Search Engine Optimization) activities, intending to improve the positioning of the

website in the search engine results. During the year, visits to the *irenlucegas.it* website more than doubled, and the Google Ads and SEO activities also significantly impacted Iren Mercato's *brand awareness*.

Furthermore, with the same aims, Iren Mercato has strengthened its partnership with the main energy price comparison websites, promoting its own offers concerning the new Iren Plus extra-commodity services and products.

IREN PLUS

In 2020, the Group consolidated its range of Iren Plus offers: home services, home automation products, internet connection and energy efficiency products. The development of the range of offers continued in line with previous years to offer top quality solutions, with a strong focus on energy efficiency, rationalization of consumption, and environmental sustainability. As part of the **home services**, several new products and offers have been launched:

- **Casa h24**, a package of assistance services for the home provided by Covercare with the inclusion of an AXA Assistance insurance policy to cover the breakdown of household appliances;
- **Iren Revolution Luce**, supply of electricity with the inclusion of an AXA Assistance insurance policy that guarantees 24-hour intervention by craftsmen necessary for minor breakdowns in the home;
- in combination with Casa h24 insurance coverage, **boiler maintenance and air conditioning maintenance** provide bi-annual maintenance of the boiler or air conditioner to ensure the best level of performance.

Through "Iren casa online", in partnership with Linkem, Iren proposes itself as a single access point for its customers who wish to have a single supplier for **internet connectivity** and electricity. The customer who subscribes to the offer thus has priority access to Linkem support.

In the domain of **home automation**, attention was focused on integrating the latest generation technological devices (Smart Kit) in a home control service. Thanks to a special app, customers can independently and remotely manage lighting, cutting costs for inefficiencies, check for gas or water leaks and verify external intrusions. In addition, there are smart LEDs that can be managed through apps and voice assistance.

In addition to home control and lighting management, Iren offers its customers systems (devices, thermostatic valves, heat pumps, air conditioners, fixtures) for the intelligent management, even remotely, of **energy efficiency** in the home.

The range is completed by consolidated products such as condensing **boilers** and the installation of **photovoltaic systems**.

Iren Plus products and services are offered through traditional sales channels, *teleselling*, physical companies, e-commerce, call centres, help desks, and products defined as "complex" such as photovoltaic and boilers through a sales network of external agents.

For the launch of each new product, a market test was carried out prior to the release. This methodology has made it possible to fine-tune the distinctive elements of the offer, verify the product's quality and ancillary services, and finally control the supply chain from the producer to the end customer. During the procurement phase,

qualitative and quantitative standards were applied to define the parameters for selecting suppliers, with a specific focus on the possession of environmental and product safety certifications. As far as the after-sales activity is concerned, a single assistance channel and a network of partners were chosen to provide the installation service for Iren Plus products.

IRENGO (E-MOBILITY)

2020 was the year of the consolidation of the IrenGO electric mobility business line, which offers not only products and services but also a complete consultancy to all target customers: consumer, business and public administration, in line with the Group's guidelines for sustainability and innovation.

IrenGO, also thanks to partnerships and specific agreements, has built a wide range of recharging infrastructures (wall boxes and recharging units), with various performances and powers, to which have been added turnkey design, installation and maintenance services through selected companies able to guarantee interventions on the whole national territory. In addition, IrenGO is installing public charging infrastructures in the main cities in the Group's areas of operation, which will form an essential part of the network of public charging stations. The main projects underway in this area concern the Cities of Turin and Parma, while in Vercelli the installations have already been completed.

IrenGO has also equipped itself with its management software platform, through which it can interact with the recharge systems, and is developing an app for providing the recharge service.

IrenGO offers electric cars for rent, and light mobility means such as pedal-assisted bicycles and electric scooters for the sustainable mobility of customers. Iren Group is also MiMoto's partner in providing the scooter sharing service in Turin and Genoa, and Dott's partner for scooter sharing in Turin and, from 2020, in Rome.

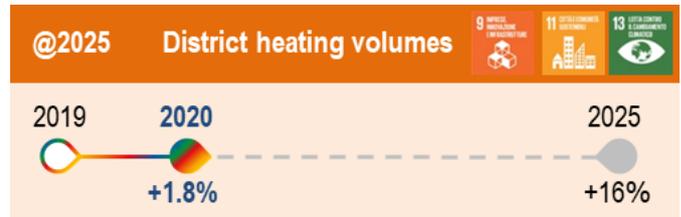
The energy that powers the electric vehicles and charging systems is 100% certified renewable. In order to consolidate this element of coherence with the sustainable mobility project, renewable electricity formulas have been developed that consumer or business customers can combine directly with e-mobility product offers, such as the "Ricarica l'auto Luce Verde" [Charge car Green Light] formula.

In 2020, product and service offerings have also been developed that benefit from the tax advantages provided by the government through various programmes such as the 110% Superbonus and Ecobonus. In both cases, the retail customer can apply for the home electric car charging station, including installation, with credit assignment and invoice discount incentive.

DISTRICT HEATING

In 2020, commercial development activities continued in the Turin area, both in the new network extension areas (North Turin and S. Salvario) and in the areas already reached by the service, while in the Emilia area, activities continued to consolidate and increase the number of connected volumes and the marketing campaign in Piacenza. Since October, the Group has also been marketing district heating services in Rivoli, Collegno and Grugliasco.

In the coming years, the plan to extend the district heating volume will offer customers the chance to contribute to the improvement of air quality in urban environments.



BUSINESS CUSTOMERS

Although the commodity market scenario has been marked by extreme volatility, the Group strengthened its presence in the large-scale gas and electricity customer segment, thanks to an effective dedicated offer portfolio, supporting the promotion of "green offers" for the supply of electricity produced entirely from renewable sources, which allow business customers to promote their environmental commitment.

Thanks to its production assets from renewable sources, Iren can offer "100% green" energy certified through the use of the "Iren Verde" brand and the relative origin guarantee certification, confirming its sustainability policies.

In 2020, Iren ratified the award, which had already taken place in 2019, of a lot of the Consip EE17 Tender for a volume of more than 500 GWh and an estimated turnover of around 100 million Euro, thus confirming itself as the supplier of reference for public administrations in the North West, to which it is offered the possibility of procurement at both fixed and variable prices linked to the "spot" price of energy on the Power Exchange.

MARKETING AND CARING CAMPAIGNS

The commercial launch of new products for home automation and energy efficiency was a further opportunity to refine and apply the new graphic layout adopted in all post-rebranding communication activities. In 2020, the social media project was also consolidated by developing new campaigns aimed at three different objectives: involvement and increase in followers, marketing actions aimed at potential customers interested in products such as Iren Plus and IrenGO, brand awareness to strengthen the brand identity. These activities will continue in 2021 and with the collaboration of influencers and with programming to reach a wider audience. During the year, the Group organized digital industry events, open to the general public, dedicated to presenting services and products related to electric mobility and energy efficiency, emphasizing the introduction and dissemination of regulatory and process aspects required to access the recently introduced tax benefits.

In addition to the "Iren con Te" loyalty programme, the Group is developing a new loyalty programme, more consistent with Iren's new positioning, which will be released in 2021 to bring customers closer to the Group's values.

CUSTOMER SATISFACTION

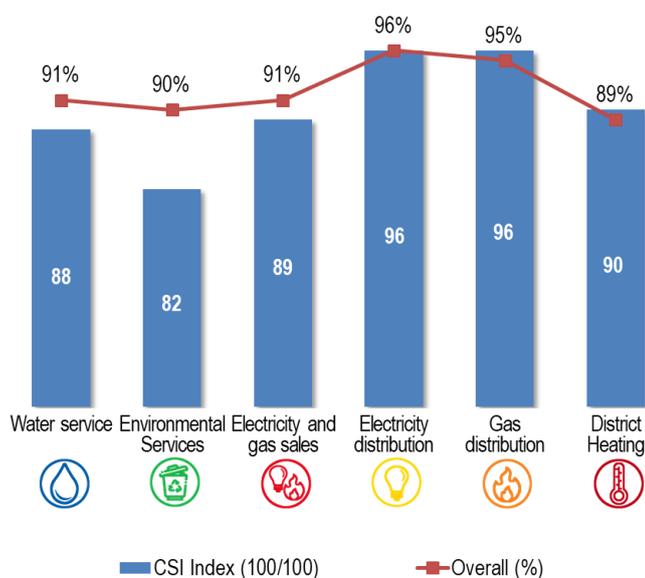
Iren Group has structured an annual monitoring system to evaluate the quality of the services supplied in order to identify actions for communication and operational interventions for continuous improvement.

Customer satisfaction surveys are assigned to the Corporate Social Responsibility and Local Committees Department, which deal with various Business Units for the definition of the survey areas and sharing the results achieved.

The customer satisfaction survey provides the following for the various sectors:

- an overall indicator (CSI index) that shows customer satisfaction in terms of the difference between perceived service value and expectations in regards various technical and relational aspects, which are weighted together;
- a synthetic overall satisfaction indicator (overall) that is monitored by directly asking the customer to highlight the overall perceived satisfaction level. Elements concerning the image and reputation of the Company are crucial in this question.

The 2020 survey shows overall positive results, broadly in line with past surveys.



COMPLAINTS AND BREACHES

The monitoring of complaints is not only an obligation in respect of the regulatory bodies but is also a fundamental management tool for identifying critical issues and defining and implementing corrective actions. The number and type of complaints is, therefore, a key focal point for the Group and, at the same time, attests to the heightened awareness of customers and the growing level of their expectations.

In 2020, Iren Group received a total of 37,214 complaints, of which 14,111 referred to environmental services, 18,137 to energy services (gas, electricity and district heating), and 4,966 to the integrated water service, an increase compared to 2019. With regard to the sale of electricity and gas, there was an increase in billing and contracting matters, while there was a decrease in complaints relating to non-payment and suspension of supply. With regard to the water service, complaints mainly concerned billing, while in the environmental health services, they were mainly related to the initial phase of transforming the separate waste collection services from street to personal. Lastly, during the year, there was a reduction in complaints relating to district heating, where the recurring themes mainly concerned billing and technical aspects of the service.

Following the entry into force of the EU Regulation 2016/679 (GDPR), the term “complaint”, concerning privacy issues, must be understood to mean requests made by natural persons who are data subjects in the processing of personal data, addressed to the Data Protection Authority in the event of a possible breach of the relevant legislation by the data controller. In 2020, there were 26 complaints relating to customer privacy violations. On the other hand, there were no reports of loss or theft of customer information.

Iren Group did not record any breaches in 2020, in the scope of discriminatory practices against customers. Similarly, there were no cases of non-compliance with sanctions concerning the health and safety of products and services, marketing communications and promotion and sponsorship activities. Following the appeal submitted by Iren Mercato, the decision concerning the proceedings instigated by the Antitrust Authority in 2016 for alleged unfair sales practices regarding the acquisition of some electricity and gas customers is still pending. In 2019, a competitor filed a complaint with the Civil Court regarding alleged anticompetitive practices. The case was heard and Iren Mercato lodged an appeal, which was rejected by the Court. The appellant thus brought a claim for damages against Iren Mercato. The hearing, initially set for April 2020, was postponed ex officio to October 2020, Iren Mercato appeared in court, and the parties were granted permission to file additional preliminary briefs. The next hearing is scheduled for March 2021.

CUSTOMERS AND SERVICES

	2020	2019	2018
Retail electricity customers	970,663	910,830	876,190
Retail gas customers	906,152	904,971	906,376
Residents served by the district heating service	895,745	879,070	868,130
Integrated water service residents	2,765,363	2,791,927	2,829,798
Integrated water service municipalities	241	242	265
Urban environmental services residents ⁽¹⁾	3,061,547	3,057,857	2,320,687
Urban environmental services municipalities ⁽¹⁾	307	297	165

⁽¹⁾ The consistent variation of the 2019 data is the result of the acquisition of San Germano.

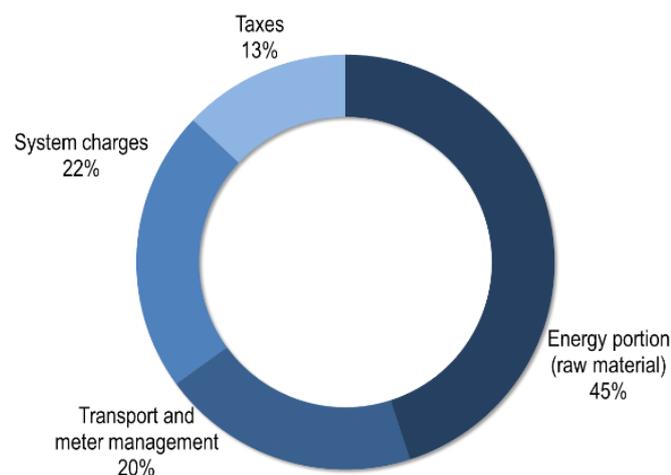
ELECTRICITY

ELECTRICITY TARIFF

Electricity tariffs are made up of the costs associated with energy and the commercial activities of the distribution companies (procurement and commercialization), the charges associated with transporting electricity on national and local distribution networks, the costs of managing metering activities, general system charges and taxes.

In the free market, the seller expresses its offer by differentiating itself from competitors in the share of supply and commercialisation costs, as the other components are subject to single national standards and tariffs established by ARERA and the state.

2020 AVERAGE COMPOSITION OF ELECTRICITY BILL FOR PROTECTED MARKET



The overall cost in the fourth quarter of 2020 by customer type (3 kW meter and annual consumption of 2,700 kWh) served in protected market stood at 0.192 Euro/kWh (Source: ARERA), down approximately 6% compared to the same quarter of 2019.

ELECTRICITY SOCIAL BONUS

The electricity bonus was introduced by the government and made operational by ARERA, in collaboration with municipalities, in order to guarantee savings on electricity costs to financially burdened and/or large families. It is also provided for cases in which a serious disease entails the use of indispensable electrical medical equipment to keep them alive (physical problems). In order to access the bonus, families

that fall within the income and/or social-health parameters must submit a request to their municipality. The bonus values that also allowed a 30% reduction in the bill in 2020 were:

- 125 Euro for a family of 1 or 2 members;
- 148 Euro for a family of 3 or 4 members;
- 173 Euro for a family of more than 4 members.

ELECTRICITY SERVICE LEVELS

QUALITY STANDARDS FOR THE SALE OF ELECTRICITY

The commercial quality standards are dictated by ARERA (Res. 413/2016 Amalgamated Law on the Quality of Sales Services – TIQV) refer to how promptly the seller provides some services requested by customers (replies to written complaints and requests for information, correction of bills, etc.).

The seller must comply with specific standards (beyond which, customers are entitled to automatic compensation) and general standards (for which a certain percentage of performance is required and no automatic compensation is paid). Data relevant to the individual companies are published in order to allow customers to compare the service levels offered.

The 2020 figure shows a lengthening of response times, mainly attributable to the increase in complaints compared to the previous year, concerning billing and contracting matters, and the delay in the sorting of requests by Atena Trading, due to a computer virus that affected the Company in December 2019, to which was added the Covid-19 health emergency, which resulted in a temporary shortage of personnel for the external call centre operator, penalizing the management of practices.

Response to written complaints (days)	2020	2019	ARERA max time
Average response time	27.9	16.7	30

To constantly monitor its commercial quality, Iren Group considers it strategic to monitor customer satisfaction (see page 100).

QUALITY STANDARDS FOR DISTRIBUTION

Quality standards for the distribution of electricity are defined by ARERA (Res. 566/2019/R/EEL), which approved the “Amalgamated Law on the Output-Based Regulation of the Electricity Distribution and Measurement Services” for the 2020-2023 period, which governs the continuity of service and voltage quality, specific and general levels of commercial quality and the selective promotion of investments in distribution networks.

Indicators measuring the service levels of Iren Group, which are considered relevant due to the impacts they may have on end customers or the environment, are reported below.

The level of **network leaks** within Iren is consistently below the national average. ARERA conventionally sets standard leaks for the electricity grid, defining a percentage amount of the energy withdrawn in function of voltage, with the aim of encouraging the reduction of network leaks, comparing standard leaks with actual leaks.

Electricity network leaks	2020	2019	2018
Iren Group	2.91%	4.23%	4.17%
National average ⁽¹⁾	6.40%	6.40%	6.40%

⁽¹⁾ Most recent data available from the GSE Energy Report dated 31 December 2018.

The **mean number of interruptions per LV (low voltage) customer (N1)** is the indicator relevant to unexpected long or short-term interruptions (less than 3 minutes but more than 1 second) attributable to the distributor. The **cumulative downtime (D1)** measures the average number of minutes of interruption, per low voltage customer, of long-lasting interruptions without notice, attributable to the distributor.

ARERA sets target values for these indicators concerning the size of the areas served: high concentration (municipalities with more than 50,000 residents), medium concentration (municipalities with more than 5,000 residents) and low concentration (municipalities with less than 5,000 residents).

If the distributor delivers improvements in the indicators compared to the previous year, it receives a bonus from ARERA; otherwise it may receive a sanction and the relative fine.

Average number of outages per LV customer – N1 ⁽¹⁾	2020	2019	2018	2020 ARERA target ⁽²⁾
Turin high-density	1.47	1.43	1.37	1.27
Parma high-density	1.32	0.98	1.80	1.20
Parma low-density	4.01	2.23	2.59	4.30
Vercelli medium-density	0.81	0.75	1.25	2.25

⁽¹⁾ 2020 data are estimated. They are subject to verification and are dependent on submission to ARERA on 31/03/2021 for the 2020 financial year.

⁽²⁾ The target values valid until 2019 were 1.00 for high concentration, 2.25 for medium concentration and 4.00 for low concentration.

In 2020, ARERA raised the level of the objective if, in the calculation of the average number of minutes of interruption, the distributor also includes external causes, i.e., service disruption events caused by third parties (e.g., damage to cables as a result of excavation work by third parties who do not operate on behalf of the distributor; service disruptions caused by failures occurring on private systems underlying the network).

Cumulative downtime – D1 (min./user) ⁽¹⁾	2020	2019	2018	2020 ARERA target ⁽²⁾
Turin high-density	26.81	25.70	28.70	28.00
Parma high-density	34.90	23.00	34.21	28.00
Parma low-density	72.91	48.06	36.61	68.00
Vercelli medium-density	11.57	8.12	11.23	45.00

⁽¹⁾ 2020 data are estimated. They are subject to verification and are dependent on submission to ARERA on 31/03/2021 for the 2020 financial year.

⁽²⁾ The target values valid until 2019 were 25.00 for high concentration, 45.00 for medium concentration and 60.00 for low concentration.

In 2020, there was an increase in the number of interruptions in Turin and Parma, resulting in higher N1 and D1 values. In Turin, there were more interruptions concentrated in the same period of the year, generating the so-called “disrupted periods” (not included in the cumulative D1 downtime counts, according to ARERA provisions), while in Parma, there were interruptions in different periods of the year, whose lower concentration did not cause disrupted periods and which are therefore also considered in the calculation of the average annual downtime value (D1).

Iren Group, in the context of credit control, monitors the network disconnections of customers due to non-payment of bills, but does not consider it appropriate to report it, considering it as being sensitive data.

ELECTRICITY DISTRIBUTION NETWORK

Iren Group manages the electricity distribution network plants in the Municipality of Parma, the City of Turin — as well as some sections of network in some municipalities in the metropolitan area, Valle Orco and Valle Dora — and the Municipality of Vercelli.

The size of plants owned by the Group at 31 December 2020 is summarised up in the table below:

Distribution network plants	u.m.	Parma	Turin	Vercelli
HV/MV stations	no.	5	10	1
MV/MV primary substations	no.	-	21	1
MV/LV secondary substations	no.	1,209	3,495	187
HV/MV transformers	no.	13	24	2
MV/LV secondary substation transformers	no.	1,415	3,100	303
HV lines	km	-	22	10.8
MV lines (overhead/ground)	km	915	2,065	203
LV lines (overhead/ground)	km	1,623	2,624	332
Electronic meters	no.	138,856	591,855	31,990

The annual maintenance plan, on the secondary electricity distribution networks, provides for the inspection of medium voltage (MV) substations and overhead power lines with different articulation for the areas of reference:

- for electricity substations, an inspection every three years for Parma, every two years for Turin and every year for Vercelli. In 2020, 2,008 out of a total of 5,692 substations were inspected (in

addition to primary MV/MV substations and secondary MV/LV substations, MV delivery substations and conversion substations for tramway power supply are also included), equal to 35%;

- for medium voltage (MV) overhead power lines, a visual inspection every three years for Parma, every six months for Turin and once a year for Vercelli. The electricity overhead network is approximately 1,384 km and, in 2020, around 15% was inspected.

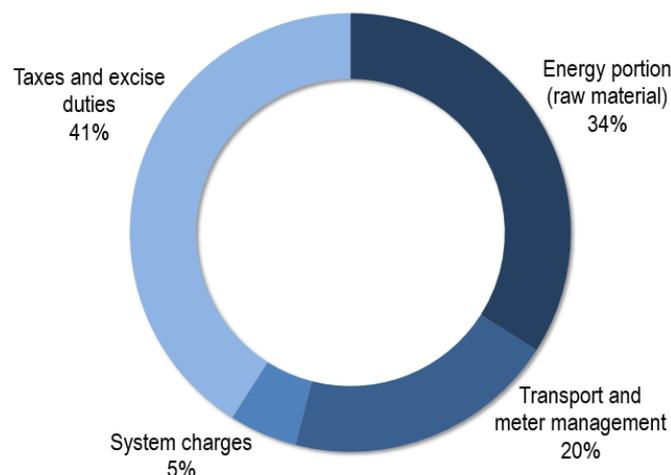
The inspection plan, which was fully conducted in 2020, consists of controls of the compressed-air systems in the Turin area every quarter, the general inspection of every plant every four months, the thermographic control of active plant areas every six months, the control of electrical equipment containing oil with PCB>50 ppm every year and, also yearly, the control of the state of asbestos products.

GAS

GAS TARIFF

Gas tariffs comply with ARERA regulations (Amalgamated Gas Sale Law – TIVG and the Consolidated Law – TUDG/RTDG), state laws concerning Gas Excise Duties and VAT and regional laws concerning the additional regional tax (ARISGAM) applied to natural gas. Gas tariffs are made up of the costs related to energy and commercial activities managed by the sales company and the component related to costs for gas transport into national and local distribution networks, which cover the costs of the national transporter and the local network operator. In addition to these, there are national taxes and regional additional taxes as well as general system charges. In the free market, the seller expresses its offer by differentiating itself from competitors in the share of supply and commercialisation costs since the other components are subject to single national standards and tariffs established by ARERA and the State.

2020 AVERAGE COMPOSITION OF GAS BILL WITH PROTECTED MARKET TARIFF



The overall cost in the fourth quarter of 2020 by customer type (annual consumption of 1,400 sm³) with a protected market tariff stood at 0.671 Euro/sm³ (Source: ARERA), down approximately 9% compared to the same quarter of 2019.

GAS SOCIAL BONUS

The gas bonus is provided for financially burdened families (identified according to the EESI indicator) and applies only to methane gas distributed to the network for home-of-residence consumption and not cylinder gas or LPG. According to criteria and procedures laid out by ARERA, households are eligible to receive a contribution to mitigate the costs linked to gas use. Access to the bonus is generated from a request submitted by the customer to the municipality of residence, certifying their condition of financial difficulty. After a positive assessment by the municipality, the distributor is notified, which credits the seller with a determined amount that the seller will pay to the end customer.

GAS SERVICE LEVELS

QUALITY STANDARDS FOR THE SALE OF GAS

As for electricity, the quality standards for gas sales are dictated by ARERA (Res. 413/2016 Amalgamated Law on the Quality of Sales Services – TIQV) and provide for compliance by the seller with specific standards and general standards in the performance of certain services required by the customer.

The 2020 figure shows a lengthening of response times due mainly to the increase in complaints compared to the previous year.

Response to written complaints (days)	2020	2019	ARERA max time
Average response time	27.0	20.0	30

QUALITY STANDARDS FOR DISTRIBUTION

The distribution service consists of the withdrawal of natural gas from Snam Rete Gas pipelines, by means of first-stage withdrawal points, and its transportation through local gas pipeline networks for delivery to end users. A gas distribution system is typically composed of:

- main supply natural gas distribution networks (pressure greater than 5 bar), medium pressure networks (greater than 0.04 bar up to 5 bar) and low-pressure networks (up to 0.04 bar);
- RE.MI. substations (acronym for Regulation and Measurement) or first-stage substations, where a first reduction in the pressure of the gas taken from the Snam Rete Gas high-pressure pipelines is made. The RE.MI. plant consists of the complex of equipment where the gas undergoes filtration, pre-heating, pressure reduction, measurement and odourisation;
- user-derived systems, the complex of pipes and accessory devices that constitute the installations necessary to supply the gas to the end customer. The user-derived system starts from the gripper (the part of the system used to withdraw the gas from the main pipe by conveying it, through a pipe with a smaller diameter, towards the meter) and extends to the measurement group (meter).

Gas distribution is carried out by Iren Group in compliance with the rules of functional separation for companies vertically integrated into the sector, in compliance with the principles of cost-effectiveness, profitability and confidentiality of company data with the aim of promoting competition, efficiency and adequate service levels.

The use of innovative technologies for laying and maintaining the networks means that necessary activities can be performed while reducing time frames and costs and keeping disruption to residents to a minimum. Security is guaranteed via remote control systems, a 24-hour emergency service, the cathodic protection of the steel networks, the use of odourised gas and regular and scheduled inspection of the network.

The Group also manages the distribution of LPG, particularly in the province of Reggio Emilia through 14 storage plants and in the province of Genoa, through 7 storage plants located in the various localities of municipalities not yet reached by the natural gas network. Suppliers deliver the pre-odorised LPG in tanks, the Group distributes it to customers at a pressure of 30 mbar and ensures safety through remote control of the plants. The LPG distribution activity is closely connected to the gradual “methanisation” of the area.

The Group is continuing with the progressive installation of electronic meters which, as well as providing real-time data for billing the relative amounts due and speeding up certain activities (activation or deactivation of a supply, consent, etc.), help to raise residents’ awareness about their energy usage, promoting behaviour aimed at reducing and improving gas consumption with subsequent benefits for the environment.

Gas meters installed (no.)	2020	2019	2018
Total gas meters	811,606	809,899	807,479
- of which electronic	675,041	613,303	476,869
% electronic meters	83.1%	75.7%	59.0%

In relation to the commercial quality parameters for gas distribution, ARERA has defined standards which provide for the automatic compensation to customers in the case of non-compliance.

Commercial quality levels (business days)	2020	2019	ARERA max time
Cost estimate for simple jobs	7	9.9	15
Cost estimate for complex jobs	12.5	10.4	30
Execution of simple jobs	7	6.5	10
Activating supply	4.2	5.4	10
Deactivating supply	3.6	4.4	5
Reactivation following on from deactivation due to non-payment	1.3	2.3	2 working days

SERVICE OUTAGES AND LEAKS ON THE GAS NETWORK

Gas interruptions occur mainly during network renovation works when the user connections are switched from old to new pipelines. The Group intervenes, whenever possible and to an ever-greater extent, using a device that allows replacement without interrupting the gas supply.

Service interruptions are divided into **scheduled outages**, if works are planned and the customer can be informed promptly of the interruption, and **unscheduled outages**, that is, those that cannot be communicated at least one day beforehand to all customers.

Scheduled outages are made using systems which enable works to be implemented without suspending gas flow. The use of plugging systems with by-passes limits interruptions to the bare minimum:

thanks to the use of “buffering” technologies, it is possible to carry out work without the inconvenience of interrupting the service to the end customer.

In 2020, the Covid-19 contingency resulted in a decrease in the number of excavations by third-party contractors – the primary cause of pipe damage and subsequent unannounced service interruptions – and thus led to a significant reduction in the number of unscheduled outages.

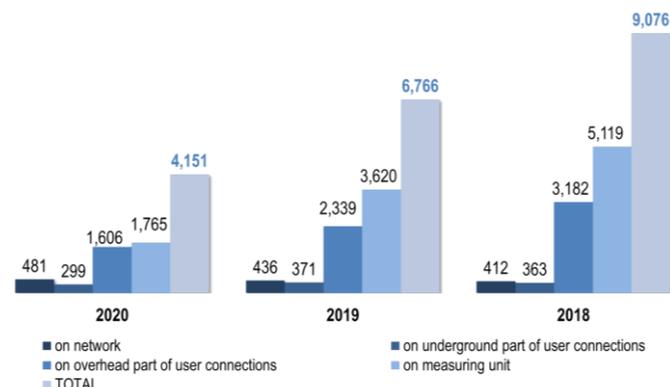
Gas outages (no.)	2020	2019	2018
Unscheduled outages	662	1,266	990
Scheduled outages	1,023	1,376	1,652
TOTAL	1,685	2,642	2,642

In compliance with ARERA provisions, the main initiatives to reduce gas network leaks envisage the gradual application of cathodic protection of the unprotected steel network and the replacement of the cast iron pipelines with hemp and lead joints.

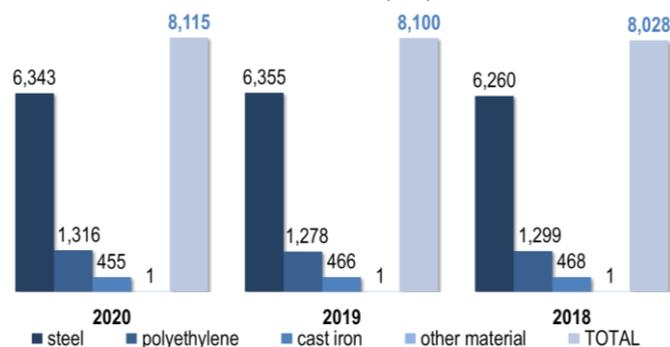
In 2020, in addition to the search for leaks on the underground network imposed by ARERA, the systematic search for leaks also continued at the measurement groups in both the Emilia and Liguria regions.

In reference to gas leaks, the table below highlights the consistent reduction in gas leaks compared to 2019 (-61.3%) and that in 2020 numerically significant gas leaks came from the group of measurement.

NETWORK LEAKS (no.)



GAS NETWORK COMPOSITION (km)



The project to replace the gas network with new steel and polyethylene pipes also continued in 2020.

Gas network replaced (km)	2020	2019	2018
Steel mesh	15	16	16
Polyethylene mesh	0	0	0
Cast iron mesh	3	4	3
TOTAL	18	20	19

SAFETY OF THE GAS NETWORK

Network inspection, an effective emergency service and an adequate odorant concentration are fundamentally important elements in the proper operation of a gas distribution system, together with a continuous modernisation of the network. ARERA establishes the safety service obligations, including network inspections.

In 2020, Iren Group inspected 8,016 of the 8,115 km of the gas network managed. The scheduled inspection has also led to a greater control of leaks.

Gas network inspected	2020	2019	ARERA requirement
Low pressure network	97.6%	84%	at least 25%
Medium and high pressure network	100%	95%	at least 33%
Total network inspected	98.8%	88%	

In 2020, 98.8% of gas networks were inspected: more than double the number of inspections required by ARERA

ARERA also sets minimum levels of odorants for service safety and the protection of people and things. In 2020, Iren Group fed over 45 mg of odorants (tetrahydrothiophene) into the network for every cubic metre of gas distributed, a higher amount than that established by ARERA (32 mg/m³), which means that its presence in the air can be noticed easier and any gas leaks identified quickly.

The Emergency Service is also essential to ensuring the safety of residents and sites. The Group's performance in this context are significantly above the parameters established by ARERA. In 2020, the gas Emergency Service handled 7,528 calls, with an average arrival time at the call site that varies in the range shown in the table below, depending on the regions served.

Emergency service	2020	2019	ARERA requirement
Average arrival time at the site of the call (min)	30.6-36.5	26.8-35.0	60
Compliance with average arrival time at the site of the call (%)	98.7%	97.6%	90.0%

DISTRICT HEATING

Iren Group's district heating service produces and supplies the thermal energy required by customers for heating rooms and producing hot water.

ARERA has defined (Res. 661/2018) the district heating and district cooling commercial quality regulation, valid until the end of 2021, in view of which the Group has taken steps to adapt the technical-administrative processes and update the District Heating Service

Charter, available on the irenlucegas.it website along with the relative information sections. The Service Charter constitutes the commitment to satisfy customer needs and to guarantee the reliability of the service, safety when using the service, and fairness and equity in contractual relations. The parameters contained in it allow for an objective assessment of compliance with the guaranteed standards.

Iren Group constantly monitors the quality and efficiency levels of its services, including district heating, with the aim of adapting strategic choices to customer expectations in a logic of continuous improvement (see page 100).

DISTRICT HEATING TARIFFS

District heating tariffs are not currently governed by national regulations and are historically constituted by the principle of "avoided gas cost", i.e. the cost that the customer would have paid using natural gas (expressed in Euro/m³).

The tariffs are, therefore, related to the final cost of natural gas, which is updated depending on the regulations of ARERA, as regards the gas tariffs of the retail market, and the state as regard to taxes and VAT.

NETWORK SUBJECT TO INSPECTION

The district heating network managed by Iren Group in the Municipalities of Turin, Nichelino, Beinasco, Grugliasco, Collegno, Rivoli, Moncalieri, Genoa, Reggio Emilia, Piacenza and Parma is just over 1,064 km long and was inspected entirely in 2020.

INTEGRATED WATER SERVICE

INTEGRATED WATER SERVICE TARIFF

The organisation of the integrated water service in A.T.O.s (water and waste regulation areas) has led to new rules for setting tariffs, which must completely cover investment and operating costs.

In general, the water service tariff consists of:

- a **fixed component of service**, due regardless of consumption
- a **variable component** based on the consumption of water and wastewater treatment services.

To discourage waste, the tariff is divided into bands and increases as consumption rises. There are also different types of use: domestic resident, domestic non-resident, industrial, artisan and commercial, agricultural and livestock, public non-disconnectable, public disconnectable, other uses (residual category).

The following table shows the average tariffs, defined by the regulatory authorities, for the services managed in each local area (drinking water distribution, sewerage and treatment).

Iren Group only partly manages the areas served in the Provinces of Savona and Imperia, with activities mainly concerning the water service.

Average tariff for IWS (Euro/m ³) ⁽¹⁾	2020
Province of Asti ⁽²⁾	2.55
Province of Cuneo ^{(2) (3)}	1.77 - 1.79
Province of Genoa	2.27
Province of La Spezia	2.10
Province of Parma ⁽³⁾	1.67 - 2.36
Province of Piacenza ⁽³⁾	1.77 - 2.29
Province of Reggio Emilia	2.11
Province of Vercelli ⁽³⁾	0.58 - 1.73

⁽¹⁾ The average tariff is calculated by adding the basic domestic use tariff for the water service, the sewerage tariff and the treatment tariff.

⁽²⁾ 2019 values confirmed, the tariff for the year 2020 has not yet been approved.

⁽³⁾ Minimum and maximum values of the different tariffs in the area..

In 2020, 936,348 water meters were installed, 10% of which are electronic. These are new-generation meters that, in addition to providing real-time data for billing amounts due, help make residents more aware of their consumption, encouraging behaviour aimed at reducing and improving the use of water, with subsequent environmental benefits.

WATER BONUS

With Resolution 897/2017 ARERA has introduced the social water bonus for customers in financial difficulty. Users with an EESI of less than 8,107.5 Euro (or less than 20,000 Euro if there are more than three dependent children) and other specific categories are entitled to apply for the bonus. The bonus covers the consumption of 50 litres of integrated water service per person per day.

In order to support the cost, a specific tariff component (UI3) equal to 0.005 Euro/m³ sold was introduced for the year 2020. The regional governing bodies may add an additional bonus, financed by the tariff of the Area itself and disbursed according to modalities established by said body. Unlike last year, ATERSIR (Regional Agency of Emilia Romagna for Water and Waste Services) did not approve the supplementary bonus for 2020, as the amount made available in previous years has not been fully used. The governing bodies of the Genoa and La Spezia Areas resolved for 2020, respectively, an amount equal to 400,000 Euro and 220,000 Euro.

QUALITY OF THE INTEGRATED WATER SERVICE

The Service Charters of Iren Group's integrated water service include the indicators and time frames defined by ARERA (Resolution 655/15). In 2020, the data for 2019 was reported, confirming a very high level of compliance with the established time frames, with an average of 90%.

In order to constantly monitor the quality of services, Iren Group also regards customer satisfaction monitoring to be of fundamental importance. The periodic collection of these surveys was included as an integral and essential part of the operators' quality system (see page 100).

WATER QUALITY

Water quality control consists of analysing the main parameters laid down by Italian Legislative Decree 31/2001 at the various sampling points established by the Organisation responsible for the control (LHU) along the distribution network and at the outlet of the large purification plants. If the water withdrawn contains levels of harmful substances that exceed the limits specified by legislation, it will be subject to treatment prior to distribution. The treatments most frequently used for deep water are normally designed to remove iron, manganese and ammonia, elements naturally present in the groundwater captured. The quality of the water is guaranteed by a control on the entire water process: from water sources to the treatment, filtration and purification processes and the distribution network, up to actual delivery to customers. The samples taken are analysed at Iren Group laboratories to determine their chemical and microbiological characteristics. In the treatment sector, analytical tests are carried out on the wastewater flowing into and out of the plants, and on the intermediate treatment steps, the sludge produced and the drains from the production user plants into the sewer. The number of samples and the relative analysed parameters derive from sampling plans prepared for all the areas managed. The internal tests exceed the minimum number required by law and the protocols stipulated with ATO, ARPA and provincial authorities.

Controls on drinking water and wastewater (no.) ⁽¹⁾	2020		2019		2018	
	Samples	Parameters	Samples	Parameters	Samples	Parameters
Emilia-Romagna	36,769	435,516	36,159	426,542	36,325	424,060
Piedmont/Valle D'Aosta	5,371	63,865	5,199	64,046	5,132	66,615
Liguria	13,512	287,345	14,216	279,693	12,883	275,437
Lombardy ⁽²⁾	473	7,947	485	7,925	994	21,078
Veneto	-	-	-	-	182	4,472
TOTAL	56,125	794,673	56,059	778,206	55,516	791,662

⁽¹⁾ From 2019, the areas that are no longer served by the Group, were not included: Aosta, Alessandria, Novara, Brescia, Pavia, Verona and, from 2020 Bolano.

⁽²⁾ The figure relates to the Municipalities of Viadana and Gazzuolo (MN) and only to samples and parameters conducted on drinking water as the Group does not manage the waste water service.

Over 56,000 samples and 794,000 parameters analysed on drinking and wastewater to ensure residents' safety

WATER DISTRIBUTION

Following the necessary tests to establish compliance with the requirements of drinking water, the water withdrawn at various

sources is fed into the distribution network that reaches all points of use. Control, extension and maintenance activities are carried out on the networks with a view to minimising inconvenience for the public as far as possible. A priority, in fact, is the attention to the protection of the urban environment and the sustainability of everyday life, in particular with regard to the impact on city streets.

In 2020, 1,248 planned interruptions in managed areas were conducted, i.e. water supply suspensions that are necessary to perform previously planned works. In these cases, warnings are issued through the press and local television stations about the duration of the interventions, as they affect a large part of the population. In other cases, notices are posted in the areas concerned to inform the public of the interruption date.

For emergency interventions, e.g. to repair a burst pipe, all of the necessary measures are taken in order to restore the water supply in the shortest possible time, in accordance with the provisions of the laws in force. In 2020, 8,737 breaks occurred, with repairs carried out after reports received and leaks detected.

The average arrival time at the place of the emergency call for Iren Group is 106 minutes.

In 2020, out of 19,944 km of managed water network, more than 14,229 km (over 70% of the total) were checked for leaks: 4,039 km (about 20%) through the acoustic research technique carried out on-site and 10,190 km (more than 50%) employing night-time flow monitoring, a structural activity that makes it possible to analyse distribution districts and check for any anomalies.

ENVIRONMENTAL SERVICES

The emergency caused by the Covid-19 pandemic required the Group to take prompt action to support the public, including in the area of environmental services.

The Environment Points (Punti Ambiente) for distributing essential materials for separate waste collection remained open even during the lockdown months. Residents' access was restricted, ensuring the spacing foreseen by the regulations, while the help desks were equipped with all health safety devices (plexiglass, disinfectant dispensers, masks and gloves for operators).

In some areas, a service of access to the Collection Centres by appointment has been structured to avoid crowds at the entrance.

The Group promptly acknowledged and managed the requests of the municipalities to postpone the due date of the payment notices for environmental services, staggering the deadlines for both domestic and non-domestic users.

In order to cope with the needs arising from the health emergency, specific home collection services for undifferentiated waste were set up, street washing and urban hygiene services were intensified, and dedicated service for the collection of "Covid-19 waste" was set up.

At the request of local Authorities and through protocols agreed with regional bodies, ad hoc services have been set up, including waste "pick-up at the floor" services and doubling the frequency of emptying unsorted waste. The "pick-up at the floor" service, for families with Covid-19 positive situations, has been activated in the case of objective and proven impossibility for people to leave their apartments or private property to display the container or reach the nearest street bin and has provided for the entrance of the operator in a private area to pick up the waste. Residents were able to request the service through the Group's environmental contact centre, from which they received instructions on how and when to display their waste at the front door for collection by the environmental operators. For the management of the waste, a collection kit was provided consisting of black bags and a vademecum containing the necessary instructions for the new collection methods during the first collection. A month after the activation of the "pick-up at the floor" service, the contact centre contacted the residents to verify the need to confirm the service or to suspend it.

The activity of the contact centre operators, carried out in remote work, has also allowed managing all the calls from the subjects who needed dedicated waste collections for positivity to Covid-19 or quarantine.

TARIFF SYSTEM

The TARI tax is composed of:

- a **fixed part**, determined by the cost of sweeping, general costs, part of the cost of personnel and other essential components of the cost of the service, relating in particular to depreciation and administrative costs
- a **variable part** related to the quantity of waste conferred, the service provided, and the management costs.

The TARI is applied to utilities, taking account of the surface area occupied and partly, for domestic utilities, accounting for the number of family members. With the TARI, Iren Group invoices its service to the municipality and the municipality issues payment notices to the users.

In calculating the TARI, the municipal authority takes account of the VAT that it has to pay, which is why, in the tax applied to users, the VAT is not expressed but included in the tax itself. Social tariffs are not provided for by the general legislation of the TARI. At a regulatory level, every municipality may include favourable conditions or reduction clauses in favour of certain groups or users. The average tariff for waste collection and environmental health services in Turin, La Spezia, Vercelli, Parma, Piacenza and Reggio Emilia is in line with previous years.

The table below provides the average TARI for 2020 for the main Municipalities served.

Year 2020

Average TARI by provincial capital

Type of domestic users	La Spezia	Parma	Piacenza	Reggio Emilia	Turin
	Euro/year	Euro/year	Euro/year	Euro/year	Euro/year
1 member families	173.34	131.03	123.79	176.58	131.66
2 member families	224.58	212.70	218.46	268.02	246.55
3 member families	239.37	244.59	271.00	345.46	294.66
4 member families	252.30	284.99	299.74	395.18	325.77
5 member families	265.24	333.32	359.15	446.60	381.37
≥ 6 member families	276.02	378.44	404.80	468.36	431.64

ENERGY EFFICIENCY

In 2020, about 110 construction sites were started to recover external façades and for the energy upgrading of buildings (mainly condominiums) through state tax bonuses such as Bonus Facciate [Façades Bonus] or Ecobonus. Approximately 300 projects for the energy requalification of condominiums have been started using the 110% "Superbonus" tax deduction introduced in the Italian Decree-Law of 19 May 2020 (so-called Decreto Rilancio [Relaunch Decree]).

According to a general contractor model, these activities are carried out by the subsidiary Iren Smart Solutions that offers a turnkey package, including invoice discount/credit assignment as required by the regulations. Thanks to the collaboration with subcontractors, professionals and companies qualified in the supplier register who carry out the works, Iren Group acts as the sole interlocutor with the customer.

In addition, through partnerships with companies specializing in energy efficiency, LED relamping, upgrading of thermal systems with heat pumps, and construction of photovoltaic systems were carried out in 2020. A project to develop "Energy Communities" and "Collective Self-Consumption" systems has also been launched to promote the diffusion of renewable source plants to condominiums, public administrations and small and medium-sized businesses. Through "Energy Communities", several users can share the electricity produced by one or more photovoltaic systems, with immediate benefits in both economic and environmental terms. The first pilot project was launched in a condominium in Parma, adopting a management system that, based on the instantaneous consumption of condominium users and individual apartments, automatically manages the energy produced by the photovoltaic system, maximizing energy self-consumption.

The Group has launched initiatives to raise awareness of the importance and advantages of energy upgrading in buildings, also through dedicated webinars, promoting environmental sustainability, the correct use of resources and urban requalification.

TELECOMMUNICATIONS

In 2020, the activities in the IoT (Internet of Things) area were intensified. The experimental activities started in 2019 for the activation of new sensors on gas networks were completed, and the experiments for the use of new Narrow Band IoT mobile connectivity technologies began. The infrastructure for accessing Cloud services

was also completed with a new fibre interconnection on the Frankfurt datacentres.

In the management of the service to the Group's customers, 2020 saw a significant increase in the use of bandwidth for internet connections and, to this end, new 10Gbps quality connections were implemented, thanks to which many customers were able to work without difficulty in smart working, a working model implemented during the lockdown period. Customer satisfaction monitoring is consistent with past years and is evidenced by the renewal of contracts for major customers. Retention indicators confirmed expectations, and commercial performance met expected budgets.

FOCUS ON COMMUNITIES AND THE LOCAL AREAS

The importance of local communities to Iren Group is confirmed in the Business Plan to 2025, which reserves a significant part of its investments for local development, generating an important wave of growth for the local economies, with positive social, economic and environmental impacts. Furthermore, 61% of the investments envisaged in the Plan are for sustainability initiatives.

PROJECTS OF IREN LOCAL COMMITTEES

The Group's sustainable development strategy is also managed through the Local Committees. These are bodies which have been established to strengthen relationships with the local areas, analyse them and anticipate needs, encourage innovative environmental and social initiatives, increase widespread awareness of strategies and services offered, guaranteeing broad representation of the various realities of civil society and engaging Iren Group top management in dialogue with its stakeholders. The Committees are also a working tool to collect, through the participatory planning platform Irencollabora.it, the ideas and proposals of residents to design new sustainable development solutions, enhancing the experience, knowledge and skills of local communities to create shared value and generate growth for the Group and for the areas in which it operates.

The Committees are made up of 15-18 members, the representatives of Local Bodies and Associations, who offer voluntary and free

participation. In addition to these, there are five members by right: a representative of the municipal capital, a representative of the provincial municipalities, a representative of the local university, the Iren Deputy Chairperson and the Chairperson, as a permanent guest.

Through specific internal working groups, each Committee oversees the activities for the best implementation of the projects, proposed by the Committees themselves or by citizens via Irencollabora.it.

In 2020, 27 projects were incubated by the Committees of Genoa, Parma, Piacenza, Reggio Emilia and Turin, 12 of which were already completed during the year, and the others are in the development phase and concerning environmental, social and educational issues.

At the end of 2020 the Local Committees have completed a total of 53 projects available at Irencollabora.it. Below are details of the 12 projects completed in 2020.

PROJECTS CREATED IN 2020

Project (implementer)	Local Committee	Description
Parma City Camp 2020 (CSV Emilia)	Parma	The project provided significant support to families in managing their children and the gradual resumption of their socialization in the summer period post lockdown brought about by the Covid-19 emergency. Therefore, 26 summer camps were activated in Parma, Collecchio and Salsomaggiore to bring culture, environmental awareness and solidarity to children and girls, following the topics of the Agenda 2030. The project involved 40 third sector organisations and 100 volunteers, who guided 180 children and young people between the ages of 6 and 14 to the most representative cultural sites in the area.
Riparchiamo (UISP Reggio Emilia)	Reggio Emilia	Outdoor motor activity workshops for the resumption of sociability and healthy lifestyles were the ingredients of the project, aimed at residents in six city districts affected by problems related to the care of the environment and green areas, inadequate waste sorting and cleaning of common areas. Motor activities were then combined with civic and environmental education. The activities took place until the end of September 2020 and involved children and young people from 6 to 17 years old, also with the involvement of the territorial social services of the Municipality of Reggio Emilia, Acer, Uisp technicians, ARCI circles, Ausl, Areas of Prevention and LILT for joint programming.
eXnovo fragole – frutti del lavoro dal carcere di Piacenza [eXnovo strawberry: fruits of labour of Piacenza prison] (Soc. coop. L'Orto Botanico)	Piacenza	Social and sustainable agriculture is the aim of the project that, through the farming of strawberries inside the prison of Piacenza, offers work opportunities to inmates, close to release, allowing them to learn a trade, obtain an income and be accompanied, through work, in a path of social and moral rehabilitation, re-education to legality and responsibility. Thanks to the project, six inmates work inside the Casa Circondariale, with regular employment, while another two people have obtained social foster care. The sustainability of agriculture practices is based on cutting-edge technologies and more efficient farming techniques, thanks to the contribution of the Catholic University of the Sacred Heart – Piacenza branch which, together with the agronomic consultancy company Geoponica, has produced scientific research comparing field and non-field agricultural activities and a protocol of good practices available on the irencollabora.it platform.
Celocelo Food (San Salvario Local Development Agency – Non-Profit Organisation)	Turin	Celocelo Food has introduced a system for the recovery of surplus food donated by small businesses in the food sector; thanks to the celocelo.it platform surplus food is intercepted and redistributed to a comprehensive and flexible network of non-profit organisations that provide food support to people in economic difficulty: canteens, night shelters, accommodation facilities, etc. The activity has also made it possible to raise awareness among businesses and citizens on reducing food waste and donating surplus food.
Via Ferro Multi-purpose Centre (S. Egidio Community – Genoa)	Genoa	The project saw the renovation of a building intended for support activities for the vulnerable sections of the population, such as social canteen, collection deposit, distribution of blankets, jackets and shoes. In addition to the renovation work, the number of donor companies has been expanded to increase the quantity and differentiate the genres to be made available to families in difficulty and the creation of events in collaboration with retailers and/or production facilities.
Pensa che Mensa [What a canteen] (Slowfood Piacenza)	Piacenza	The school canteen is an important educational and convivial occasion to develop food education, sustainable and conscious consumption and the fight against food waste. On these issues a mapping of school canteens in the province of Piacenza has been drawn up, to establish guidelines for assessing their sustainability criteria, areas of criticality and areas for improvement. The mapping has provided the basis for developing the “Vademecum per la mensa buona e giusta” [Handbook for a Good and Fair Canteen], which can support all actors in school catering.
Un Chiosco per Orti Generali [A kiosk for general gardens] (Associazione Coefficiente Clorofilla)	Turin	The project, selected by the 2019 AmbientAzioni Competition in Turin, has made it possible to redevelop the Farmhouse located in the Parco Piemonte in the Mirafiori Sud district, achieving energy autonomy and recovering it for recreational use, creating a participatory worksite to enhance the work of volunteers and disadvantaged people and raise awareness among the townspeople about Sustainable Development issues. The project is a valid example of collaboration between associations, institutions and citizens to protect and improve shared assets.
Green Generation (Human Sciences College – Polo Mattei di Fiorenzuola)	Piacenza	Teachers and students developed a calendar made of recycled paper on the topic of energy-saving, illustrating green behaviour to promote or non-green behaviour to combat. The project's beneficiaries were the students and their families, sensitised to practice small daily gestures to witness a real “Green Revolution”. Associations and organisations in the area have supported the dissemination of the calendar to promote green awareness in the community.
Volo con te [I am flying with you] (Bet She Can Foundation)	Turin	Starting from the book-project “Volo con te” (I'm flying with you), a path has been set up for girls and boys aged between 7 and 11, aimed at self-awareness and self-discovery, questioning labels and stereotypes. This story about a quest to find a friend allows us to discover the strength of friendship between two girls, the beauty and richness of diversity and how experiences, travel and debate can

Project (implementer)	Local Committee	Description
		remove the “labels” that condition our life, and lead to the discovery of who someone is and who they want to become. The project involved 2,500 people (children, teachers, families), 10 primary schools in 5 municipal or associative spaces in Turin.
Un ponte tra Genova e l’Africa Sub Sahariana [A bridge between Genoa and Sub-Saharan Africa] (SPeRA Consortium)	Genoa	Cultural, social and gastronomic/food exchange for creating a bridge between Genoa and Sub-Saharan Africa, in a sort of twinning between African and Genoese schools, through a creative workshop. Graphical works, messages and the use of social media drive the narration of the food and cultural habits of the Italian and African students, creating a diagram which shows the typical day of a student in each country expressed through food.
Fatti i fatti tuoi – Rendi l’ambiente digitale più sostenibile [Mind your business – Making the digital environment more sustainable] (Fact Checkers in Genoa)	Genoa	An educational project about use of information that familiarised young people with the principles of digital fact checking and analysing content accuracy. The workshops held at the Teglia and Bertani Comprehensive Institutes for eighth graders used an interactive guide and a series of other free tools available on the web as teaching materials.
Sentiero dei Ducati (CAI Reggio Emilia)	Reggio Emilia	The project has supported the recovery and relaunch of the Sentiero dei Ducati, immersed in nature along the Enza river valley, to make it an instrument for the sustainable development of the territories it crosses to promoting its knowledge at a local, national and international level. The project has created a dedicated website, complete with maps and digital guides, which enhances the value of the route within the context of historical and nature trails of regional interest.

PROJECTS IN DEVELOPMENT IN 2020

Project (implementer)	Local Committee	Description
Plastic on the road (Associazione CISV Fraternità)	Turin	Awareness-raising and education to save resources and waste are at the heart of this project, one of the selected within the framework of the 2020 AmbientAzioni Competition of Turin, which consists in the construction/purchase (in collaboration with local realities expert in the construction and implementation of equipment for demonstration purposes) of machinery for the creative recycling of plastic for the creation of new objects, through the use of unused materials. Aimed mainly at young people, the project is characterised by a workshop and itinerant approach, with a connotation that promotes active citizenship, allowing young people to see first-hand how unused plastic materials can be fragmented, melted in special moulds and transformed into new valuable objects.
The river box for fluid teaching	Turin	In the era of distancing imposed by Covid-19, a didactic proposal sees the possibility of seeking an experiential way of teaching, using innovative educational tools in which creativity and learning are stimulated. Through this educational proposal, students of all school levels are made aware of issues of global importance, such as the responsible use of water resources, climate change and the monitoring of river quality. The project is one of the three selected in the framework of the 2020 AmbientAzioni Competition in Turin.
Lead Nature (AIESEC Torino)	Turin	The project, which involves AIESEC Torino, Legambiente, international volunteers and nationals, is developed through actions that aim to support organisations and associations that are committed to environmental sustainability and climate change (Sustainable Development Goal 13 of the 2030 Agenda), working with international volunteers to educate and raise awareness among citizens on environmental topics and the reduction of impacts in the local areas. Lead Nature develops over two years through 2 implementation groups for each year in which a total of 40 international volunteers are involved. A pilot project that can be replicated in other regional contexts.
Acque Chiare (Pro Natura Reggio Emilia)	Reggio Emilia	The project aims to produce systematic cataloguing and localisation of the humid zones present in the hills of Reggio Emilia, filling a gap in the knowledge of the provincial naturalistic heritage and providing the territorial management bodies with an important tool to help them in their activities of planning and safeguarding the local areas. The project foresees a cataloguing campaign of about a hundred wetlands of naturalistic interest, for each of which a detailed file is produced.
EcoSII (Marconi Institute of Higher Education)	Piacenza	Creation of a greenhouse inside the school aimed at purifying the air in a part of the school complex, planting plants suitable for the purpose. The project stems from the need to improve school life, starting from the basics, the air we breathe, to make the school environment more liveable. Pedestals will be installed near the greenhouse on which the project, its functionality and the benefits it brings to the environment will be narrated. Group work will also be organised so that the children can actively participate in setting up the greenhouse.
Da Rifiuto a Risorsa [From Waste to Resource] (“Raineri Marcora” Technical Institute)	Piacenza	Presented by five classes of the Professional Institute of Cortemaggiore led by some teachers, it is closely linked to conservation and enhancement of the environment and active global citizenship. The project will mainly consist of two meaningful activities: the production of compost and the farming of strawberries in greenhouses. The production distribution will take place on-site or delivered directly to the homes of applicants who cannot attend.

Project (implementer)	Local Committee	Description
Portina.io (CNA Reggio Emilia)	Reggio Emilia	It represents a response to the many critical issues and new needs emerging from the Covid-19 emergency to better target support to old and new fragilities. The activities include the activation of concierge service in Reggio Emilia, in the "Polveriera" area, to accompany and support the residents of the neighbourhood in the knowledge and use of proximity services and the support of a digital platform. The creation of a network of professionals for the provision of proximity services and the activation of training courses aim to respond to the needs of the community, particularly the most vulnerable inhabitants. The project can be replicated and transferred to other neighbourhoods starting from the neighbouring ones, pivoting on reference "social centres".
Community garden (Orti Generali APS)	Turin	Management of a 250 sqm vegetable garden in Turin with a view to social inclusion, combating poverty, environmental education, focusing on the relationship between disadvantaged and disabled people, volunteers, students and families. The activity involves the innovative management of the seedbed of the community garden, food support via the supply of garden products to residents of the neighbourhood in economic difficulty, environmental education, and the acquisition of skills in nursery gardening by the participants. The project is completed by implementing an educational activity for students of primary and secondary schools in the area.
Consolidation and development of social and health transport (Associazione Giovani Amici Uniti Genova)	Genoa	To strengthen the assistance and transport service for non-self-sufficient or partially self-sufficient older people living in Genoa, with particular attention to the area of the Municipality 4 Media Valbisagno, in order to improve their quality of life and increase moments of integration and socialisation. The project involves purchasing a zero-emission electric car to consolidate and develop these services with a view to environmental sustainability.
Siamo in ascolto (Association of Protection of Older People's Rights in La Spezia)	Genoa	To create in La Spezia a qualified listening centre, a friendly phone, to help older people to find themselves among the meshes of bureaucracy, and to give social security and material help. Also through the support of a psychologist, it is intended to provide a point of reference and cultural mediation on how to deal with the emergency from Covid-19; a way to share their emotions to reduce the feeling of isolation, benefiting from the comparison. The ten volunteers involved in the project are trained in the current emergency and, of course, have personal safety equipment.
The elderly in Valpolcevera between the collapse of Morandi Bridge and Covid-19 (Association of Protection of Older People's Rights in Genoa)	Genoa	To respond to the need of the elderly to have a point of reference in the emergency from Covid-19, managed by peers who can best give concrete feedback and suggestions. It is a help to the elderly population of Valpolcevera to find themselves between bureaucracy, social security and health, through the contribution of some volunteers trained for the purpose.
Very Informal People of Neighbourhood (CSV Emilia in Parma)	Parma	The creation of a proximity network that can support those who in a period of their life need help for economic reasons, health, loneliness or temporary dependence on others. The proximity network consists of several people with different skills who, voluntarily, can provide support and help to those most in need. The subjects involved are therefore shopkeepers (who will be offered a package of hours of individual coaching and a package of hours of group training to develop skills and competencies that will help them in their function of "sentinel" in the neighbourhood), craftsmen, traders and cooperatives (who will be able to make a certain number of goods and services available free of charge or at a reduced price, depending on the case) and entrepreneurs (who will promote ways of corporate volunteering to involve employees in actions of co-responsibility concerning vulnerable residents).
Cafè Alzheimer "Il Piccolo Principe" (Associazione Nuovo CIEP)	Genoa	The project intends to focus on a problem that is increasingly widespread among the elderly population and that inevitably involves the entire family unit critically and essentially: Alzheimer's and cognitive disorders in the geriatric environment. Cafe' Alzheimer "Il Piccolo Principe" is a place in Genoa where volunteers and workshop leaders alternate for socialisation, art, creativity and activities to maintain the residual attentional, cognitive and motor skills and support activities for patients and their caregivers. In particular, the project aims to differentiate and better qualify the type of workshop interventions to support users and acquire new instrumental resources, materials and specific aids to support the elderly participants.
Luce su Ponte Carrega (Associazione Amici di Ponte Carrega)	Genoa	The project focuses on the beauty and enhancement of a historic building in the Bisagno Valley, located right in front of the historic Officine del Gas Iren in Gavette. The idea is to install five lighting poles, replicas of historic poles from the 1920s, equipped with the latest generation of LED lighting in place of those present today, to create beauty and environmental sustainability through new green technologies.
118 Emergency Service in Northern Madagascar (NEXT Onlus – NGO)	Genoa	Creation of rescue and medical service network in Diego Suarez, in the North of Madagascar, with the advice and experience of the Regional Department of the Ligurian 118 Emergency Service, in the NEXT Health Centre, the only medical-health facility on-site that offers free of charge services to indigent people. The project includes a training calendar dedicated to local doctors, which can also be used remotely in collaboration with the e-learning service of the University of Genoa and Liguria Digitale and the Gaslini Paediatric Institute of Genoa.

OTHER INITIATIVES OF LOCAL COMMITTEES

AmbientAzioni Competition. In 2020, the second edition of the Turin AmbientAzioni Competition was launched, aimed at a target of

young people between 18 and 26 years old, with the object of designing tools, actions and initiatives for saving energy and water resources, reducing waste production, reducing CO₂ production and mitigating and adapting to climate change. Participants were asked to propose innovative designs replicable in other contexts, with

demonstrable economic and social benefits for the community, and to develop project ideas that could help mitigate the adverse effects of the Covid-19 emergency, with a particular appreciation for initiatives and actions that can be carried out online.

During 2020, the Local Committees refined and elaborated **guidelines for incubating projects**, which can be consulted on the irencollabora.it platform, with the dual purpose of guiding proponents in the preparation of projects consistent with the objectives and guidelines of the Local Committees and guiding the discussion during the evaluation of projects to guide their selection.

The Iren Local Committees have also been a place for in-depth analysis and discussion between Iren Group and its stakeholders on matters such as the assessment of relevant topics for the materiality

analysis, the 2019 Sustainability Report, the Iren Business Plan to 2025, the actions taken by Iren Group for the Covid-19 emergency, the presentation of the activities of Iren Smart Solutions and the Environment Division of the Unieco Group. Finally, 2020 marked the renewal of the three-year mandate of the Piacenza Local Committee.

INITIATIVES FOR COMMUNITIES AND LOCAL AREAS

Despite the situation generated by the Covid-19 pandemic, which in 2020 marked the course of activities, Iren has carried out and contributed to the realisation of some critical environmental, social and cultural projects, some of which have had a significant impact on the areas where they took place.

CULTURAL PROJECTS

Libri in Agenda [Books on the Agenda]	A project by Asvis with the support of Iren and the advice of Salone Internazionale del Libro di Torino [Turin International Book Fair], to tell the story of sustainability in a new way: a format that dedicates a book to each of the 17 goals of sustainable development, told through the voice of authors who participate in and promote the culture of change. The videos were streamed on Asvis and the Book Fair's digital and social channels.
Iren mecenate (Iren for culture)	Iren shares the deep values of culture and their importance in the development of local areas. For this reason, many of the main theatres in northern Italy: Teatro Regio Foundation in Turin, I Teatri di Reggio Emilia Foundation, Teatro Carlo Felice in Genoa and Teatri di Piacenza Foundation. Iren has also always supported the Teatro Regio in Parma and for several years now the Teatro Nazionale in Genoa and the Teatro degli Impavidi in Sarzana.
Parma 2020+21	Iren has been alongside the great cultural programme of local development that the Emilian city has drawn up as the Italian Capital of Culture. Due to the pandemic, this programme has been extended by the Ministry of Cultural Heritage and Activities to 2021.
Nice – Network for International Circus Excellence	Iren supported the project of the Cirko Vertigo Foundation, which was among the first to understand the need to create and develop a multimedia platform NICE, dedicated to contemporary circus and intended for the use of content in smart mode, accessible to all audiences, as an answer to the limitations due to Covid-19.
National Innovation Award	Iren strongly believes in the strategic role of innovation and research in the Italian industrial panorama. This is why it supported the National Innovation Award in 2020, believing that the development and growth of its business can only benefit from the comparison and collaboration with innovative, ambitious start-ups, supported by solid business projects. Still in the field of innovation, Iren also supported the regional "Start Cup" held in Emilia-Romagna.

SOCIAL PROJECTS

Santa Claus "in Forma"	Iren supported the event "Santa Claus in Forma", the usual Christmas event that sees the participation of thousands of people dressed as Santa Claus, promoted by FORMA, the Foundation of the "Regina Margherita" Hospital, which this year took different forms, having to avoid crowds, including the projection by Iren of the Foundation's logo on the Mole Antonelliana to remind everyone of the valuable role that Forma Onlus plays in the health of children.
Natale Solidale [Solidarity Christmas]	Iren supported the Natale Solidale project of the Municipality of Turin to protect people and households in a situation of personal, social and economic fragility. A networking initiative that has set itself the goal of joining forces and addressing the many requests of individuals and families experiencing a particularly critical moment in their lives.
Pact for recovery	Iren contributed to the initiative of the Municipality of Vercelli in favour of the traders economically affected by the Covid-19 emergency.
LGBT Turin Pride Coordination	Iren supported the candidacy of Turin, which was then obtained, to host the EPOA Annual General Meeting in 2021, the largest annual assembly of the European Pride Organizers Association (EPOA), the network that involves the leading European organisations in the field of Pride organisation.
Iren for sports	Thanks to the support of Iren Group, many sports clubs have been able to continue their activities in 2020, often in a remote way. Despite the health emergency, national championships in water polo, basketball, American football and rhythmic gymnastics were held.

ENVIRONMENTAL PROJECTS

Sustainable Mobility	Iren Group has launched, in collaboration with the National Association of Italian Municipalities, the "Progetto Tandem. Bici in Comune" project with the aim to highlight good circular economy practices, environmental sustainability and alternative mobility carried out or being carried out by small municipalities (under 3,000 inhabitants). Over 140 applications were submitted, and 50 winning administrations received 2 IrenGO bikes to recognise their role as drivers of sustainable development. In 2020, Iren supported Vento Bici Tour , the collective pedalling along the route of the future cycling backbone from Turin to Venice along the Po river. For the 10th birthday of the initiative, Vento and Iren have prepared a project to tell the story of the area: 10 videos to illuminate the beauty hidden along with the Vento: churches, museums, parks, food, rural architecture, historical buildings, remediation works... an immense heritage waiting to be discovered and enhanced.
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ENVIRONMENTAL PROJECTS

	<p>The Group was one of the winners of the call for expressions of interest published by the City of Turin for the installation of public recharging infrastructures for electric vehicles and is also proceeding rapidly with the installation of recharging units inside its company premises to service the electric vehicles in its fleet (see page 82).</p>
<p>Energy efficiency, artistic and public street lighting</p>	<p>In 2020, the Group had completed the energy requalification works of the Teatro Regio in Turin and had realised in the city the usual artistic lighting of three bridges on the Po river and the Mole Antonelliana on the occasion of Christmas; moreover, the Group has made available its know-how and has proceeded, on behalf of the city, to the improvement of the artistic lighting of Piazza Castello and Piazza Statuto, which also produces an essential result in terms of energy saving.</p> <p>The year also saw the completion of the “Led per Torino” project, which provided for the replacement of public lighting lamps, traffic light lanterns, and traffic light intersection control centres with new-generation LED fixtures, again with significant benefits in terms of reducing energy consumption.</p> <p>Lastly, the “Vercelli a LED” project continued for the lighting requalification of a portion of the Vercelli municipal area by replacing obsolete and non-performing lighting fixtures and installing intelligent pedestrian crossings. The project won a special mention in the “intelligent public lighting” category at the 21st edition of the Ecohitech Award.</p>
<p>Water</p>	<p>In the province of Reggio Emilia (Brescello and Fabbrico), two new Public Water distributors have been activated, with a campaign to sensitise the population to the consumption of mains water. At the end of 2020, 76 public water dispensers were active in the Emilia area.</p> <p>The Group has also designed nine new mobile structures to distribute mains water at trade fairs, events, and exhibitions in the Emilia-Romagna region. In Sestri Levante, an awareness campaign on the use of mains water was carried out for all the schools in the district.</p>
<p>Reduction of waste</p>	<p>The “RePoPP” project continued in Turin at the Porta Palazzo market, aiming to collect and redistribute fruit and vegetable products that can still be used through awareness-raising and education activities on the separate collection of organic waste. In February, 200 portions of soup prepared by Michelin-starred chef Davide Scabin with the surplus food collected at the Porta Palazzo market (76 kg of food) were distributed outside the Central Market. The project was presented as good practice at the Food Journalism Festival. In the autumn, the project was extended to 4 other markets: Corso Cincinnato, Via Porpora, Borgo Vittoria and Piazza Foroni and by the end of 2020, it had made it possible to collect and redistribute more than 250 tons of unsold food.</p>
<p>Sorted waste collection</p>	<p>Using various communication tools, the Group has devised and publicised campaigns to raise public awareness of the proper separate waste collection and the fight against waste abandonment.</p> <p>In order to cope with the consequences of the health emergency, information campaigns have been promoted in all territories with the indications of the Istituto Superiore di Sanità to illustrate the rules of correct waste disposal, in particular for those who are positive, in isolation or quarantine, and to discourage the dispersion of disposable gloves and masks in the environment.</p> <p>In the Emilia area, the main initiatives concerned:</p> <ul style="list-style-type: none"> • implementation of the door-to-door waste collection system in the Municipalities of Scandiano and Rolo (RE) and Sarmato (PC), supported by information activities for residents, and of the punctual pricing in the Municipalities of Quattro Castella and Albinea (RE); • activation of the reward system in the Toano (RE) Collection Centre with the use of the health card to confer certain types of waste and obtain points that generate discounts on the waste tariff; • communication campaign to support the introduction of the TARI in the Municipalities of Collecchio and Traversetolo (PR); • communication campaign to support the start of the joint collection of plastic and cans in the Piacenza Municipalities of Sarmato, Besenzone, Monticelli d’Ongina, Castelvetro Piacentino, Villanova sull’Arda and Coli; • the organisation in the Municipality of Rio Saliceti (RE), in collaboration with Legambiente, of an event in the square to make residents aware of the collection of used vegetable oil and positioning in the Municipality of Castelnuovo Sotto (RE) of containers for the street collection of used vegetable oil; • communication campaign in the province of Reggio Emilia on the occasion of the annual reactivation of the Giro Verde (home collection of clippings and prunings); • communication campaign in the Municipal Swimming Pool “Aquatico” in Reggio Emilia with ad-hoc communication materials and containers for the correct separate collection of waste; • social campaign and information materials on waste reduction and environmental sustainability created on the occasion of the “European Week for Waste Reduction”, in collaboration with the Municipality of Parma; • the launch in Parma of projects for the collection of used clothes, exhausted oils and the introduction of an experimental collection of vegetable waste, the creation of videos and commercials on cycle paths, on the sweeping service and the development of the dog waste project in the dog areas; • production in collaboration with AUSL of a leaflet to illustrate the methods of micro-collection of asbestos in the Municipalities of Sorbolo Mezzani, Montechiarugolo, Felino (PR). <p>The main initiatives in Piedmont concerned:</p> <ul style="list-style-type: none"> • information campaign supporting the installation of the “Smart Eco-Islands” in Turin, which replaced the roadside waste collection equipment with new containers that can only be used by residents using personal electronic cards. The campaign involved the creation of various communication tools, the organisation of distribution points for the delivery of electronic cards and the presence of operators near the new eco-islands to help residents use them correctly; • communication campaign “Un vero supereroe non abbandona mai la sua mascherina” [A true superhero never abandons his mask], in collaboration with the City of Turin and GTT, to emphasise the need to confer correctly disposable masks and gloves; • a language communication project (Arabic and French) dedicated to the foreign residents of Turin, enhancing the communication skills of the company’s employees of foreign origin, who carry out operational tasks daily; • a communication campaign on collecting bulky waste to make the residents of Vercelli aware of correct behaviour and encourage the collection of bulky waste, especially during the summer period when abandonment is more frequent. <p>In the Ligurian areas, communication activities were carried out in several municipalities in the La Spezia area (Ameglia, Bolano, Carro, Framura, La Spezia, Luni, Pignone and Riomaggiore) following the acquisition of the collection service by the Group or the change in waste disposal method, to inform residents about the correct way to deliver waste, how to differentiate and how to identify waste correctly.</p>

ENVIRONMENTAL PROJECTS

Environmental quality

Following a significant rehabilitation of underground utilities (sewer and gas network) in Vercelli, 4,500 m² of the road surface was repaired using for the first time the green additive produced by I.BLU from the recovery of plastic waste, a high-performance, environmentally friendly and certified material that represents an example of circular economy. The Group also provided technical support in the "Puliamo il Po" [Let's clean the Po River] initiative, held in Polesine Zibello (PR), which involved the population and a unique communication campaign.

GIFTS, DONATIONS AND SPONSORSHIPS

Iren Group focuses heavily on cultural, environmental and sports events with distinctive characteristics at a national level and which are rooted in the local tradition of the areas of reference. In 2020, Iren disbursed a total of 254 donations and sponsorships for more than 11,440,000 Euro – maintaining a significant commitment to the local areas in a year of great difficulties due to the pandemic –, which were directed towards some of the strategic pillars of the Business Plan to 2025 and the priority issues related to them.

Pillar	Topics	SDGs
People	Diversity and inclusion	5 GENDER EQUALITY, 10 REDUCED INEQUALITIES
	Development of local communities	11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS
Organic growth	Economic development and value for local areas	2 ZERO HUNGER, 8 DECENT WORK AND ECONOMIC GROWTH
Sustainability	Circular economy: management, sorted waste collection and reuse of waste	12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION
	Environmental education	4 QUALITY EDUCATION
Technological evolution and efficiency	Innovation and smart cities	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Among the initiatives supported by Iren, 60 initiatives fall within the cultural sphere (24%), 59 within the sphere of entertainment (23%), 34 in sport (13%) and 101 in the sphere of sustainability (40%), making use, especially for culture, of the Art Bonus institute, which allows enjoying significant tax benefits in the form of tax credits.

In 2020, the Group confirmed its support for the Opera and Theatre Foundations of Parma, Piacenza, Reggio Emilia, Genoa and Turin and for the main events in the area, including the National Innovation Award, Start Cup Emilia, the Palazzo Ducale Foundation (GE), the renovation of part of the Palazzo dei Musei Civici (RE), the Verdi Festival (PR), Parma City of Culture 2020-21, the Vercelli Medieval exhibition, the summer initiatives held in La Spezia.

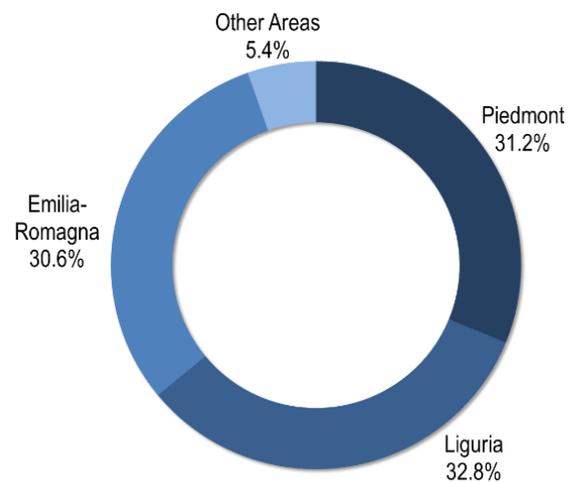
As has been the case for a long time now, this year, Iren supported the Luci d'Artista project in Turin and, for the Christmas festivities, took care of the lighting in Genoa and Reggio Emilia, as well as supporting the lighting in some municipalities in the Province of Salerno. In addition, the Group has supported numerous community entertainment projects, encouraging them to take place online due to the pandemic.

There are also many initiatives linked to sustainability and its promotion towards the new generations, including the environmental projects of numerous Emilian municipalities, Vento Bici Tour 2020, the "Libri in Agenda" [Books on the Agenda] project in collaboration with ASVIS and the Turin International Book Fair, the 23rd edition of

CinemAmbiente in Turin, the activities of the Remida Centre in Reggio Emilia and Giocampus in Parma.

So-called minor sports received particular attention with support for the seasons of some hockey, sledge hockey, American football, men's and women's basketball, water polo, cycling and wheelchair basketball teams.

DONATIONS AND SPONSORSHIPS BY AREA



SUSTAINABILITY EDUCATION

Eduiren is the educational sector of Iren Group, dedicated to the declination of sustainability at 360° and for everyone. A sector that thrives on direct contact with schools and other local stakeholders, through its training offerings and the joint planning of awareness-raising paths.

The Covid-19 emergency has, on the one hand, strengthened the Group's conviction that educating for sustainability is a duty to build a better future for everyone and, on the other, has meant a radical change in perspective and strategy. The first immediate response was **#iorestoacasaconeduiren**, an online offer of educational material to explore the topics of water, energy and waste, an **interactive digital path** with information and games in Italian and English ("Sei eco-logico"[Are you Eco-logical]), a dedicated **video library** and quality offers promoted by the subjects that collaborate with Iren, such as the Reggio Children Foundation and ReMida who have shared their projects on the national website of MIUR, the MACA of Turin and the Città dei Bambini e dei Ragazzi educational amusement centre in Genoa.

Three videos have been produced for social media, the **"Ecoconsigli di Eduiren"** [Eduiren's Eco-advice], with practical suggestions for maintaining eco-friendly behaviour, even in a difficult situation.

Faced with the complexity of the moment, the first objective was to maintain and strengthen relations with schools and the local areas,

and for this reason Eduiren chose to make itself available to teachers to structure together moments of in-depth study aimed at **facilitating the process of distance learning (DL)**. A help respectful of the particularity of every formative path and of the work that every single teacher was putting in field with their own class.

At the same time, the educational offerings in the catalogue were transformed into distance learning and the website www.eduiren.it was restructured to make it even more supportive for teachers, students and families. A new website intended not only for schools but a catalyst of tools and information, a “toolbox” for all those who want to deal with sustainability and the 2030 Agenda.

Lessons and online projects involved several institutes in all the areas where the Group operates. Concerning particular note are those with the Polytechnic University of Turin and the Catholic University of the Sacred Heart in Piacenza, which were developed through virtual visits to the Group’s plants.

Experimenting with distance learning and the new tools made available have also made it possible to broaden Eduiren’s intervention area and explore new topics with different audiences. We talked about web sustainability at **Milano Digital Week 2020** and about the sustainability of sports events at the European **Sports for Changes/Shaping Fair Cities** Project.

A comparison was developed with Redooc, one of the leading Italian online training platforms on **Green Education and Gamification**, through a webinar dedicated to distance learning and the use of elements borrowed from games.

At 2020 Orientamenti in Genoa, topics such as the multicircle economy, the water cycle and the sustainability of a mobile phone were explored with hundreds of remotely connected students. With the project **“Multisport ne’ Monti”**, aimed at many schools in the Reggio Emilia Apennines, it was tested how to integrate information on sport with that on the services managed by Iren Group, transforming an empty swimming pool into an online classroom.

Wherever possible, the appointments that Eduiren has helped to spread in our country have been maintained with the new modalities; on the occasion of the World Fish Migration Day, the traditional visit to the mini-hydro plant of La Loggia (Turin) has been replaced by an educational video, made by the Centro Scienza Onlus of Turin. In contrast, the Remida Day of Reggio Emilia has been transferred online, with the enrichment of interventions of experts and athletes. For the Genoa Science Festival, the online edition of the new eco-musical **“Un mare senza plastica”** [A sea without plastic] was edited, produced in collaboration with the Amga Foundation and the Teatro dell’Ortica.

For Iren, educating for sustainability means maintaining a continuous dialogue with different audiences, building networks and innovating methodologies and tools

Started in 2019, the journey for redefining Eduiren and the educational approach in step with the new challenges touched on new matters that will develop in 2021 and new tools to tell the 2030 Agenda. Among these, the definition of a **“culture of composting”** to support the new reflection on the soil, which other subjects are also developing, which started with the **“ComposTiamo”** Exhibition, produced with the Museum of Agriculture and the Rural World of San

Martino in Rio (RE), which goes to the roots of our ancient relationship with food and vegetable waste.

Among the new 2020 projects is **“Libri in Agenda”** [Books on the Agenda], developed during the Festival of Sustainable Development, in partnership with the Italian Alliance for Sustainable Development (AsviS) and the Turin International Book Fair, which saw the creation of 17 online meetings, each dedicated, through the choice of a book presented by an author, to an in-depth examination of one of the goals of the 2030 Agenda. A new and transversal format to tell the story of the commitments that everyone is called upon to make for sustainable development. A popular experiment that reached **146,870 people**, with **18,000 unique views**.

*Eduiren:
71 sustainability education projects
reaching 179,280 people*

The **“Rifiuti Smarriti”** [Lost Waste] national competition was a challenge to keep a reflection on waste alive, especially at such a complicated time. The competition, promoted together with Centro Scienza Onlus and launched on the occasion of the European Week for Waste Reduction, is aimed at schools and family groups to discover and regenerate what is no longer used, our **“Lost Waste”**. Rediscover, Regenerate, Redesign, Reuse: these are the four invitations to follow to participate in the competition that will end in 2021.

The relationship with schools in times of pandemic also took concrete form with the **donation of IT tools** to voluntary associations operating in Piedmont, Liguria and Emilia. The first batch of 200 computers, decommissioned by Iren Group but in perfect working order, has been made available to networks of associations which, in turn, are working to distribute them to schools or students who need support to give continuity to their teaching activities.

In 2020, Eduiren carried out **71 sustainability education projects**. It reached 179,280 people, touching new and different audiences not only in the traditional reference areas, strengthening the relationship with residents and schools in a year marked by the effects of the distancing produced by the Covid-19 emergency.

REDUCING IMPACTS ON THE LOCAL AREAS AND COMMUNITIES

All of the Group’s activities are planned and carried out with an awareness of its responsibility towards the communities and local areas: producing wealth while protecting the environment and respecting the expectations of its stakeholders. In fact, the Group has developed performance monitoring tools such as environmental impact assessments, analytical controls, internal audits and legal compliance checks. At plants external acoustic emissions are monitored to ensure the absence of any noise pollution to the local population. Even the products and services offered, before being placed on the market, are subjected to quality checks and controls, also to protect the health and safety of customers. In the event of faults, the Group has adopted specific procedures, which allow prompt and effective communication about service outages and disruption caused to residents within the times provided by sector



legislation. For activities within the electricity, gas, water and district heating sectors, the Group also complies with the guidelines specified by ARERA. In addition to managing compliance with legislation, Iren Group has developed regulations, internal requirements and procedures and adopted initiatives that mitigate impacts on the health and safety of the public arising from the activities carried out. The main activities of the Group that impact the communities and local areas are described below.

Production of electricity and heat. Iren actively strives to develop renewable and similar sources. The management of energy production activities are described in internal procedures and conducted in compliance with the law. Emissions are constantly monitored and controlled. Investments are being made constantly to optimise the energy efficiency of plants. Energy production plants are all equipped with control protocols, both in compliance with environmental legislation, as well as in accordance with the provisions of control bodies. The combined production of electricity and heat makes it possible to develop the district heating service in a logic of circular use of resources and reduce environmental impacts.

Waste collection and management. Iren Group manages waste across all stages: collection, selection, transport, treatment and disposal, contributing to the recovery of materials and energy production, thus reducing the use of non-renewable resources. The circular economy is at the heart of the Group's waste management strategy. It is committed to increasing the percentage of separate waste collection, increasing the recovery of materials – particularly plastic, paper and wood – and the production of fuels from biodegradable waste at its plants.

Integrated water service. The Group constantly monitors network leaks that can cause significant water wastage and has defined specific objectives to reduce water withdrawals from the environment and network leaks. Network control, extension and maintenance interventions are completed with the aim of minimising inconvenience for residents. The high quality of the water supplied is guaranteed by the continuous analytical controls carried out, even beyond the legal requirements, on the entire water process: from the capturing sources to treatment, filtration and disinfection processes, and from accumulation and storage tanks to the various points of the distribution network. In its wastewater treatment activities, the Group strives to maintain the high operational standards of its plants in compliance with authorisations and to inform the local community concerning the functioning of the plants.

Gas distribution. The Group is committed to reducing the number of leaks through the gradual renewal of the network. The proper management of plants and gas networks, the use of appropriate resources and the use of suitable tools, together with continuous monitoring, are the main elements to ensure the safety of citizens, preventing potential impacts and accidents. These elements are subject to constant analysis and improvement measures in order to increase their effectiveness while respecting efficiency. Furthermore, in order to reduce disruption for local communities when sites are opened, residents, economic associations and Municipalities are involved in defining appropriate time frames.

Electricity distribution. In the management of electricity networks, one of the main objectives is the constant maintenance of plant service levels in compliance with the resolutions in force. To protect the health of residents, the Group takes steps to ensure compliance

with electromagnetic field limits through specific measurements on all new substations built (see page 79).

Public street lighting. The factors that most impact the health and safety of residents are night-time light pollution, resulting from artificial light shining outside the designated areas (particularly towards the sky), and photobiological risk, linked to the possibility that looking directly at light sources can damage the human eye. These factors are monitored through the introduction of stringent building criteria in the technical and purchase specifications for lighting devices (percentage of light flow emitted by the lighting device less than or equal to 1% and absence of photobiological risk $RG=0$).

Construction sites management. When managing construction sites of scheduled activities with the potential to create inconvenience for the public, the Group works by agreeing with stakeholders on the schedules, times and operational means and identifying strategic periods throughout the year (e.g., during August), in order to minimise the impact on the public, with particular attention to disadvantaged groups and economic activities. Additionally, all the necessary measures are adopted to guarantee maximum site safety for residents, especially in cases of work carried out on roadside sites.

Construction of new plants. The construction of new plants is an opportunity for growth for the local area in the medium-long term, in addition to being a necessity for the development of Iren Group; thus, dialogue between Iren and its stakeholders is necessary, based on transparency and correctness of information. Before embarking on the authorisation process to build new plants or infrastructures, the Group considers it essential to conduct information meetings with local communities, explaining the project in detail and its impact on the local areas. The Conference of Services is an example of cooperation between Public Administrations, residents, businesses and local authorities, where dialogue with citizens and institutions is guaranteed. For major projects, the party appointed to issue the authorisation convenes the Conference of Services (made up of the various interested parties), which must give its opinion concerning the feasibility of the project, indicating the necessary conditions to obtain the agreements, opinions, concessions, authorisations, licences, clearances and consents required by the law. For the operation of certain types of production installations, which may generate significant environmental impacts, an IEA is necessary, an Integrated Environmental Authorisation, which verifies that the operation to be authorised has limited environmental impacts, in compliance with the conditions set by the European Union. During the construction of new plants, all executive and management aspects are evaluated, with particular attention to assessing the impacts generated by the presence of construction sites. Audits are carried out on the work of the businesses' personnel for all contracted activities in compliance with the procedures adopted in the context of the Integrated System (Quality, Environment, Safety). In 2020, there were no transfers, not even temporary ones, of people following on from the construction of new plants.

In 2020, there were two accidents with repercussions on the local community in the Environment sector: two fires at waste treatment plants in the Turin area. Furthermore, 41 lawsuits were lost to the local community or citizens, for the total monetary amount of 15,273 Euro.

MANAGEMENT OF EMERGENCIES

The Companies of Iren Group have procedures and practices that define:

- the organisation and coordination centres set up to address the emergency situations that could arise within the activities carried out by the Group;
- the management of information and relationships with the prefectures, civil defence, authorities, regions, provinces and municipalities, including their relative operation rooms.

This is to respond to potential accidents and alarm situations, which could occur after a natural disaster, explosions or fires and to prevent and mitigate the consequent damage to people and the environment.

All monitored sites and facilities have specific emergency plans covering the most likely emergency scenarios, including those with possible environmental impacts. Emergency personnel have been identified at each site and plant, who have been trained and are regularly updated. Annual evacuation tests are carried out involving all persons present, including visitors, customers and suppliers. The contingency plans of the main corporate districts identify an emergency manager and coordinator for each site. Upon entering the site, visitors are given a specific informative note containing the behavioural procedures to be followed. The company emergency plans are constantly updated in accordance with the guidelines shared by all Group Companies.

Emergency situations connected to possible environmental pollution during the operation of plants, or due to mechanical failure of instruments of control or measurement of chemical physical operating parameters, are managed in accordance with criteria of immediate intervention on the fault, by specialised personnel, 24/7, via request and call of on-call technicians. The action aimed at fixing the failures occurs in the minimum time needed to carry out works.

To facilitate access to information relative to any weather alerts, the company smartphones – which are provided to all employees – are loaded with an App that provides a direct link to the official weather alert sites in the regions where Iren Group operates. For employees who operate mainly in the outdoors, specific procedures have been established to define the operating guidelines to be observed in relation to the presence or otherwise of weather alerts.

RELATIONS WITH INSTITUTIONS

As also indicated in its Code of Ethics, Iren Group actively and fully cooperates with the Public Authorities, pursuing the objectives indicated by the relevant Public Institutions and effectively cooperates with the authorities/institutions responsible for regulating and supervising local public services. These are actions that the Group pursues, combining them with its mission and with the need for managerial and organisational autonomy shared by all economic operators.

RELATIONS WITH INDUSTRY AUTHORITIES

In 2020, our constant discussion with local authorities and industry authorities focused on the following issues:

- implementation of the interventions provided for in the Area Plan aimed at improving the Integrated Water Service in Liguria

(Genoa and La Spezia) and Emilia (Parma, Piacenza and Reggio Emilia) regions;

- districts division of the water network in Liguria and Emilia regions, with consequent monitoring and control of network leaks to progressively reduce them;
- works planned under the 2020-2023 Investment Plan of the Piedmont ATO 2 for the water service in the Vercelli area: updating and streamlining of the Vercelli water system with the construction of the new well field and the division into districts of the water network, water interconnections between Vercelli and neighbouring municipalities, a new well in the Municipality of Bianzè, replacement of obsolete and fibre-cement pipelines, updating and streamlining of sewage systems, updating and revamping of the Saluggia water treatment plant, connection of secondary water treatment plants to the main ones, and the energy efficiency of sewage pumping stations;
- bringing the wastewater treatment plants in the Genoa Metropolitan Area up to standard (completion of the Rapallo wastewater treatment plant, continuation of the authorisation process for the Sestri Levante and Chiavari wastewater treatment plants, construction of the wastewater treatment plant for the Municipalities of Arenzano, Cogoleto and Torriglia, awarding of the tender for the construction of the Genoa Central Area wastewater treatment plant) to fully comply with EEC Directive 91/271 on wastewater treatment;
- restoration and upgrading of sewage systems and wastewater treatment plants damaged by the 2018 sea storm on the Genoa coast;
- tariff method for the years 2020-2023 approved by ARERA for the integrated water service. Constant relations with the industry authorities and local authorities have made it possible to achieve a fair balance between tariff increases and the need for investment in the area, complying with the requirements of the regulations;
- the authorisation process, coordinated by the Province of Vercelli, of the plant for the transformation of the recovered wood into new final or semi-finished products;
- the authorisation process for the construction of a biodigestion plant for biodegradable waste in the province of La Spezia;
- operation of the 76 water dispensers that supply zero-kilometre water to thousands of residents in the provinces of Parma, Piacenza and Reggio Emilia and allow less plastic bottles to be used and, consequently, less waste to be produced;
- institutional visits to the reuse plant for irrigation purposes using water from the Mancasale treatment plant in Reggio Emilia, a leading facility in Italy in the sector, which enables the recovery of 4-5 million m³ of water resources during the irrigation season.

TRADE ASSOCIATIONS OF WHICH THE GROUP IS A MEMBER

The comparison and collaboration on sustainability policies and to promote regulatory and technological updates are of great importance for Iren Group, which, in line with the objective of the United Nations 2030 Agenda to promote partnerships for sustainable development, adheres to various associations and networks at the national and international level.



Association/Network	Description
UN Global Compact	United Nations Global Compact, born from the desire to promote a sustainable global economy: respectful of human and labour rights, environmental protection and the fight against corruption. It is a voluntary initiative of application of a set of principles that promote the values of sustainability in the long run and a commitment, signed with the United Nations by the top managers of the participating companies, to contribute to a new phase of globalisation characterised by sustainability, international cooperation and partnership in a multi-stakeholder perspective.
Global Compact Network Italia Foundation	The Foundation was created with the primary purpose of contributing to the development of the United Nations Global Compact in Italy. Global Compact Network Italia works to: promote the 10 principles of the Global Compact and the United Nations Sustainable Development Goals (SDGs), deepen the themes of sustainability and related fields within the general framework proposed by the Global Compact, assist and support companies and organisations in implementing the 10 principles of the Global Compact and the SDGs in their core business and in reporting on their sustainability performance.
Utilitalia	A federation that brings together public service companies that operate in the public services of water, environment, electricity and gas sectors, acting as their representative at European and national Institutions. It was created from the merger between Federutility (water and energy services) and Federambiente (environmental services). It offers support and refresher and training courses, as well as consultancy on contractual, legislative, operational, tax and legal aspects.
Confservizi (at a national and regional level)	A trade union that represents, promotes and protects companies and bodies that manage public utility services such as water, gas, electricity, environmental health and local transport.
Confindustria (territorial branches of GE, PR, PC, RE SP, TO and VC Valsesia)	The leading organisation representing manufacturing and service companies within Italy that is tasked with contributing to the economic growth and social advancement of the country, alongside political institutions and economic, social and cultural organisations.
Assonime	An association of Italian joint-stock companies. It works to improve industrial, commercial, administrative and tax legislation in Italy and represents the views of the companies within Italian, European and international institutions.
Anfida	A national association of private water works companies that belong to Confindustria, which promotes solidarity and collaboration between its member companies, organises studies on topics of interest and acts as their representative with private and public authorities, organisations and administrations.
AIRU (Associazione Italiana Riscaldamento Urbano)	The Italian Urban Heating Association, which represents sector operators with the aim of promoting and disseminating plant engineering innovation and its application.
EHP – EuroHeat and Power	An international association that represents the district heating and cooling sector and cogeneration sector in Europe.
Elettricità Futura	The main Italian electrical association created from the merger between AssoRinnovabili and Assoelettrica. It represents and protects both big and small companies that operate within the electricity sector in Italy and counts over 700 operators with plants all over Italy.
Federazione Italiana per l'uso Razionale dell'Energia (FIRE)	A non-profit association active in the energy and environmental sector, in particular for: promoting good practices for energy efficiency, the use of renewable sources and sustainability; the analysis of topics linked to energy consumption and generation; participation in international projects aimed at the efficient use of energy and environmental resources; the certification of energy managers and ESCOs; training, information and study activities, and the development of new energy management tools.
Comitato Italiano Gas (CIG)	Non-profit organisation for the study of scientific and technical problems and the publication of technical regulatory documents for the combustible gas sector. The CIG draws up draft standards, specifications and technical reports, proposing them to the UNI for publication; is appointed by the UNI to participate in works by regulatory authorities (CEN and ISO); collaborates with the government, bodies and national, European and international associations; carries out training and information activities.
Sustainable Development Foundation	Reference point for the main sectors and protagonists of the green economy: the economy of sustainable development. It puts experience and knowledge at the service of companies and organisations that share a common path of sustainability and responsibility. It is focused on continuous updating, the dissemination of publications, studies and research, information and discussion meetings, the involvement of institutions and social forces, networks to promote the strategic topics of the green economy.
CSR Manager Network	Sustainability promotion and test centre that contributes actively to the diffusion of the culture of sustainability at national and international level. The network promotes the development of CSR skills and compares Italian and foreign best practices and is the representative board in dealings with politicians and governments, entrepreneurial and environmental associations, trade unions, NGOs and the voluntary sector.
Kyoto Club	A non-profit organisation made up of companies, bodies, associations, and local administrations committed to achieving the targets for reducing greenhouse gas emissions set out in the Kyoto Protocol, the decisions taken at the EU level, and the 2015 Paris Agreement. As an interlocutor of public, national and European decision-makers and the UN Framework Agreement on Climate Change, Kyoto Club is committed to stimulating targeted and incisive proposals and policies in the energy-environmental sector.
Corporate Forum for Sustainable Finance	An international network of companies committed to supporting and developing sustainable finance as a tool to combat climate change and promote a more sustainable and responsible society.
Valore D	The first association of companies in Italy – 200 to date, for more than two million employees and an aggregate turnover of over 500 billion Euro – has been committed to gender balance and inclusive culture in organisations and our country for ten years.

CONTRIBUTIONS TO POLITICAL PARTIES AND INSTITUTIONS

As established by the Code of Ethics "Iren does not pay contributions, either directly or indirectly nor in any form, to political parties, movements, committees and organisations or trade unions, or their representatives and candidates, except where owed in accordance with specific legislation".

The Group has always collaborated with Institutions, also financially, for specific projects that are attributable to its mission and, in particular, for projects that contribute to the economic, social and environmental sustainability of the areas of reference. These collaborations, however, are always implemented on the basis of clear documentation for the use of resources.

MEDIA RELATIONS

The Group manages a complex media relations activity at the national and local level, both concerning traditional media and new publishing realities in continuous growth in new media.

The press office deals with corporate, economic-financial, institutional and service aspects, sustainability issues, particularly during the second half of 2020, the rebranding, and the current go national strategy. Thanks to its policies and business characteristics, the Group has continued to play a significant role in the local and national press as a player in environmental, energy and water services management, innovation and sustainability.

Also, media relations activities supported the marketing communication initiatives of the Market Business Unit through detailed dialogue with the media.

Iren's growth, accompanied by geographical expansion, has led to new and intense news-making activity to support, with an increasingly lively presence in the media, the development strategy on a national scale and the ambitious Business Plan of the Group.

At a local level, media relations activities have focused on matters related to dialogue with residents and environmental initiatives, customer relations, energy saving, water quality, water saving and the construction/presence of plants in the area.

Media relations help ensure a constant, timely and transparent flow of communication for all stakeholders and involves systematic relations with local and national journalists that are managed according to the principles of equal treatment, availability and transparency, in the awareness of the Group's proximity to the local area and the needs of the communities. The Group's Media Relations and Content Factory structure continuously monitors the media, including the online media, to ensure that management is constantly listening to public opinion, the financial community and the reference areas, which are fundamental elements in creating a communication strategy that is always proactive and attentive to the rapid changes in the business scenarios in which the Company operates.

POLICIES FOR SUPPLIERS

Iren Group considers the supply chain as an integral part of the sustainability process since the products and services purchased impact the quality of services and the Company's reputation.

The policies adopted by the Group were also reflected in the management of relations with suppliers in the Covid-19 emergency. In fact, all Group Companies have defined a standard policy to support contractors, which, in particular, has recognised their direct and indirect safety costs. For contracts subject to Title IV of Italian Legislative Decree 81/2008, specific Covid-19 containment devices were identified, and their prices were defined and included in the contracts signed.

In addition to this, other interventions have been defined in support of contractors, such as the granting of extensions of the contractual deadline, the non-attributability of delays in the execution of contracts and, consequently, the non-application of penalties, the recognition of price increases of materials and the payment of what was carried out before the suspension of activities (Prime Ministerial Decree 22/03/2020).

Iren Group implements a structured procurement process that is in line with the principles of free competition, equal treatment, non-discrimination, transparency, proportionality and publicity in the instance provided by law, as well as inspired by the traceability of information, using suitably profiled IT systems, supplier rotation to ensure the best competition dynamics with a view to efficiency and efficacy, and the division of tasks. Also, all parties involved in any capacity in the procurement process are required, each within the scope of their jurisdiction, to scrupulously comply with the provisions of the law, the Group's Code of Ethics, Model 231 and company procedures, particularly concerning the transparency and traceability of transactions and the confidentiality of any information they become aware.

The Group's online Procurement Portal, through which public procedures and procedures for invitation to tender are managed, and the Supplier Register, divided into product categories which are functional to business needs, allow for better monitoring of the supply chain, which is a strategic aspect in the management of Group's business activities.

The Group has adopted various tools to broaden supplier involvement in the sustainable development approach

The Procurement Portal constitutes an important opportunity for economic operators interested in becoming suppliers of the Group, increasing opportunities for involvement. To guarantee absolute transparency and disclosure concerning engagement rules, the rules for admission to the Supplier Register, the participation rules for managed negotiation events and the general conditions of use for the platform are published on the Portal.

QUALIFICATION, SELECTION AND MONITORING OF SUPPLIERS

The supplier qualification system of the Group aims to guarantee that products, services and works are able to ensure quality and reliability. The supplier selection and management process is based on the principles of transparency, clarity, integrity and non-discrimination. The qualification process considers qualitative aspects and those related to sustainability, with particular emphasis on social and environmental issues and compliance with the principles and values contained in the Code of Ethics, which must be accepted by all bidders, without the possibility of making exceptions or changes.

Within the context of contracts that are subject to the Code for Public Procurement, Article 30 "Principles for awarding and executing contracts and concessions" requires economic operators to respect environmental, social and labour obligations when carrying out works, which are established by European and national legislation, by collective agreements or the international provisions listed in annex X, which include: ILO Convention no. 29 on forced labour, ILO Convention no. 105 on the abolition of forced labour, ILO Convention no. 138 on minimum age, ILO Convention no. 182 on the worst forms of child labour. Explicit declaration of compliance may be requested in tender documents. All Group contracts require that suppliers certify that they meet the general requirements and that, consequently, they have not been convicted of, among other things, offences involving the exploitation of child labour and other forms of human trafficking as defined in Italian Legislative Decree 24 of 4 March 2014. In addition, they must certify that they are up to date with obligations relating to the payment of social security contributions, a constraint ascertained through the acquisition of DURC. In the case of public tenders, any finding of non-compliance is grounds for contract termination and reporting to ANAC (National Anti-Corruption Authority).

Within public contracts for amounts of community interest, supplier selection is carried out, for each tender, by indicating the requirements of economic-financial and technical capacity in the calls, which are directly linked to the activity to which the call refers. These are requirements that must be proportional and such as to ensure competitiveness, according to the regulations in force. Furthermore, it is also possible to establish qualification systems for the tender notice by publishing a community notice. After the selection has been made using the qualification systems, negotiated procedures can be carried out, in accordance with the protocol defined by the founding regulations of the system.

With reference to awards that are attributable to excluded contracts (so-called "under-threshold"), or irrelevant to the contracts and concessions law, Iren Group uses supplier qualification procedures that consist of a specific questionnaire subdivided into sections concerning the company profile (attesting to information on turnover, certificates, etc.), information on economic-financial capacity (balance sheet indices) and information on organisational-operational data. Current provisions require that at least 5 suppliers from those included in the Supplier Register are invited, the management of which is centralised in the Iren parent company.

Many contracts envisage the allocation of technical scores awarded on the basis of environmental impact when carrying out the job, such as rewarding the adoption of impact mitigation measures at sites

(dust, noise, traffic) or during the provision of the service (using low-emissions vehicles).

The qualification to be part of the Supplier Register requires the verification of being in possession of the certifications and of the course of validity of the same certifications, issued by independent bodies (i. e.: ISO certifications, SOA certifications, etc.), as well as the possession of economic eligibility requirements of the tender. During the qualification process suppliers are required to state:

- if, in line with UNI ISO 26000 guidelines on corporate responsibility, company initiatives to develop a socially responsible approach to business planning and management have been identified and, if so, to describe the initiatives adopted;
- if the supplier publishes its Sustainability Report and, if so, to indicate where it can be found, or to attach a copy or excerpt of the significant sections;
- if the supplier is willing to carry out a CSR Audit, in the instance it were to sign one or more contracts with the Group, and if it is willing to take part in Iren's annual CSR survey (see page 121);
- not to have committed serious breaches, which have been definitively ascertained, against obligations concerning the payment of taxes and duties, or social security contributions, in accordance with Italian legislation or that of the State of establishment;
- not to have committed serious violations duly ascertained against occupational health and safety laws.

In the context of public procurement procedures, the lack of criminal convictions is also verified (by indirectly consulting their criminal record and record of offence related administrative sanctions) which, by nature and severity, entail the exclusion from contracts and sub-contracts (including offences related to safety, the use of child labour, etc.).

Furthermore, certain budgetary indicators are acquired via companies specialising in commercial information (both for corporations and partnerships), which contribute to determining the supplier's score for qualification purposes.

Together with the Prefectures of Reggio Emilia, Parma, Piacenza, Genoa and Turin, Iren Group has also executed "Legality Protocols" that aim to expand monitoring of enterprises in terms of the anti-Mafia laws, even beyond the cases envisaged by law. Based on these Protocols, contractors and subcontractors are monitored and, if they do not comply with the prefectural notices, they are excluded from contracts.

For more extensive monitoring of supplier companies, the Group has signed Legality Protocols with the Prefectures

Qualified suppliers that have been awarded a tender are assessed by the internal departments that manage contracts and directly monitor the conduct of the supplier when carrying out the contracted works. This assessment generates a score, which is added to the qualification score. Any continuous negative outcome or serious failure in the execution of the work, which the Procurement, Logistics

and Services Department is notified, will lead to the suspension and subsequent exclusion from the Supplier Register for a set period.

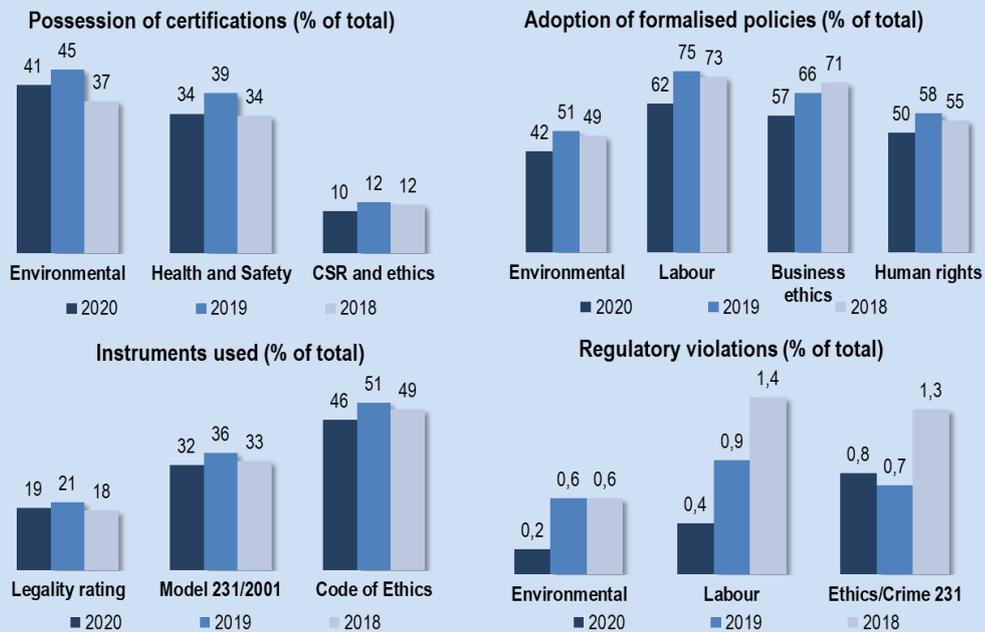
In 2020, 1,479 suppliers were audited in total, 1,279 of which qualified. There are 183 qualified suppliers in the environmental sector and 255 in the safety sector.

Compliance with the provisions related to the environment from contractors and subcontractors is required in the specifications. The contract documentation expressly requires that the supplies and

services under the contract be carried out following minimum social human rights standards. In order to monitor compliance with these standards, the Group requires suppliers to meet specific requirements. Furthermore, in regards products, the Group promotes the selection of recyclable, renewable materials that minimise waste production and favour production systems with a low environmental impact. Some technical specifications also provide for the purchase of fair-trade products. Goods are tracked when the specifications require that they are sourced from a specific location.

CSR SUPPLIER SURVEY (2020 EDITION)

Iren Group directly involves its suppliers in sustainability management processes to achieve mutual growth, intending to improve performance. In 2020, the Group carried out its fourth *corporate social responsibility survey* of 5,674 suppliers, using a questionnaire that explores how environmental, labour, business ethics and human rights policies are managed. 2,162 suppliers responded to the questionnaire (38% of the total), a consistent increase (+144%) compared to the 889 respondents in 2019, demonstrating growing attention and sensitivity to sustainability issues. The detected change in the number of respondents saw a greater involvement of suppliers belonging to the category of microenterprises (less than ten employees and a turnover within 2 million Euro), which in the 2020 survey represent 37% of respondents, compared to 28% in 2019. The different composition of the base of companies that participated in the survey is also reflected in the results, summarised in the following graphs.



45% of responding suppliers have a policy that engages their suppliers on sustainability issues.

Furthermore, the companies that took part in the survey in 2020 hired 3,046 employees (42% of whom were permanent, 36% under 30 years of age and 31% women) and employed 2,105 workers in the activities carried out for Iren Group.

On respect for human rights, see also page 52.

Supplier social and environmental responsibility profiles are evaluated through the certification process

The rules for admission to the Supplier Register also provide – related to the suppliers of goods and services with potential environmental impacts (suppliers of environmental services connected to the collection, transport, recovery and disposal of waste; remediation of soil and subsoil, etc.) – for the possibility of carrying out audits to verify compliance with applicable environmental laws, if any, conducted by

qualified third parties. To this end, the following evidence is requested during qualification procedures:

- possession of ISO 14001 Certification (issued by a recognised accreditation body), or acquisition of significant and interrelated elements of the environmental system;
- possession of EMAS Certification;
- possession of an Environmental Product Declaration – EPD;
- possession of energy management systems in compliance with the ISO 50001 standard;
- possession of one or more environmental labels (EU Ecolabel, FSC, PEFC, Plastica Seconda Vita, ANAB– ICEA, Natureplus® Certification, CIC Compostability);

- the use of products from one or more of the labels mentioned above in the production/service process, or of another label that highlights a focus on lowering the environmental impact;
- the use of suppliers holding ISO 14001 and/or EMAS Certification in the production/service process;
- the use of work instructions that govern the management of waste, including hazardous waste, packaging and packaging waste in the production/service process, from their temporary storage to their disposal within the contract;
- the use, with reference to the categories of products selected, of recycled or recyclable material, with low emissions and low energy consumption;
- the adoption, with reference to the categories of products selected, of specific procedures for the storage and collection of recyclable materials in order to guarantee recycling;
- the availability, with reference to the categories of products selected, to recover or retain packaging after delivery to be reused and to decommission products to be replaced with proof of their disposal through the recovery of the material.
- evidence of enrolment in the National Register of Environmental Managers.

From the 1,279 qualified suppliers in 2020, 594 reported possession of at least one of the above environmental profiles. Furthermore, more in-depth environmental profile assessments were conducted on 750 under category-specific questionnaires that require the compliance of the product/service with minimal environmental and rewarding criteria defined by the Ministry of the Environment.

Over the year, 49 new suppliers were selected on the basis of environmental criteria.

The most important activities carried out in 2020 to improve supply chain management include:

- activation of an artificial intelligence system for activities relating to vendor management;
- upgrading and improving the integration between ERP (Enterprise Resource Planning) and the Remote E-Procurement Portal;
- updating of the information and documentation relating to the suppliers listed in the Register.

Membership to Iren Group Supplier Register means beginning a partnership that could, over time, provide for the identification of mandatory qualification profiles, with a view to improving the supply chain that Iren Group intends to use. It also means sharing the reputational and sustainability values that make up the fundamental elements of Group policy. These commonalities involve the willingness to report on the CSR profiles, with a view to rewarding the willingness shown and acted on.

EMPLOYMENT IN SUPPLIER COMPANIES

Iren Group is aware of the important role employment plays in ensuring the social development of the environment in which it operates. It contributes to maintaining employment levels not only through its own employees but also by promoting the development of the companies to which it commissions services and work, by requesting guarantees from them in terms of both personnel and

safety policies through the application of some of its own standards; moreover, the Group often offers employees of supplier companies the possibility to use some of the company services and attend to information/training courses organised by the Group.

Particular attention is paid during the assessment stage to compliance with the regulations relevant to the correct application of the employment contracts and the payment of the relevant mandatory insurance and social security contributions; the specifications provide for the obligation of the supplier to comply with the laws concerning the protection of the workers and the National Collective Labour Agreements in force and applicable to the sector of reference. These obligations are controlled through the regular acquisition of DURC (statement of correct fulfilment of welfare contribution obligations) and the documents provided by occupational safety legislation (OSP – Operational Safety Plan, and DUVRI – Interference Risk Assessment Document). In the case of non-compliance with remuneration and social security contributions, the laws of alternative means are applied, meaning employees and social security funds are paid directly and these amounts are deducted from the amount paid to the contractors. Subcontracts are also authorised and monitored in compliance with the law. As well as fully implementing the regulations for employee health and safety, in many contracts the score attributed by the Group focuses on the commitment of the contractor to ensure, in line with the provisions established by the collective labour agreement of the so-called “social clause” and with the organisation it intends to implement, occupational safety through the hiring of the personnel of the outgoing contractor (the latter may be scored for the maintenance of the resources used). Furthermore, in regard to Contact Centre services, the awarding tenders state that the personnel costs cannot be lowered.

In order to participate in the public tenders of Iren Group, companies must comply with the obligations provided by Law 68/1999 on the recruitment of disabled workers. All the Group’s specifications include clauses designed to control the problem of undeclared employment, with regard to tendering and subcontracting.

During qualification procedures for the Register, and concerning information on operational and organisational capacity, companies are requested to indicate the number of employees on permanent and fixed-term contracts and to specify the ratio of permanent employees to the total number of employees, a ratio that increases the score in a directly proportional manner.

For tenders, Group contracts state that the contractor is responsible for complying with current sector legislation. As the contract is characterised by the assumption of the responsibility to achieve a result, the contractor is entrusted to organise the means and workforce needed to attain said result. In the context of public tenders, the bidder is required to specify the applicable National Collective Labour Agreement and the number of hours estimated for the performance of the contract. If an obvious anomaly were to become apparent when verifying the sustainability, the cost of the workforce employed to carry out the tender would also be investigated.

SUPPLIERS HEALTH AND SAFETY

Health and safety are fundamental to the policies of Iren Group, which, in the management of the Covid-19 emergency, has also implemented a series of anti-infection measures concerning supplier companies, publishing information and communications on its Procurement Portal addressed to its suppliers, aimed at defining in detail the rules for access to the Group's sites and the behaviour to adopt. In addition, the Safety and Coordination Plans and cost adjustments have been prepared for contracts in progress.

In day-to-day management, specific measures for the protection of health, safety and hygiene at work are required in contracts. In fact, tender and contractual documentation must include the Safety and Coordination Plan (SCP) and the Interference Risk Assessment Document (DUVRI). Further obligations regarding occupational health and safety to be implemented in the operational management phase of the contracts are defined by specific procedures.

The BS OHSAS 18001 or ISO 45001 certified systems adopted by the leading Group Companies are defined, documented and implemented in order to guarantee systematic control of aspects relating to the health and safety of both employees and workers of third-party companies operating on behalf of the Group, also thanks to procedures for controlling the operating methods adopted by contract workers in relation to compliance with safety requirements. During the supplier evaluation phase, information on accidents that the company has recorded in the last three years is requested via the general questionnaire on the Procurement Portal. In addition, the CSR survey conducted on suppliers (see page 121) shows that in 2020 only 2% of the employees of the companies that carried out activities for Iren Group had cases of illness. During qualification procedures for the Register, suppliers are also investigated on the following aspects:

- the existence of a prevention and protection service, either within or outside of the company;
- the appointment of a safety contact that deals with individual contracts/orders;
- benefit, at least once in the last 3 years, of the INAIL rate reduction (ref. OT24 FORM);
- availability of an Occupational Health and Safety Management System certified pursuant to Article 30 of Italian Legislative Decree 81/08 and, if so, a request to specify whether it complies with the UNI-INAIL Guidelines or the OHSAS 18001 standard (in 2020, 212 of the 1,279 suppliers qualified during the year, for a total of 1,616 out of 6,015 qualified);
- systematic verification of the level of learning reached by each worker after every training event;
- the integration of Italian language courses within foreign workers' training.

Furthermore, the Group carries out monitoring and control inspections on the activity carried out by the personnel of third-party companies working on construction sites and in plants, related to aspects of safety and hygiene at work. The monitoring of activities is guaranteed by internal supervisory inspections by the Works Management (pursuant to Article 26 of Italian Legislative Decree 81/2008) or by the Coordinator during the execution phase (on temporary and mobile construction sites pursuant to Title IV of Italian Legislative Decree 81/2008).

In contract/subcontract situations or, more generally, in situations where third parties operate at Group sites, the relevant documentation required to identify and communicate information on environmental risks and prevention measures, as well as any interference risks relating to the performance of activities by third-parties in those sites, is prepared. This documentation is prepared according to procedures specific to each Business Unit, in order to make the process as appropriate as possible to the characteristics of the individual contracted or subcontracted activities.

The Group procedure for the "management of accidents, near misses and occupational accidents" involves an accident report form for employees of third-party companies, through which third parties are required to inform the Group of the occurrence of any accidents in the context of the activities carried out on behalf of the Group and/or at sites where the Group has legal responsibility. The compilation of the form requires the involvement of the supplier company and the Works Management; information regarding the situations resulting in injury are collected in a database and subjected to in-depth analysis by the prevention and protection service of each Group Company, in collaboration with the Works Management. In 2020, a total of 33 accidents were recorded by third party companies, not including commuting accidents, one of which was fatal.

TRAINING AND INFORMATION ACTIVITIES

In 2020, the Group provided over 1,060 hours of training to third-party companies, 12% related to occupational health and safety, involving 113 employees of the companies themselves. In addition to specialist training and operational training on the procedures relating to the introduction of new IT management systems (e.g. workforce management, customer relationship management, Just Iren and Iren Way), extensive information was given on work equipment, plant and the specific characteristics of the working environment, in terms of occupational health and safety (e.g. activities on work environments) and the prevention measures adopted to deal with the Covid-19 emergency.

SUPPLIER PORTFOLIO AND PURCHASE VOLUMES

In 2020, purchase orders were issued to 4,445 suppliers for over 1,283 million Euro.

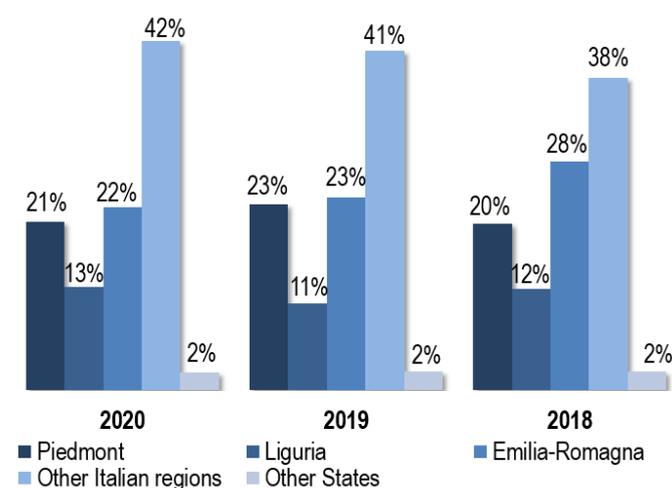
IMPACTS ON THE LOCAL AREAS

Sourcing of suppliers in the local areas of reference is well-established, both in terms of the number of active suppliers (56%), as well as the economic value of the orders (60%). This data highlights the importance of the effects of Iren Group on the territorial areas of reference.

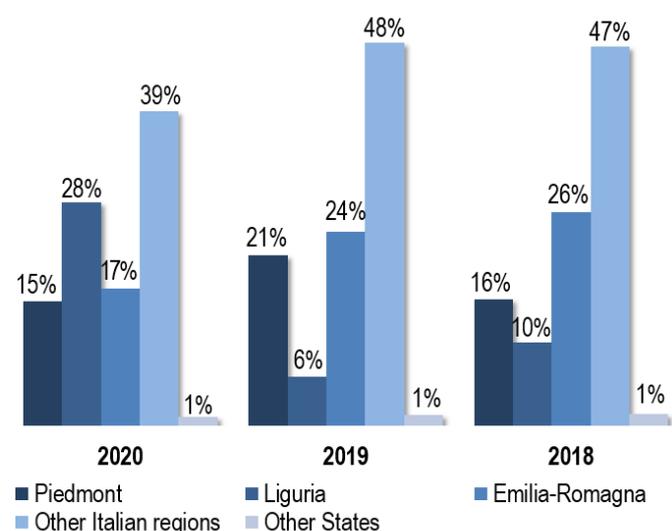
Within the context of public tender procedures, in compliance with current legislation and community principles which require that all companies can compete, no matter their location, the Group does not select suppliers by geographical origin, but on quality and economic criteria, favouring the best value for money as the determining factor. In order to guarantee an adequate level of competition, where feasible, it arranges the tender into functional lots, so as to allow

separate awards and greater participation by economic operators, including those that are small and medium enterprises. Nonetheless, with reference to the instrumental tenders, which are carried out via invitation, or irrelevant to the Contracts and Concessions Law, Iren Group reserves a 50% share for local economic operators with suitable qualifications that are present in the Register when identifying the panel of qualified suppliers to invite to the tender. This measure aims to favour local development and, consequently, social cohesion. The economic impacts on local business generally occur due to subcontracting to local companies – within the limits allowed by law – that are able to work on a portion of the activities and apply more competitive prices given that they are already present in loco and guarantee efficient services due to their knowledge of the area. The large number of suppliers by geographical area and the relevant volumes ordered are shown below and refer to all purchases with exclusion of contracts for the supply of raw materials.

SUPPLIERS BY GEOGRAPHICAL AREA (% OF NUMBER)



SUPPLIERS BY GEOGRAPHICAL AREA (% OF EURO)



SOCIAL COOPERATIVES

The Group supports social cooperatives whose main aim is to ensure the incorporation of disadvantaged people within the world of work. Social cooperatives are active in particular in waste collection and environmental hygiene services. Within the general qualification questionnaire, suppliers are asked if the company's main purpose is the social and professional integration of disadvantaged people or those with disabilities (pursuant to Article 4, subsection 1, Law 381/1999 "Social Cooperatives Regulation").

In 2020, 3 new social cooperatives were acquired, making a total of 41 cooperatives present in the Procurement Portal. Of these, 24 have worked with Group companies in 2020. The overall order amount to social cooperatives was over 22 million Euro, representing 1.7% of the total value of Group orders. The order trends can vary significantly from one year to the next in relation to the signing of multi-year contracts, including ones for significant sums.

Social Coops.	2020	2019	2018
Suppliers (no.)	24	38	28
Orders (Euro)	22,209,800	95,414,752	40,865,614

DISPUTES

In 2020, the Group lost, definitively, three lawsuits brought by employees of former suppliers/contractors of the Group against their employer for non-payment of wages, and in which Iren Group was held liable according to and for the effects of joint and several liabilities.

In these cases, since the plaintiffs' employer failed to execute the judgement, the Group was forced to pay the amounts owed to the employees directly, reimbursed in full by the principal.

Iren People

RELEVANT TOPICS



Employment, development of human resources and welfare



Industrial relations



Occupational health and safety



Diversity and inclusion



Human rights



Internal and external communication



IREN'S HUMAN CAPITAL

The growth and development of employees, especially in terms of diversity and inclusion and together with health and safety, are fundamental values for Iren Group: pillars that are transposed into the mission and vision of the Strategic Plan and in the actions of personnel.

These values were even more relevant in 2020 in the context of the Covid-19 emergency, which immediately affected the areas in which Iren operates.

On 21 February 2020, the Group instituted, and has since maintained, a **Crisis Unit** (consisting of: Manager of Personnel, Organisation and Information Systems, Head of Personnel, Head of Welfare and Safety in the Workplace and Coordinator of the Group's Occupational Health Physicians), which began working in close contact with all First-Level Managers to prevent and monitor the spread of the infection, guarantee the continuity of the services provided, and initiate an ongoing dialogue with all Group employees.

Activity for constant internal communication was immediately organised. The general measures to be complied with for preventive and precautionary purposes and specific additional company measures for protecting employees' health and operational continuity were disseminated to all employees – via the company intranet, e-mail and text messages.

In particular, **from the beginning of March 2020** with Italy's entry into lockdown, **smart working** options (which, following an initial experiment, involved around 1,000 employees by that date) were extended to the opportunity of working remotely, guaranteeing continuity of service and, at the same time, into a powerful means of containing the infection; within three weeks the number of people able to work remotely tripled, reaching 3,166 people by the end of the year.

Only employees dedicated to providing essential services and activities that are essential for business continuity were authorised **to attend work**, for whom suitable procedures and means of protection were defined for operating in person, especially in situations of greater risk (closed environments) or at essential points for the provision of the service (e.g. remote control rooms). Measures were also implemented to avoid situations of contact and crowds as much as possible. Examples of this are the encouragement, where possible, of the use of company cars to go directly to the worksite, or the staggered entry into service and a system of shifts for access to the canteen; access control and daily cleaning operations through disinfection have also been intensified. In addition to installing disinfectant dispensers, signs indicating the sanitation actions to be taken have been posted in company premises. An app has also been set up to allow each employee to report their physical presence to proceed immediately to the subsequent sanitisation of the premises.

For all employees, all **travel** was suspended, and **meetings** could only be held by tele- or videoconferencing, and all necessary IT and communication infrastructures were enhanced, enabling peaks of over 1,000 video or teleconferences per day to be supported.

To adapt the presence of personnel to situations of reduced or suspended activities without impacting wages, an agreement was

signed with the Trade Unions. Given the **Group's decision not to make use of social shock absorbers**, the agreement provided that planned absences could be justified not only with the usual justifications but also with "recuperative leave" and/or **solidarity holidays**, donated by Group employees and Companies to those who had exhausted their holiday entitlement. More than 2,130 days of solidarity holidays were donated by employees, in addition to the Group's commitment corresponding to the amount made available by workers.

In addition, at least one day of **distance training** was provided for each employee, thus transforming the health emergency into an opportunity for professional enrichment.

With the nationwide start of the so-called "phase 2" of the Coronavirus emergency, characterised by a gradual recommencement of production and commercial activities, starting on 4 May 2020, all employees who, for reasons of necessity, physically went to work were given a **protection kit** containing masks, wipes and disinfectant products. During this phase, the commercial help desks were reopened, with the return to headquarters (for one or more days a week) of the people who had been working remotely until that date.

As previously described, the Covid-19 health emergency accelerated some processes of change and the adoption of new working methods, in particular distance working, based on the one hand on trust and listening, and on the other on the assumption of responsibility by individuals. In this context, in addition to managing all the interventions to allow the adoption of new working methods and avoid the risk of reducing internal cohesion, a specific training intervention was implemented for the **development of new leadership**, a fundamental factor for adequately managing the situation that had come about.

In the socio-economic context generated by the Covid-19 pandemic, employment has taken on even greater social importance and is confirmed as a determining factor for the Group, which sees human resources as a fundamental capital for its growth. Maintaining adequate employment levels, skill coverage and development, occupational health and safety, together with the quality of employment, are essential for pursuing corporate strategies.

This is why Iren Group is actively committed to improving working conditions and the personal growth of its employees, encouraging a stimulating and constructive working environment: investments in training and development, careful career planning, targeted strategies to enhance talent, tailored benefits, personalised remuneration policies and an innovative corporate culture are some of the elements on which the Group has continued to focus. Moreover, the involvement and engagement of collaborators are considered essential to teamwork and to developing a corporate culture consistent with the Group's development prospects.

This approach is part of the process, launched in 2020, to **manage individual skills and knowledge** as part of a model that aims to maintain a high quality of human resources through policies for increased professionalism and guarantee of necessary involvement (see page 130).

In 2020, Iren Group was once again awarded the Top Employers Italia certification, destined for the best companies in the world in the field of human resources: those that offer excellent working conditions, that train and develop talents at all company levels and that constantly strive to improve and optimise their best practices in the field of human resources. A level of attention that is also confirmed by other awards (see page 26) obtained during the year: the Top Utility award in the Diversity category and recognition, in the online training category, by HR Mission, an initiative promoted by AIDP to recognise and enhance the creativity and innovation deployed by companies during the Covid-19 emergency.

People are a fundamental capital for the Group, as shown by its 2020 Top Employers certification

The Group also contributes to maintaining employment levels by promoting the development of businesses from which it commissions services and work, by requesting guarantees from them in terms of both personnel and safety policies through the application of some of its own standards. Moreover, the Group offers employees of supplier companies the possibility to use some of the services and attend training courses organised by the Group itself.

The Group contributes to the quality of employment of the local inhabitants and its suppliers through actions aimed at increasing professional skills and improving education level. While having no specific local recruitment policy, given the specific features of the Italian labour market, a high percentage of employees reside in the province where their place of work is located. Furthermore, considering the types of business, the geographical areas in which the Group operates, and the procedures adopted to ensure compliance with current legislation, no risk of child labour or forced labour exists for Iren Group.

IREN GROUP PERSONNEL

At 31 December 2020, the employees working for Iren Group totalled 8,465, up compared to the 8,102 employees at 31 December 2019.

The main personnel changes are due to:

- changes in the scope of consolidation during the year, mainly with the acquisition of I.Blu, for a total of 286 resources;
- the characteristics of the annual workforce trend of the company San Germano due to the launch/conclusion of contracted services, including those of a seasonal nature;
- continuation of the generational turnover plan.

99% of the Group's employees are employed on permanent or apprenticeship contracts

Personnel as at 31/12 by position (no.)	2020	2019	2018
Executives	92	94	93
Junior managers	305	314	296
White collars workers	3,618	3,495	3,304
Blue collars workers	4,450	4,199	3,349
TOTAL	8,465	8,102	7,042

About 99% of personnel are employed on permanent or, in the case of young people, apprenticeship contracts.

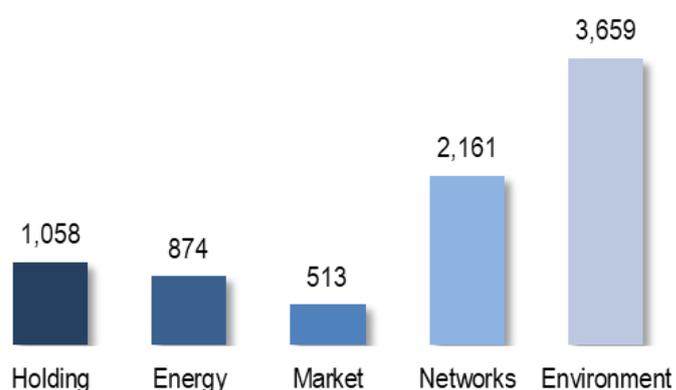
This figure confirms that the Group favours long-term working relationships with its personnel, also offering opportunities for internships to give young people, in particular, substantial professional experience. In 2020, 78 people were given internships and 17 students took part in School-Work programmes.

38% of the employees fall within the 30 and 50 age group, while the average age is 48.

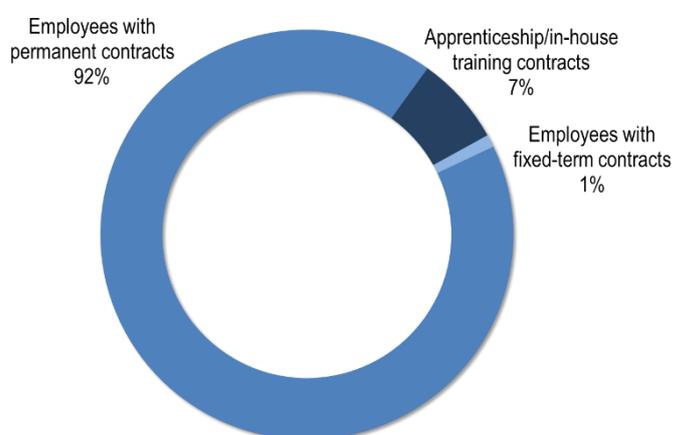
AVERAGE PERSONNEL BY AREA



AVERAGE PERSONNEL BY BUSINESS UNIT



PERSONNEL BY CONTRACT TYPE



The Group believes that maintaining long-term relations with its own employees, in combination with lifelong learning programmes, is an essential part of its corporate responsibility and is committed to avoiding any form of collective or unfair dismissal, always in compliance with legal and contractual provisions, in the case of

positive economic results or otherwise those in line with shareholders' expectations. The management of redundancies, should these occur, prioritises the incentivization of voluntary resignation for those eligible to access pension funds, and the reassignment of excess personnel to other activities within or promoted by the Group, with due retraining, and the use of the available social safety nets, promoting forms of internal solidarity and, where necessary, insourcing activities which had previously been outsourced. The Group is committed to protecting, in line with legal and contractual provisions, people belonging to protected categories and/or suffering from long-term illness, avoiding any form of discrimination in their regard.

NEW HIRES AND CONTRACT TERMINATIONS

There were 612 hires in 2020, despite the situation affected by the Covid-19 health emergency. The overall figure is influenced by the characteristics of the San Germano company, which makes extensive use of hiring under fixed-term contracts (196 in 2020 and 203 in 2019) to cope with the start-up of contracted services, including those of a seasonal nature. Excluding this Company, approximately 90% of new hires are on permanent or apprenticeship contracts. The remaining hires on fixed-term contracts are due to seasonal or replacement needs.

Hires by type of contract (no.)	2020	2019	2018
Permanent contract	177	202	84
Fixed-term contract	238	238	55
Apprenticeship contract	197	305	174
TOTAL	612	745	313

Hires by age (no.)	2020	2019	2018
under 30 years old	308	360	225
from 30 to 50 years old	199	296	79
over 50 years	105	89	9
TOTAL	612	745	313

Consistent with Group policies, among contracts subject to expiration, 100% of apprenticeship contracts were confirmed (except for one case of extension for maternity leave in 2020 and one case of voluntary resignation in 2019); fixed-term contracts were renewed within the limits of replacement needs and seasonal operations.

Employees with contracts expiring during the year (no.)	2020	2019	2018
Expiring Fixed-term/ apprenticeship contracts	176	341	67
of which confirmed on a permanent basis	132	132	52

The main reasons for terminations, excluding those due to resignations and the expiry of fixed-term contracts, included terminations linked to the demographic rebalancing plan, with incentives to leave. Almost all terminations due to the expiration of fixed-term contracts depend on the San Germano company (129 in 2020 and 174 in 2019).

The changes in resignations are mainly due to terminations due to the attainment of pension rights without incentive (37 in 2020 and 44 in

2019) and the peculiarities of the San Germano company (37 in 2019 and 2020). There were no collective redundancies and/or redundancies for economic reasons.

Outbound employees by reason (no.) and turnover	2020	2019	2018
Resignations	145	131	60
Voluntary termination/retirement	145	133	300
Death	12	14	11
Dismissals	22	26	29
Inability to work	5	15	19
Expiration of fixed-term contract	140	191	10
Transfer to other Group Companies ⁽¹⁾	0	4	8
TOTAL	469	514	437
TURNOVER ⁽²⁾	5.5%	6.3%	6.2%

⁽¹⁾ Agreed transfer to companies which are not part of the analysed perimeter.

⁽²⁾ Turnover was calculated as ratio of outbound employees to the number of total employees at 31/12.

The regulatory provisions provide for the possibility of encouraging the advancement of the pension with the so-called "quota 100" (Italian Legislative Decree 4/2019, converted with amendments by Law 26/2019) for those who have reached a minimum age of 62 and a minimum contribution period of 38 years. Under the agreement signed in 2019 with the trade unions in applying these regulatory provisions, 110 employees left in 2020.

Turnover decreased compared to 2019, although it remained consistent due to the generational turnover process for which numerous terminations were addressed, and workforce was restored through training internships preparatory to hiring.

Specific studies and simulations were carried out within the context of the Business Plan to assess the Group employees eligible to retire in the 2018-2030 period. Consequently, the Group is making preparations to handle employees that are eligible to retire during the current decade, accounting for possible organisational changes to work and the new skills needed.

Within the Group there are no specific pension plans, however, all legal and contractual obligations are respected.

HOURS WORKED AND HOURS OF ABSENCE

Over 95% of hours worked are normal working hours.

Hours worked (no.)	2020	2019	2018
Normal working hours	12,778,051	12,354,017	10,571,908
Overtime	617,038	781,767	627,554
TOTAL	13,395,089	13,135,784	11,199,462

Concerning hours worked, the flexible development of the working day, especially for the office workers who took advantage of smart working due to the health emergency, had an impact on both ordinary and extraordinary services.

The increase in cases of illness, caused by the spread of Covid-19, quarantines and absences of frail and immunocompromised individuals traced back to illness, resulted in an increase, compared to 2019, in sick leave – ratio between hours of absence due to illness and hours worked, which is equal to 5.7% (5.1% in 2019).

Hours of absence by type (%)	2020	2019	2018
Sick leave	60	57	54
Maternity leave	4	6	7
Accident	6	8	7
Strike	0	0	1
Trade union meetings and leave	4	5	5
Other absences (paid and unpaid)	26	24	26
TOTAL	100	100	100

The increase in absolute terms in the number of hours of absence also derives from the greater use of the types of absence provided for by emergency legislation for the care of children or disabled family members (e.g. extraordinary leave of 50%, leave under Law 104).

Also affected by pandemic-related absences is the increase in the absenteeism rate, which is 5.4% in 2020 (5.2% in 2019)¹.

REMUNERATION SYSTEM

The Group adopts national collective labour agreements for all its employees (the main national collective labour agreements applied include: “electricity sector employees”, “gas and water sector employees”, “environmental services employees”), which ensure contractual salaries are paid to all employees. Generally, workers with leasing contracts receive the same remuneration as provided for in contracts of Group employees. Furthermore, no differences in benefits for full-time employees, employees with fixed-term contracts or part-time employees exist.

Group employees receive national collective labour agreements and incentive tools in line with company values

The remuneration policy, within the context of defined budget guidelines, is always based on performance evaluation, taking into account, however, the remuneration package of the people holding the evaluated positions. In any case, any form of discrimination based on gender, age and/or health shall be avoided, and retraining initiatives are performed in the event that personnel are unfit for previous or similar responsibilities.

Variable remuneration linked to performance (for example, employees working on call) and the achievement of company and individual targets is added to fixed remuneration. In 2020, the ratio of the highest annual basic salary to the median basic salary of all other employees is 4, while the ratio of the increase in the Group’s highest basic salary to the median basic salary increase of all other employees is +0.93. The Group’s average basic salary by gender is

1.07 compared to the average local salary by gender (Source: Istat 31/12/2017).

BONUS SYSTEM

The remuneration and meritocratic policy of the Group aims to reward employees that achieve high levels of results in line with company values, the Group Job System (see page 130) and in accordance with adequate levels of quality and productivity. Personnel are required to be flexible in adapting to new working methods and to demonstrate remarkable professional commitment in terms of versatility.

Performance bonuses. Collective performance bonuses are provided to increase personnel involvement and encourage the achievement of Group objectives, established according to strategic and management objectives and aimed at enhancing the correlation between compensation and attained results. Several factors are taken into account to determine the compensation, which are connected to rewarding productivity, service levels and the achievement of specific profitability objectives. Once again for 2020, specific agreements were approved on the subject and bonuses may be paid in the form of one-off compensation or via welfare instruments to non-management personnel. Also, in 2020, part of the Performance Bonus was consolidated for the current workforce, allocating an additional contribution towards the supplementary pension fund for new hires.

Management by objectives system (MbO). In most Group Companies, all executives, junior managers and employees holding important positions are included in the incentive system (Pay for Results) under which individual targets are assigned that, when achieved, grant the payment of the amounts that were defined at the time when the targets were given. The “objective-based system” is based on the measurable indicators (economic-financial, operative, sustainability or relevant to strategic projects), in line with the Business Plan and the company mission.

One-off compensation. Across all Group Companies, a one-off incentive can be paid to employees that have achieved particularly positive results through remarkable work commitment, mainly through projects or innovative activities. The people to receive bonuses are identified after meticulous analysis of individual performance results, which is conducted by their various managers.

Regarding the year 2020, 54% of employees received a **formal assessment of the performance** achieved, a small percentage compared to previous years following the acquisition in 2019 of San Germano and in 2020 of I.Blu with the admission into the Group of 1,045 employees, to whom the evaluation system has not yet been extended. The percentage figure, net of these two Companies, is 61% and in line with the previous year, as the calculation criteria for the population has remained the same, in line with the policies defined. The performance assessment process involves the assignment of objectives, a mid-year assessment, an end-of-year assessment and, for certain employees (3,340 in 2020), the process is managed through a computer system.

¹ The absenteeism rate is calculated as the ratio of days of absence due to illness, accidents, strikes and certain other types of absence to working days in the year per

employee, excluding Saturdays, Sundays and public holidays, multiplied by the average number of employees.

The total amounts allocated to variable remuneration are shown in the table below.

Variable remuneration (thousands of Euro)	2020	2019	2018
Performance bonuses	9,581	9,626	12,232
MbO ⁽¹⁾	4,148	3,829	3,308
One-off compensation ⁽¹⁾	4,468	4,534	2,112

⁽¹⁾ Amounts allocated.

As part of the more complex standardisation of corporate agreements, it has also been envisaged that part of the performance bonus will be converted into a fixed remuneration component for people employed by the Group as at 31 March 2018. From 2019, this new logic motivates to reduce the total value of the performance bonus compared to the 2018 figure.

HUMAN RESOURCES MANAGEMENT

SELECTION SYSTEM

At Iren Group, the personnel search and selection process is based on the principles of equity and transparency, which are also declared in the Code of Ethics, and is structured in compliance with the Model 231 (Italian Legislative Decree 231). Candidates are recruited from outside the Group only after it has been verified that there are no potential internal candidates with profiles that are consistent with the position to be filled.

Applications for open positions can be made via the channels on which the active searches are published: the “IrenFutura” portal, the “jobs” page of the Group’s LinkedIn profile, specialist recruitment websites (Infojobs), social media pages and specialised channels using recruiting agencies appointed by Iren following specific tenders, on the basis of specific reference profiles (operational, technical, specialist and managerial). Applicants can select the advertisement that best meets their skills and interests or submit their application, without attaching it to a specific advertisement. Other candidates may be students at leading universities and schools in the areas where the Group operates, with which solid partnerships have been established. As regards high schools and technical institutes, the mutual acquaintance between the Group and the applicants can also occur through Pathways for Transversal Competencies and Orientation (PCTO, formerly School-Work programmes).

All candidates are assessed by professionals with experience in the sector, based on well-defined and transparent criteria, which are shared between the company departments involved, taking the Group’s system of roles and competences as a reference. Every CV is assessed on the basis of how well it matches the requirements of the vacant position. If the profile meets the requirements, it is included in the selection process; if it does not meet the requirements of the position to be filled, the CV may be taken into consideration for other relevant positions.

The selection processes may include various types of tests (technical, practical, etc.), as well as interviews, so as to gain in-depth knowledge of applicants and to guarantee fairness and transparency. The

standard selection process involves a number of pre-defined steps: identifying the most suitable profiles from the submitted CVs; initial interview to find out the candidate’s reasons for applying and discuss the experience indicated on the CV in more detail; second interview with representatives from the HR Department and organisational departments where the candidate is to be placed. At the end of the selection process, the applicants always receive feedback on the outcome of the interviews, even in the event of a negative outcome. In the event of a positive outcome, the new employee is integrated into the Company according to a process defined on the basis of the position to be covered.

The Group has joined the national Garanzia Giovani (Youth Guarantee) programme, activating the planned internships as the preferred search and contact tool with the world of work, and the Valore D (D Value) programme, committing itself, along with over 160 nationally important companies, to creating more equal conditions to promote diversity and employment for women.

In 2020, 397 selection processes were completed, with 315 people already placed during the year and 82 to be placed in early 2021. 52% of candidates were identified through recruiting agencies, while the remaining 48% came from paths managed directly by the Group (LinkedIn, Infojobs, Universities and Schools).

PERSONNEL DEVELOPMENT

The professional growth of human resources is essential for Iren Group to anticipate and successfully address the complexities and changes of the market, regulations and technologies. Iren invests to increase its in-house skills portfolio and enhance its human resources using specific policies, methods and tools. Its commitment to discovering, developing and promoting personnel skills is a fundamental part of the agreement between the Company and the individual.

In order to govern all the processes connected to personnel management and development in a unified and systematic way, faced with the dual necessity of addressing the new challenges of the future and preparing consistent policies, the Group has put in place its own **performance management model**, the Group *Job System*, which is subject to constant update and refinement. The *Job System* is a model to analyse and understand the professional skills present within the Group, transversally across the companies, businesses and departments in which they are found. Their main elements consist of professional areas, professional groups, the sub-groups, *standard jobs* and organisational roles. Essentially, this constitutes the logical infrastructure on which the main human resources management processes stand, including skills training and development. Specifically, each *standard job* within the *Job System* is weighed, in relation to the contribution that each role within the organisation provides in the creation of value, with a shared platform for internal comparison, as well as with the market. Management “bands” (groupings) are identified on the basis of the weight of the positions, which were then divided into sections, into which each of the roles present are characterised by the same complexities and responsibilities, managerial skills and management policies. The managerial skills that must be put into effect in order to achieve results in accordance with the means and values that characterise the Group, and which constitute supportive elements in evaluating individual performance, are defined alongside the band system adopted. The

expected professional knowledge and skills are also defined for each standard job, being those which are fundamental not only for the performance management system, but also for other personnel management processes (first and foremost, training and internal mobility).

In 2020, **skill-monitoring** activities continued, through the use of dedicated tools differentiated both by band and professional group. In particular, an extensive mapping project of the Group's specialist skills was carried out in collaboration with the various departments and business areas, which led to the identification and description of the theoretical knowledge and practical skills required for various roles and organisational levels.

Based on the defined skills model, a new skills evaluation system was then launched to improve the effectiveness of training and professional development actions. This work has resulted in the creation of a **catalogue of the Group's specialist skills**, which forms the basis of the skills assessment process, which was launched at the end of the year and will take place every two years.

In addition, the new *performance management* system was further consolidated – aimed at all Group resources – integrated with the individual incentive system (MbO), aimed at orienting performance and behaviour towards shared values and results.

The employability of personnel is pursued through ongoing education and training and change management programmes to support current and planned changes (also in the medium-long term), on which specific actions have been launched to support the implementation of the Business Plan, particularly on matters related to digital transformation, energy transition, multicircle economy and sustainability.

As part of the overall plan for the demographic rebalancing of the workforce, projects continued for the intergenerational transfer of knowledge and, more generally, for the management of the Group's different demographic populations.

PERSONNEL TRAINING

Training is an instrument of primary importance for the Group. It plays a fundamental role in the professional growth and development of individuals, in disseminating corporate strategies, values, and principles and, therefore, in the overall growth of the Company's value. It focuses on the maintenance and development of competencies, with particular reference to the "core" competencies of the various professional figures, promoting lifelong learning opportunities for all.

Training supports development and professional growth, and meets the needs of innovation and change

The training process is launched through a guided approach by identifying training needs, with a top-down approach through consultation with senior management regarding the strategic and organisational objectives to be achieved, and through meetings with the managers of the various departments with regard to the needs for the consolidation and development of skills, in line with the specific targets and the outcome of the skills assessment phase.

The training initiatives are managed through the use of a dedicated management application (Training Portal), which is updated continuously with employees' personal data and is connected to an *open-source* platform for the creation and distribution of *e-learning* courses. Participation is tracked and helps to enhance employees' training qualifications, which can be consulted by employees, their managers, the Personnel Department and the Prevention and Protection Service Manager. The Portal was enhanced during the year with new features, such as providing a multi-thematic catalogue of courses that can be freely used by all employees and the ability to sign for participation in courses using IT equipment (PCs, tablets and smartphones).

All the training provided is subject to an efficiency evaluation, through participants satisfaction and learning analysis and the monitoring of a set of indicators that provide useful details on improving the training provided; the evaluations will also be enriched by the results deriving from the project of skills surveys activated at the end of the year and which will be carried out every two years.

The training paradigm shift: from traditional classroom modes to virtual classrooms

Since the outbreak of the pandemic, also in order to support the continuity of ongoing projects, training in Iren Group has changed the paradigm, moving from traditional classroom training to the use of new methods that have allowed to reach and engage people, also in smart working, such as *virtual classrooms* and *webinars* that have integrated the already used asynchronous *e-learning*. Virtual classrooms have become the standard for training in support of strategic digital transformation projects (such as Iren Way, Market Transformation, Just Iren, WFM).

Simultaneously, the emergency highlighted the need to accompany training linked to specific professional aspects with opportunities for growth, including personal ones, as signs of attention and closeness to employees: values, emotions and trust were considered fundamental enablers to master this phase of uncertainty. Alongside the mandatory training, **free consultation training** was made available, accessible to all employees through their IT equipment (PCs, tablets and smartphones). The selected contents were clustered in 9 areas (Iren Group, Iren4Digital, smart working, managerial development, a demanding challenge, a challenge in safety, personal care, transversal skills, diversity & inclusion), within a library called "Online Training", published on the Intranet. Among the training supports, the series of digital literacy courses, the clips on communication, teamwork, project management, English language, and a selection of *webinars* on management development topics and the dimensions of the crisis, offered live to middle management, were made available. The Group also continued to invest in training plans through specific programmes to increase awareness of diversity topics and create an inclusive work environment.

Employees were made aware of the importance of training using the various channels available and were thus able to enrich their curricula, an opportunity that was also mentioned in the trade union agreements signed in connection with the health crisis.

There was particular interest in the training initiatives on the subject of smart working – aimed at those who were already using it and those newly enabled as a result of the pandemic emergency – delivered via *live webinars* and asynchronous *e-learning* in order to reinforce the culture of agile working and work for results, and to provide tools for the correct approach to remote working, with modulated content for smart workers and their managers, which involved over 3,000 employees. The live sessions dedicated to the Business Plan, helpful to reassure employees about the “health” of the Company, were also highly appreciated.

Simultaneously, online courses continued to be held for specific groups of users (e.g., apprentices) on safety and regulatory requirements (e.g., for workers, Executives and Senior Managers, Italian Legislative Decree 231, GDPR).

The *e-learning* programmes were a significant step in the Group's strategic and digital transformation, representing an investment to foster professional development. It is worth mentioning the continuation of the path oriented towards the strengthening of digital skills within the “Iren4Digital” project, to which the “Digital Workplace” project was added in October 2020, which was accompanied by training and self-training moments on the use of Microsoft 365 and Teams applications, involving a pilot group of about 300 people, and which will be extended in subsequent stages to all Group employees during 2021. The process was supported by the constant involvement and training of the “TrasformAttori” figures, facilitators of change and digital transformation (about 200 employees).

In a year strongly influenced by the health emergency, at Group level, the total training hours provided to employees (including apprentices and workers with supply contracts) amounted to over 202,000, an apparent increase (+39% compared to 2019), with 7,287 employees participating in at least one training initiative (88.2% of the average number of employees) and a per capita average of 24.5 hours (+34.6% compared to 2019).



The growth in the number of training hours per capita, reflected in the actions taken by the Group to transform the health emergency into an opportunity for professional enrichment, has even exceeded the targets set in the Business Plan to 2025.

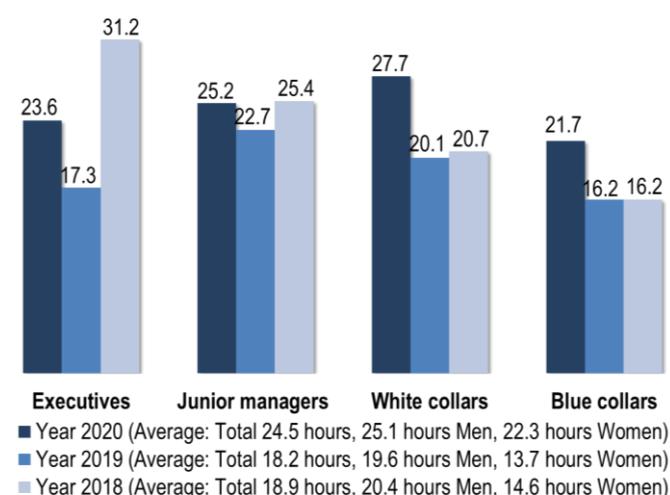
Employees involved in training activities (%) ⁽¹⁾	2020	2019	2018
Executives	100.0	100.0	100.0
Junior managers	100.0	100.0	100.0
White collars	100.0	95.9	100.0
Blue collars	73.0	75.0	79.7
TOTAL	88.2	85.4	94.8

⁽¹⁾ Ratio between number of people involved in at least one training event and the average annual number of employees.

The upward trend in the average number of hours per capita allocated to female personnel was exceptionally positive, rising to 22.3 hours

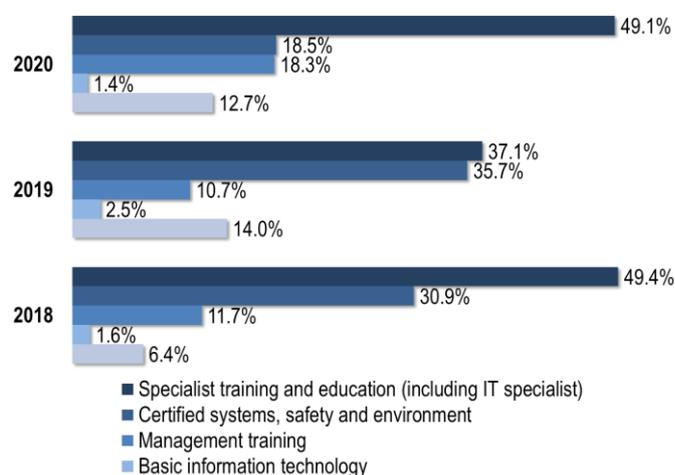
(+62% compared with the previous year), thanks to the Group's constant focus on strengthening the culture of diversity and inclusion.

TRAINING HOURS PER CAPITA BY POSITION AND GENDER



Training hours by position	2020	2019	2018
Executives	2,172	1,665	2,838
Junior managers	7,846	6,975	7,417
White collars	98,455	69,342	67,573
Blue collars	93,616	67,253	52,984
TOTAL	202,089	145,235	130,812

% DISTRIBUTION OF TRAINING HOURS BY TOPIC



In 2020, there was a significant increase in specialist training, including specialist IT, which, with a per capita average of 12 hours, represents, at over 49%, the highest incidence concerning the total number of hours provided. This includes *on-the-job* training and support for more than 600 apprentices, consolidated partnerships with specialised training institutions for the provision of technical refresher courses to maintain training credits for engineers, biologists, chemists and experts, with business schools and higher education institutions for participation in master's degrees and specialised courses, as well as with organisations specialising in professional training (e.g., for qualification to operate steam generators and for mandatory transversal training for apprentices).

Management training also increased as a percentage of the total number of hours, reaching 18.3% (+71% compared to 2019). Particularly noteworthy are the “Melagioco” project for leadership development aimed at executives and managers, activated after a skills assessment, the webinars and videoconferences also held during the period of the Covid-19 emergency on managerial/soft skills and scenario issues, as well as the mentoring, coaching, empowerment and leadership initiatives for women for Industry 4.0.

Internal training, characterised by the ad hoc design of content and carried out by both internal trainers and external consultants, continues to be a distinctive feature of the Group (around 73% of total hours), with 1,111 courses held in 3,226 sessions. The remaining 27% relates to external training and is purchased by catalogue with participation in inter-company initiatives.

The employee satisfaction rating with regard to training provided (79%), measured according to the feedback given by participants at the end of the courses, was positive, although slightly down compared to 2019, while the apprenticeship training satisfaction increased (88.4% compared to 87.4% in 2019).

Investment in training in 2020, net of internal personnel expense and excluding the costs relating to the Companies that joined the Group during the year, amounted to approximately 705,000 Euro, a decrease of 36% compared to the previous year, despite an increase in training hours of 39%, due to the particular use of online training activities, free initiatives made available by training companies during the lockdown period or selected from the web and initiatives carried out in-house and through internal teaching/training.

The Group has also made its expertise available to schools and universities in the areas in which it operates to create work orientation initiatives for students, advanced training courses and Pathways for Transversal Competencies and Orientation (formerly Italian School-Work programmes). Agreements have been entered into with universities, mainly located in the areas of reference, to set up collaborations for advanced training and the *recruitment* of new graduates and undergraduates. Also, partnerships have been launched with the leading Italian business schools, providing scholarships for participants in master's degrees and/or advanced training courses on topics of specific interest to the Group (e.g. energy management).

Although measures to deal with the Covid-19 emergency prevented many activities from being carried out for reasonably extended periods, during 2020, the Group has:

- held 15 webinars in collaboration with the affiliated Universities in which more than 1,200 students participated. Some were organised as part of career days, others were specific job orientation meetings, in which the students connected had the opportunity to learn more about the reality of Iren Group and its jobs, or in any case, improve their knowledge of the world of work and the skills sought by the Group;
- launched 25 curricular, 24 extracurricular and 19 internships in the framework of PCTO projects;
- launched scholarships for 2 postgraduate master's courses and welcomed 3 new work experience participants.

INTERNAL COMMUNICATION

Internal communication is an essential tool to accelerate the development of processes, assist and support organisational changes and business strategies, and develop a common corporate culture, directing efforts towards the achievement of corporate objectives, which become shared objectives, pursuable through each individual's contribution.

The role of internal communication was more central than ever in 2020 in order to cope with the crisis caused by the pandemic: communicating in a timely and effective manner and maintaining a high level of engagement in a social and work context that had suddenly changed were the priorities of the year. Information had to be provided promptly, extensively and clearly, so that each employee was aware of the protective measures and behaviours to be adopted to work safely.

A variety of tools were used: e-mails and text messages, to communicate the measures adopted and regulatory updates, and the company Intranet, where a section dedicated to the Covid-19 emergency was created, in which all internal communications, the manual for in-person activities and the consolidated text of Group provisions for working in safety were collected. It was necessary not only to make known but also to explain the Company's choices, reassure employees, highlighting the commitment and the actions taken to deal with the emergency and at the same time keep up the involvement. These were challenging objectives, pursued through video messages from top management, by publishing regular news bulletins, and by giving external visibility to the commitment of all the Group's resources to the continuity of essential services, thanks to the responsibility with which employees responded and the ability they demonstrated in reinventing their work to deal with the emergency.

The main tool for internal communication, information and sharing was confirmed as being the **corporate Intranet “Noi Iren”**. More than 6 million pages were consulted, and 250 news articles were published on the Intranet alone, to stay connected and update. It is now possible to view and interact with the Intranet via the company smartphone provided to all employees.

Noi Iren is the “common home”, a familiar place where being part of the Group, provides a gateway to information, documentation and company services.

Strategic (Business Plan, economic-financial results and sustainability data), organisational (notifications, staff structure, documentation of certified systems), regulatory (service orders, Model 231) and corporate (acquisitions, non-recurrent transactions) information is published on the Intranet. The Intranet also disseminates news from the Iren Informa magazine, ads on the internal notice board for the sale and exchange of items between personnel and cultural information, in sports, artistic, theatre and musical initiatives supported by the Group held in the various areas.

In 2020, the web magazine Iren Informa was the main tool to share the Group's resilience, with about 300 articles visible internally and externally. Never has teamwork, communication in support and synergy with the various corporate structures has been so fundamental as this year.

The forced and prolonged isolation required a cultural leap in terms of digital and smart working. The digitalisation of processes was accompanied by the construction of dedicated areas on the Intranet, where personnel could find helpful material and documentation. The evolution of training, from the prevailing classroom mode to the use of new ways of reaching people and making them feel involved, has made it necessary to create the Online Training area on the Intranet, populated with content accessible outside the Company through multiple devices. As for safety communication, 14 self-produced videos were produced with the dual objective of informing and involving employees, with actors illustrating the correct behaviour to adopt to protect themselves and their colleagues. The videos have been published on the Intranet and made available on company TVs located at the entrance and in the time-clock rooms of the various company premises.

Significant in the year was also the internal campaign on the occasion of Iren's tenth birthday, which introduced the transition to the new logo, announced on 1 July 2020; through videos and interviews published on the Intranet and the web, some stages of the Group's history were retraced.

The regular appointments to meet with people, both to share strategies and objectives during the presentation of the Business Plan and to consolidate corporate belonging in the case of year-end and family events, have been converted into streaming events.

The quality of interaction was undoubtedly affected, but the creation of digital events, recorded and available in the following days, made it possible to broaden participation to the entire company audience. More than 3,000 colleagues were able to connect for the Digital Christmas event, whose common thread was precisely the relationship, the aspect that more than any other seems to have suffered in the daily work. This challenging year, yet one full of achievements, was recounted through the voices of many employees who followed the activities, and significant moments were remembered through the stories of the many people who experienced significant ties within the Group. The film made with the contribution of photos and videos sent by colleagues, whose children told about their parents' work, an exciting and unique snapshot of smart working, an alternative way to celebrate the importance of families was particularly appreciated.

DIVERSITY AND INCLUSION

Iren Group is committed to enhancing the diversity present within the Company, providing a healthy work-life balance and improving the quality of the working environment. The aim is to become a team, to add value to the outcome of individual work and to increase a feeling of belonging, creating shared social, cultural, professional and intellectual terrain.

A commitment also recognised by the award assigned to Iren by Top Utility 2020 for its commitment to policies favouring diversity, inclusion and social responsibility in the management of human resources and company strategy.

The Group guarantees non-discrimination of personnel in selection, hiring, training, management, development and remuneration policies, as provided by the corporate Code of Ethics. This

commitment has guaranteed that no related breaches occurred in 2020, continuing the past trend.

There were no breaches associated with discrimination policies in 2020

The Group has been running a series of "diversity" programmes for several years which, starting from 2015, saw commitment and consistent structuring with the establishment of a body called Personnel Welfare and Services, within which, in 2020, a specific **Well-being & Diversity area** was formalised, focused, among other things, on diversity inclusion, work-life balance and the development and management of initiatives aimed at the well-being of employees. Therefore, it is a path of application of inclusion policies that recognises and values differences, actively managing them and leveraging them to increase the competitiveness of the Company. The main issues of focus are gender, age, disability and nationality differences, all areas in which the Group has implemented various programmes and initiatives.

Diversity policies take concrete form, for example, in the adoption of new flexible working arrangements to facilitate work-life balance, in non-discrimination during the selection process, in the enhancement of skills, in the promotion of female managers and training, through specific programmes aimed at increasing the level of awareness of diversity topics and creating an inclusive work environment. Aware of the fact that the path to achieving *gender equality* also passes through an adequate presence of women in all sectors that will offer the most outstanding professional and career opportunities in the future, the Group participates in different collaboration programmes with external actors. Significant in this context is the collaboration, already started in 2018, with **Valore D** – an association of companies that promotes diversity, talent and female leadership for the growth of companies and the country –, which has prepared a "manifesto" for female employment, signed by Iren Group. The document consists of nine points through which the Company undertakes, gradually and compatibly with its sector and size specificities, to adopt clear and measurable objectives, with performance indicators and periodic monitoring, to be shared internally. Awareness-raising activities were carried out in 2020 that, due to the Covid-19 health emergency period, were mainly developed in digital mode to achieve the objectives described within the "manifesto".

Iren, together with 26 other public service companies associated with Utilitalia, also applies to the "**Patto Utilitalia – La Diversità fa la differenza**" [Utilitalia Pact – Diversity makes the difference], consisting of a list of seven commitments to concretely favour inclusion and diversity of gender, age, culture and ability within company policies.

The **Role Model** project continued in 2020, in collaboration with the ELIS association, a non-profit educational organisation that targets young people, professionals, and businesses to respond to the school-work gap, youth unemployment and contribute to the sustainable development of organisations. Through the testimony of Role Models, the project aims to orient secondary school students to follow their aspirations, with particular attention to raising awareness among girls regarding technical-scientific disciplines, so-called STEM (science, technology, engineering and mathematics).

Again with a view to STEM, the Group supported the third edition of the **Ragazze Digitali** [Digital Girls] project, a summer camp, this year in digital format, organised by the Reggio Emilia and Modena section of the EWMD (European Women's Management Development – international network) association and the University of Modena and Reggio Emilia, aimed at young people who have completed their 3rd and 4th year at all high schools, intending to bring them closer to IT, programming and the culture of doing, and to stimulate their digital creativity using the learn by doing approach.

In 2020, Iren also started participating in the **Luiss Business School Data Girls – GROW** (Generating Real Opportunities for Women) project, which aims to promote, support and improve the personal and professional development of female students of the Luiss Business School, with particular attention to their inclusion in the world of work and the promotion of their professional careers, aimed at achieving top positions in companies, administrations, bodies, universities and other organisations.

FEMALE PERSONNEL

The Group's 2,089 women represent more than 24.7% of the total number of employees, an increase compared to 2019 (23.9%), the year from which the company San Germano was consolidated, which resulted in a discontinuity from the past, by the type of activity managed.

Personnel by position and gender	2020		
	Total no.	No. of women	% Women
Executives	92	18	19.6
Junior managers	305	71	23.3
White-collar workers	3,618	1,343	37.1
Blue-collar workers	4,450	657	14.8
TOTAL	8,465	2,089	24.7

With regard to skill development, the promotion of women's managerial skills and the development of work-life conciliation tools, the anti-discrimination policies implemented during the selection stage have increased the attractiveness of the Group for women, also within professions that are typically characterised by a strong technical component traditionally "reserved" mainly for men. The recent hires of young female graduates, even into strictly technical sectors such as waste or site & network engineering, is evidence of this.

The presence of women amongst junior managers and white-collar workers is higher than that in the overall Group population

Most female personnel (approximately 68.6%) are executives, junior managers and white-collar workers (overall constituting more than 47.4% of total personnel, compared to the 52.6% of blue-collar workers). The analysis, also in consideration of the mainly technical characteristics of the managed activities, revealed a non-discriminatory situation for women, who represent around 35.7% of executives, junior managers and white-collar workers.



Equal remuneration between men and women is ensured by the application of the National Collective Labour Agreements in which minimum salaries for each employment category are defined. The average basic salary per the qualification of women (details are available in the section "Iren People: the numbers" at the end of the chapter) is, however, slightly lower than that of men, due to three types of factors: a higher percentage of women working part-time (11.9% of women compared to 1.4% of men), the lower average working seniority of women compared to that of men, high incidence of qualified technical roles that historically come from the world of education predominantly male. Through careful selection policies and the introduction of a reward system with consistent policies for all company personnel, the Group has set itself the objective, insofar as possible, of rebalancing this situation, also in consideration of the reference labour market.

A vital recognition demonstrates the commitment to implementing the policies launched on gender diversity: **for the first time, Iren Group has entered the Bloomberg Gender-Equality Index (GEI)**, which guarantees transparency in the gender practices and policies implemented by the companies listed on the Stock Exchange, thus deepening and expanding the environmental, social and governance (ESG) data available to investors and the financial community. The index measures gender equality based on five pillars: female leadership and talent pipeline, equal pay and gender pay equity, inclusive culture, anti-harassment policies and advocacy towards women. The inclusion in the Bloomberg index, in the case of Iren, reflects a high level of transparency and overall performance consistent with the five pillars of the framework.

In line with the provisions of the company's Articles of Association and current regulations on equal access to the boards of directors and boards of statutory auditors of listed companies, a balance between genders is ensured in Iren, with 40% of its members being women.

On the whole, on the Boards of Directors for Group Companies there are 33 women, amounting to approximately 26.4% of total members (125 people of which 39% in the 30 to 50 age group and 61% over 50).

In 2020, 294 employees took parental leave (129 female and 165 male), and 282 took maternity leave (obligatory, optional, early), also taking advantage of the various options for working hours that the Group makes available, on all smart working, the specific training that provides in these cases and the services described in the Corporate Welfare paragraph. Upon their return to work, all employees were able to resume the job they had filled before their period of absence or a job with equal professional content in cases where organisational changes occurred in the meantime that meant they could not return to the same position.

Also, Iren Group guarantees disabled personnel the conditions for the best possible integration into the workforce, operating under current legislation.

Personnel belonging to protected categories	2020	2019	2018
Number of employees	370	383	352

CORPORATE WELFARE

The Group is creating a coherent and well-structured welfare system to meet the needs of the different personnel segments and to extend the *best practices* to the whole Group and is also involving the trade unions in this process. The programmes that have already begun are implemented through a series of initiatives focused on the needs of the individual and household.

With the Covid-19 emergency, the primary and immediate concern of Iren Group was to protect the health of the employees and their families and, given the impossibility of providing services requiring an in-person intervention, some suggestions were periodically circulated for the use of welfare services left available that could help in some way to take care of themselves and support new and unforeseen needs in the immediate future, given the need to modify or suspend everyone's usual activities, both physical and cultural and entertainment.

The health emergency has led to the emergence of new social challenges and needs, with particular regard to the difficulties of access to health care, conditions of social and economic insecurity, new ways of organising work (smart working) and the problem of reconciling work and family. This situation has resulted in changes and new ways to develop the corporate welfare plan. Therefore, the Group has decided to carry out an internal survey in 2021 to collect data on the welfare and health of employees and their families.

QUALITY OF LIFE FOR QUALITY OF WORK

The Group pursues a management policy that promotes and supports the correct balance between professional and private life, providing its employees with a range of opportunities that allows them to reconcile work commitments and personal needs (flexible working hours, teleworking, smart working, part time, ultra-daily flexibility, additional leave up to a maximum of 2 days to be taken, even by the hour, within the year of maturity resulting from the replacement of part of the performance bonus, short leave and short paid leave, integration of compulsory maternity leave, conciliation desks).

Thanks to these experiences of flexibility and the launch of a robust digitalisation process in the human resources area, the Group has responded effectively to the new needs of the corporate population related to the pandemic and the resulting lockdown, using all available forms of reconciliation.

Smart working: adopted from 2018 to better balance private and professional life, in 2020 it took on a different and more articulated meaning: firstly, it represented the possibility of maintaining the Group's production capacity and operational continuity, despite the Covid-19 emergency, also reassuring personnel about any risks of job loss as happened in other sectors and, secondly, it was a fundamental element of protection of employees from the risk of infection. The implementation, which would have been more

gradual, was transformed into a "live" experiment of massive adoption of smart working (3,166 people involved), which met with considerable success also because it made it possible to test both the resilience of the technical system (by way of example, but not limited to, the rapid adoption of portable PCs, use of new collaboration tools, revision of consolidated work processes in the light of the new digital skills) and the social system, testing on a large scale relationship of trust and joint flexibility and providing truly significant experiences, otherwise challenging to experiment with.

Remote Working: Group employees can take advantage, on a voluntary basis, of part-time remote working, which was introduced to the Company with specific agreements. The Group prioritises requests motivated by work-life balance needs (caring for children and the elderly, personal or family member health problems, the distance between their home and place of work, etc.). In 2020, 98 employees worked from home.

Part time: all employees can request part-time hours (horizontally, vertically, or mixed), on a voluntary and always reversible basis, without the exclusion of the benefits provided for employees with full-time contracts.

Part-time contracts (no.)	2020	2019	2018
Women	250	262	235
Men	90	85	38
TOTAL	340	347	273

INITIATIVES FOR EMPLOYEE WELFARE

With a view to promoting the well-being of its employees, the Group has chosen to meet employees' needs in terms of health and conscious consumption in eight operational company cafeterias.

Concerning the Covid-19 emergency, a series of new safety and hygiene measures were implemented to allow, as far as possible, the use of **company cafeterias**: hygienisation of spaces, use of personal protective equipment, placement of plexiglass on tables to protect diners, restriction of access. Disposable plastic materials, which had been eliminated concerning the "Mensa sostenibile" [Sustainable Cafeteria] project, were once again made available and, with a view to a "plastic-free" service, given the persistence of the emergency during the year, more eco-sustainable solutions were evaluated to replace the plastic cutlery with metal cutlery wrapped in paper. This solution reduces the production of waste that would have been produced in any case, even through the use of compostable cutlery. As usual, careful checks and sampling were carried out to verify compliance with contractual and legal provisions in defence of health, with particular attention to the quality of the raw materials used.

Additionally, the Group has implemented a benefit scheme to improve the **quality of life of its employees**: meal vouchers and discounted dining in the local areas, company cafés offering regulated prices (closed for most of 2020 due to the Covid-19 emergency), indoor parking for private cars, and subsidised tariffs or contributions for buying subscriptions to the local public transport network.

All employees are offered, voluntarily and following an agreement with the trade unions, the possibility of allocating part of the 2020 performance bonus to corporate welfare initiatives, benefiting, in this case, from a surcharge. By accessing the **Iren Welfare Portal**, it is possible to obtain, within the limits of the amounts allocated, refunds

and/or goods and/or services in the following areas: family, healthcare fund, mortgages, supplementary pension, sports, culture and leisure, trips.

The Iren Welfare Portal, starting from July 2020, has taken on a new configuration, and special webinars open to all employees have been organised to ensure the most effective use of it and provide support and assistance.

More than 6,300 employees are already registered with the new portal, which, in 2020, managed approximately 1,701,000, Euro of which 264,833 Euro related to the disbursement of the budget allocated under the "Covid Presence Award". This award, shared with the trade unions, was exceptionally set up for 2020 to recognise the efforts made by employees who, during the lockdown period, carried out their operational activities every day to ensure the continuity of services.

In 2020, as part of the **projects aimed at employee well-being**, the Group decided to promote, in collaboration with a wellness provider, an innovative path geared towards improving employee health by encouraging physical activity and making available a flexible and convenient platform, which has more than 2,300 sports facilities in Italy (yoga, swimming, pilates and more), which can be attended with a single monthly subscription. The agreement guarantees the Group's employees discounted rates and subscription plans of up to 60% off the market cost.

As part of this collaboration, the Group's wellness provider has made new digital solutions available in response to the needs created by the pandemic to help people stay active and fit at home.

As part of its **mobility management** activities, in 2020, the Group launched a project that involved employees at its main offices in Genoa, La Spezia, Parma, Piacenza, Reggio Emilia, Turin and Vercelli, submitting a questionnaire aimed at collecting data on home-work journeys and also aimed at finding out about mobility needs and identifying possible changes. Given the particular moment of emergency, it was considered essential to know the methods adopted for home-work journeys in order to be able to identify any new needs or criticalities. Examination of the responses to the questionnaire concluded during the year with the drafting of the Home-to-Work Travel Plans (PSCL) required by the relevant legislation, which constitutes the Group's Home-Work Mobility Plan, a tool for analysing and developing a set of valuable measures for rationalising company personnel travel in order to improve mobility. Starting in 2020, moreover, each employee can, through the implementation of a self-booking tool, search, book or purchase travel tickets in real-time, in complete autonomy and compliance with company policies, doing a comparative search between the various travel services customarily required to manage a trip (flights, trains, hotels and car rentals).

Finally, all employees have the option of purchasing some of the IT and telephone equipment that they currently use at discounted rates, in the case of replacement when they become obsolete or when they terminate their service.

PREVENTION PROGRAMMES

Iren Group promotes the health of its employees by facilitating access to a series of services and specific initiatives as part of a broader Health and Prevention Programme.

The **Welfare Project** continues, offering the possibility of a voluntary two-year preventive health check-up for an individual contribution of 10 Euro, which is donated in full to Local Health Authorities. The project is structured in two phases ("Health Project" and "Heart Project") (programme promoted by the Istituto Superiore di Sanità) and aims to identify, through laboratory examinations and a visit aimed at preventing cardiovascular risk, the main health risk factors in relation to age and gender.

In 2020, 316 employees were checked, compared to the 1,500 employees who had joined the project, since, due to the health emergency and the consequent need to prioritise compulsory health obligations, the planned visits were suspended and will resume in 2021.

In 2020, in relation to the period of the health crisis, the "Iren Health Day" took place in live streaming from the Teatro Regio of Turin, through a talk show dedicated to employees and their families, realised within the initiative "SaluTo2020 – Medicina e benessere", born thanks to the collaboration between the School of Medicine of the University of Turin, the City of Turin and the Polytechnic University of Turin. For Iren, the theme of the meeting was "Health in the Covid-19 era: good habits for well-being, in the office and smart working". The talk show was attended by authoritative experts who spoke about good habits to keep in smart working, eat in the office and at home, highlighting the importance of the regular physical activity to combat the "couch" syndrome.

SUPPLEMENTARY PENSION COVERAGE

Since the legislation reforming the supplementary pension system came into force, employees have been able to decide how to use their employee severance pay. They can either leave it with the company or put it in one of the pension funds provided for by law, which supplements the compulsory government-managed pension and thus ensures a higher coverage. Due to the number of participants, the ones that stand out are the pension funds established by collective bargaining, which can only be joined by workers applicable for certain collective agreements. The main funds for Iren Group employees are as follows: Pegaso (electric or gas-water National Collective Labour Agreement), Previambiente (environment National Collective Labour Agreement) and Previndai for executives. As part of the unification and standardisation process for economic and regulatory treatment, in order to promote the value of supplementary pension funds among young people, for employees hired on permanent contracts or apprenticeships an additional payment is made every year to the supplementary pension scheme in which they are enrolled.

On 31 December 2020, 6,810 employees had joined the supplementary pension funds to which the Group had paid a total of 3,495,398 Euro during the year, by way of contribution at its own expense.

Employees can also make use of a pension support and advice service.

PERSONNEL INSURANCE COVERAGE

Almost all employees in junior management, white-collar and blue-collar positions are insured by a policy stipulated by the Group for death or total or partial permanent invalidity due to accidents at and outside of work. Furthermore, special insurance policies have been taken out in the event of death and/or total permanent invalidity resulting from non-occupational illness for electricity and gas-water sector employees, in accordance with the provisions of the respective National Collective Labour Agreements. Insurance coverage in the case of accidents (even ones which occurred outside of work and in the case of occupational illness) and life insurance are provided for all executives, as per the provisions of the Confservizi National Collective Labour Agreements for Executives. As of 2020, a new policy has also been taken out to cover damages involuntarily caused to third parties by the executive or his/her family members in the performance of activities relating to private life (insurance cover for "head of household" liability).

SUPPLEMENTARY HEALTHCARE

Through their membership to supplementary healthcare funds, healthcare coverage is given to employees in relation to their National Collective Labour Agreement (FASIE for personnel employed on a gas-water contract, FASDA for personnel employed on an environment contract). The National Collective Labour Agreement for the electricity sector provides for the payment of contributions to CRAL associations for healthcare activities. In Parma, and for members of the CRAL ARTA association in particular, employees can join a prevention programme that includes specific health checks. Specially constituted funds manage the payment of healthcare benefits that ordinary members (employees) and their dependants can benefit from.

All executives, for whom primary healthcare coverage is provided by their membership to Fasi, are also supplied with supplementary health insurance which refunds additional healthcare costs that are not reimbursed by Fasi.

ADVANCE ON EMPLOYEE SEVERANCE PAY

Employees may benefit from better conditions than those provided by the legislation in force by applying for an advance of their employee severance pay more than once to pay for healthcare, to buy their first house, renovate a property, restructure or modify buildings in order to remove architectural barriers and in other specific cases.

PENSION BENEFITS

Retired employees, and their dependants, can remain members of Group leisure, cultural and sports associations and thus take advantage of a significant part of the offered services. Retired executives, whose last working relationship elapsed while holding the position of executive, which lasted not less than one year, can keep their subscription to the Fasi supplementary healthcare fund and make use of the benefits provided. The healthcare also covers any dependants and, in the case of their death, those who hold survivors' pensions.

The electricity sector National Collective Labour Agreement provides for additional monthly payments to the leaving entitlement for employees who leave service with 40 years of contributions or are 60 years of age.

LEISURE, CULTURAL AND SPORTING ACTIVITIES

Through the company leisure clubs, which are present in the various areas, recreational, leisure, sports and cultural activities were offered to employees in 2020, with the limitations arising from the pandemic. Aiming to increase sociability between employees, the following are available: the Employees' Recreational and Cultural Club in Genoa, Adaem and CRAL AMIAT in Turin, the Quercioli Club in Reggio Emilia, CRAL AMPS and CRAL ARTA in Parma, CRAL ENIA in Piacenza, the CRAL ADAM in Vercelli and the CRAL ACAM in La Spezia.

Some associations contribute to the educational expenses of employees' children, as well as allowing school books and stationary to be purchased at discounted prices. The clubs also enter into commercial agreements in the areas of interest to allow employees to purchase products and services at discounted prices.

The clubs are almost entirely funded by the Group, which also makes the spaces and equipment required to carry out the activities available to them through a special free loan.

In regard to the regulations of the CRAL, discussions are under way with trade unions in order to harmonise the various economic and regulatory treatments provided by company supplementary agreements which have been subject to withdrawal.

Contribution paid (Euro)	2020	2019	2018
Leisure activities	927,495	847,690	769,632
Healthcare activities	2,346,442	2,250,435	1,972,327
TOTAL	3,273,937	3,098,125	2,741,959

TRADE UNION AND INDUSTRIAL RELATIONS

Iren Group has always focused heavily on proper industrial relations, based on legislation and company and national collective labour bargaining, in compliance with the National Collective Labour Agreements of reference.

The Group and trade unions have signed a Group **Industrial Relations Protocol**, which dictates the rules that govern relations between the parties. This has led to a model being put in place based on the sharing of business decisions, which aims to optimise individual workers who, in order to enable healthy development, must be involved and grow in step with the entire organisation. The shared decisions lead to a sense of belonging and, at the same time, place the employee centre stage. The Protocol sets out the methods for approaching industrial relations based on three pillars: bargaining, participation and rules.

Industrial relations are divided into three levels:

- *Group level*, on topics of general interest and/or transversal to businesses and areas and the trend and development of business sectors, or industrial policies, guidelines on organisational structures, the economic results of the Group and the business segments, the harmonisation processes for company agreements and the coordination of reference National Collective Labour Agreements and company integration;

- *Company level*, on topics regarding individual companies or a cluster of companies, for which a Unitary Union Representative Body (RSU) is established;
- *regional level*, on topics regarding the single production unit, downstream of the company level, or on topics that concern several companies located in the same area.

Furthermore, procedures are defined for developing relations based on information sent to the trade unions, discussion and consultation (exchange of information and evaluations, acquisition of opinions, requests or indications from trade unions, verification of phenomena on matters specifically identified with a view to seeking possible points of convergence), and negotiation (discussion between the parties aimed at reaching agreements that are binding on them) are defined.

The Group's Industrial Relations Protocol also establishes two participatory bodies: the RSU National Coordination and the RSU Executive Committees, while bilateral Committees (environment and safety, training and development, equal opportunities and welfare) are established for analysing specific issues.

Industrial relations in 2020 were characterised and influenced almost entirely by the Covid-19 health emergency, and the Protocol facilitated relations between the Group and the trade unions in a highly critical context. The emergency legislation has contributed in this sense. Based on the provisions of the Italian Ministerial Decree of 11 March 2020, which established the governmental commitment to promoting "agreements between employers' organisations and trade unions", on 14 March 2020 the government and the social partners signed the "Shared Protocol for the regulation of measures to combat and contain the spread of the Covid-19 virus in the workplace". In compliance with this national agreement and the Group's Industrial Relations Protocol, a set of rules was immediately drawn up, discussed and supplemented after discussions with the Company, local and national trade union representatives to adopt shared and practical measures for the people who work every day in the various sectors in which the Group operates, taking into account the specific nature of each situation and the various regional situations.

In this context, on 15 March 2020, the Group invited the trade unions to set up **Committees for the application and verification of the rules of the National Protocol**: 9 Committees were set up at regional and sectoral level. In all of 2020, there were about 70 meetings of these Committees to monitor and manage any criticalities caused by the health crisis.

At the same time, various agreements were signed at the Group level, with the shared aim between the parties seeking and adopting solutions for the management of work activities during emergencies. On 3 April 2020, an initial agreement was signed that **avoided recourse to social safety nets**, providing instead for various management tools, such as smart working, paid leave, online training days, and the so-called **solidarity holidays** voluntarily donated by all Group personnel to colleagues who have suffered a temporary reduction in their work activity due to the pandemic. The donation mechanism provided for in the agreement resulted in establishing a solidarity holidays fund, into which each employee was able to donate. In this way, the Group triggered a mechanism of solidarity among colleagues and "doubled" the number of days donated by employees. The agreement with the trade unions, which initially lasted 30 days, was later extended for

the entire year, consistent with the continuation of the emergency. In addition, the agreement signed on 6 August 2020 also provided for a "Covid Presence Award", **a bonus mechanism for all workers who worked in the field during the lockdown period**.

On 18 June 2020, the Group and the trade unions signed an agreement on the 2020 performance bonus as a fundamental tool for redistributing company profitability and one of the main levers for stimulating worker involvement and participation in the Group's performance and improvement.

Following the trade union agreement signed in 2019, Iren Group has promoted, and will continue to promote in 2020-2021, the right to voluntary early retirement (quota 100), in application of current legislation.

Given the objective criticalities caused by the pandemic, such as to determine also the impossibility of holding meetings in presence with the trade unions, 2020 highlighted that industrial relations and the related agreements signed had as central elements flexibility and digitalisation, which define and determine new forms of work organisation, which involve in the process of change also industrial relations.

Consolidated practices provide that, in the event of significant organisational changes (such as the establishment of new business units or changes to the organisation of work), Company Management informs the trade unions in order to seek shared solutions, where possible. Therefore, employees are notified of these changes through service orders or notifications issued and distributed via the Group Intranet and/or e-mail and posted to company notice boards. In regard to changes to working hours, the National Collective Labour Agreements require that Management inform the trade unions and convene a consultation meeting for the purposes of a joint review. The time frames for the conclusion of discussions on the topic may vary from 20 to 60 days, after which the parties can take the action they deem most appropriate. The contracts also cover transfers, providing for at least 30 days' notice in the event of an employee being transferred to another municipality, with the trade unions being informed with adequate notice in the event of collective transfers, which are usually followed by a meeting between the Group and the trade unions.

In 2020, the Group definitively lost three lawsuits concerning employees and former employees, to which the Group paid 48,971 Euro during the year.

OCCUPATIONAL HEALTH AND SAFETY

The Group considers the dedication of human, professional, organisational, technological and economic resources to occupational health and safety as an investment, as it believes it to be fundamentally important to protect workers and includes among its objectives not only compliance with the provisions laid down by the law, but also measures taken with a view to continuously improving working conditions.

A stringent conception of safety entails total engagement on the behalf of employees who, according to the activity performed and the respective skills and responsibilities, are required to play an active

role in prevention. As such, particular attention is given to providing training and information to employees and conducting continuous monitoring, including the analysis of individual accidents, near-misses, and planned supervisory surveys.

COVID-19 EMERGENCY SAFETY

The Group's safety policy was also embodied in the management of the Covid-19 emergency, which saw, as of 20 February 2020, the establishment of a **permanent Crisis Unit**, still operational in 2021, to deal with the situation in a coordinated and timely manner, ensuring continuity of core activities and the provision of public services and paying the utmost attention to the safety of all employees.

The approach adopted was systemic, with transversal initiatives extended to all and other specific initiatives, concerning the differences connected with the business and the various segments of the company population, evolving from the defensive reaction plan to the plan for the long-term growth and empowerment of all personnel, as well as the organisation.

In addition to the new and different working methods already described above, the **main measures taken to ensure the safety of workers** have been:

- "Manual for in-person activities – CV19 emergency management" and "Consolidated text of Group provisions", containing prevention and protection measures and practical guidance on how to behave in work environments;
- preparation of emergency plans and procedures for each Business Unit and establishment of Committees between Management, trade unions and Workers' Health and Safety Representatives;
- management and distribution to employees, through the Group's warehouses, of 1,300,000 items of personal protective equipment (masks, gloves, gels, goggles, overalls, footwear) worth over 2 million Euro;
- delivery of more than 27,000 protection kits (masks, sanitizer, gloves, wipes) to office personnel at the reception desks;
- sanitisation of workplaces and work vehicles;
- staggering and shifting of personnel called upon to operate in presence to reduce any possibility of infection;
- distancing of people in offices and common areas (through access management, signage, physical partitions, etc.);
- company car assigned to allow, where possible, the departure from home of employees on duty in attendance, without passing through the company premises;
- examination by the occupational health physician before returning to work for all positive cases;
- more than 350 monitoring visits to identify corrective and improvement actions and to verify employees' compliance with the defined rules of conduct;
- self-produced sanitiser to overcome the supply difficulties of the first phase of the emergency;
- a dedicated Intranet area and extensive and timely information on all devices available to personnel (PCs, smartphones, tablets), with news, e-mail, posters;
- signage and visual safety communication with signs at all locations;

- dedicated e-mail box available to all employees for doubts, reports and to facilitate the tracking of contacts with possible cases of infection. During the course of the year, the number of e-mails handled was approximately 11,000;
- the "Vengo in ufficio" app to report the return to the offices and plan the correct distances in the premises;
- online training also on safety issues;
- self-produced video clips on correct behaviour at work, broadcast on the company Intranet and TVs.

The multiple initiatives undertaken, which are still ongoing in 2021, have enabled the emergency to be addressed with resilience. Group releases (over 40), updating of the Consolidated Text of Group provisions, and constant, timely and widespread information to employees accompanied all phases of the emergency.

Iren, all top-tier Companies and the main investee companies have adopted BS OHSAS 18001 or ISO 45001 certified systems to ensure systematic monitoring of occupational health and safety aspects, covering 100% of the workforce employed in certified companies (approximately 98% of the Group's total workforce).

SAFETY MANAGEMENT

The Group's safety management system is supervised by a single Safety Service within the Parent Company, which guarantees the standardisation of risk assessment methods, the identification of organisational, procedural and technical measures, and the training needs of personnel in the field. Specific codified and systematic audit procedures allow for the monitoring and the continuous improvement of this system to be pursued.

Specific objectives are identified as part of the progressive computerisation of the Safety Management System (through the "G.AM.MA." app which guarantees uniformity of approach and the relative monitoring activities), when standardising the management of cross-departmental topics (including the issue of Group procedures regarding PPE, health checks, emergencies, accidents) and during the progressive integration of newly acquired Companies incorporated into Iren Group.

Each Group Company organises at least one annual meeting on corporate security (Article 35 of Italian Legislative Decree 81/2008), and, as a rule, one or two other meetings per year for discussion and updating attended by the Workers' Health and Safety Representatives (HSR). Surveys and specific meetings are also carried out at the request of the HSRs and/or workers. The HSRs are also invited to take part in the visits to the workplace with the occupational health physician (Article 25 of Italian Legislative Decree 81/2008) and are involved in audits of certified systems.

The reporting and management of accidents and near-misses takes place through hierarchical channels and subject to supervision by the prevention and protection service according to specific procedures regulating the process, which may be computerised and are accessible to all workers. A detailed analysis of the event is carried out, aimed at identifying the causes of unwanted events, and the necessary actions and skills to prevent them. A specific app (Safety App) on the company smartphones provided to all employees enables near-misses to be reported, promoting employee participation and facilitating the introduction of any corrective actions.

The safety system documentation (procedures, emergency plans, operating instructions, guidelines for safe working, etc.) establishes the cases and situations where workers are required to distance themselves from potentially hazardous or unexpected situations, and/or to avoid certain activities requiring specific training for which they are not qualified. With regard to the specific characteristics and needs of Group Companies, specific procedures are adopted to regulate particular situation and risks (works in confined spaces or in case of suspected pollution, external works in the case of weather alerts or employees operating alone, etc.).

The risk identification and assessment process is regulated by specific procedures and by software that guarantees a standardised approach. For each working activity, the risks and the appropriate prevention and protection measures, personal protective equipment (PPE) necessary to conduct said activities, proper conduct and any organisational measures or other requirements are identified and evaluated. Furthermore, workplaces are analysed to identify and evaluate the risks present, taking instrumental measurements where necessary. The assignment to each worker, directly or through groups (safety certifications) of the results of the assessments conducted on working activities and workplaces completes the risk profile of each individual worker, identifying the consequent general protection measures to be implemented such as the provision of necessary PPE, the need or otherwise for health checks, and the results of these, where applicable. This structured evaluation process is conducted and coordinated by the Prevention and Protection Service (PPS) of each Company, with the indispensable involvement of the operating units. The PPS also carries out periodic controls to check the correct implementation of the provisions.

For Group Companies with OHSAS 18001 or ISO 45001 certification, specific and periodic audits are also planned by certified external independent auditors with the aim of verifying the correct implementation of the occupational health and safety management system. The results of these audits are brought to the attention of the Management to enable the relative action to be taken.

There is a specific section dedicated to occupational health and safety in the Group's Industrial Relations Protocol and specific agreements have been signed that regulate special content (for example, business trips).

The focus on accidents is also demonstrated by the provision of specific objectives, provided within the MbO system, of containment or prevention, assigned to the managers of operational structures most exposed to these risks.

HEALTH CHECKS

Employee health checks are carried out on the basis of their assigned duties (around 6,500 medical examinations in 2020); these are organised centrally by the safety service while diagnostic checks are planned and conducted by a specialist external company.

Pursuant to current law, the medical examinations are carried out by external occupational health physicians, appointed by the employers of each Group company. A specific Group procedure, issued at the beginning of 2020, defines the shared approach, including the standardisation of health protocols. The correct planning and monitoring of health checks for all workers is guaranteed by the G.AM.MA. app, where data is uploaded which includes workers' risk

profiles according to the possible professional exposure level specified in the risk assessment documents, the obligatory nature of the health checks, the date of any assessments, the fit-to-work certificate and any provisions/limitations. To respect personal privacy, information contained on the G.AM.MA. app is made available to employees, executives, senior executives, medical professionals and the PPS only when relevant.

The G.AM.MA. app is certified (following DT 63 Certissoftware, requirements for attesting the conformity of software for the implementation and maintenance of standards of business management systems) to manage the requirements of the BS OHSAS 18001 and UNI 45001 standards.

Healthcare initiatives and programmes and those relating to the general prevention plan are defined at contractual level and through the corporate welfare system.

With regards to occupational ill-health, the risk assessment document (RAD) is constantly updated and requires a very low level of professional risk in order to vastly reduce the likelihood of illness. This probability is minimal both upstream and downstream of the control chain implemented by the Group. Upstream, the results of the risk assessment documents of Group Companies are drawn up in collaboration with the RSPP and the occupational health physicians and meetings are called to discuss the outcome of the various surveys of working environments, during which, where necessary, any critical situations may be reported by the competent parties within their area of expertise, providing indications or suggestions aimed at improving working conditions. Downstream, the occupational health physicians identify the residual risks and draw up a health check protocol shared at Group level, which aims to protect the mental and physical health of workers and to identify any potentially or effectively hypersensitive persons, correlating the working risk with specific diagnostic checks and enable the correct identification of any personal limitations or provisions. The occupational health physician is however required by law to report any suspected occupational ill-health to the competent bodies.

In 2020, three cases of occupational illness were recognized as such by INAIL.

No specific initiatives or programmes limited to serious illness are planned, however, numerous initiatives and programmes concerning welfare and general prevention are planned, both at the level of the collective labour agreements and through specific company agreements.

The actions extend to all Group Companies supervised by the Safety Service department; any company not falling into this category, such as newly acquired companies, will be gradually integrated into the safety management system, always and in any case in compliance with the law.

MAIN INDICATORS OF HEALTH AND SAFETY

Accidents and frequency index ⁽¹⁾	u.m.	2020
Total number of accidents	no.	334
of which with serious consequences – non-fatal ⁽²⁾	no.	0
of which with serious consequences – fatal	no.	2
Hours worked	no.	13,395,088
Frequency index (total number of accidents/hours worked x 1,000,000)		24.93
Days of absence due to accident	no.	11,033
Severity index ⁽³⁾ (days of absence due to accidents/hours worked x 1,000)		0.82
Average duration of absence for accidents ⁽³⁾	days	33.03
<small>(days of absence due to accidents/total no. accidents)</small>		

⁽¹⁾ Accidents during travel and those not recognised by INAIL are excluded.

⁽²⁾ Injuries lasting longer than 6 months.

⁽³⁾ The severity index and average duration of absence for accidents do not reflect, in terms of days of absence, fatal accidents occurring to two employees.

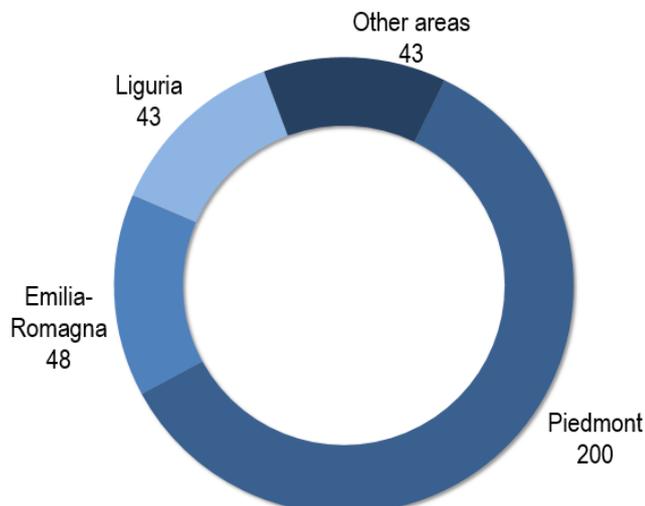
Near-misses ⁽¹⁾ by region and gender (no.)	2020
Piedmont	47
Emilia-Romagna	16
Liguria	20
Other areas	9
TOTAL	92
Women	19
Men	73
TOTAL	92

⁽¹⁾ Near-misses pursuant to standard ISO 45001:2018.

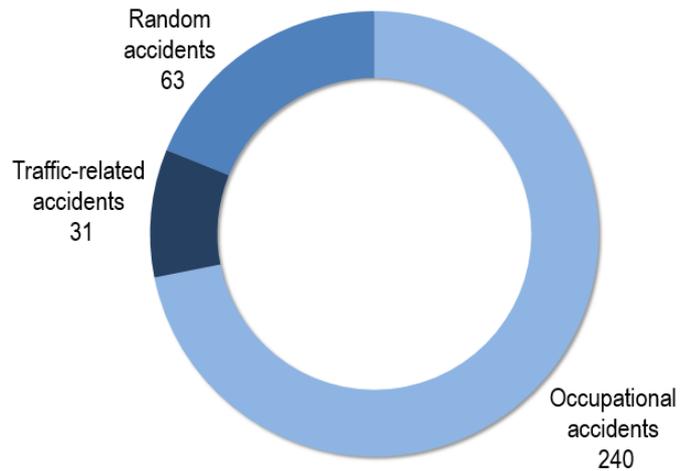
The accident trend in 2020 shows a reversal from the previous year. In fact, there was a significant reduction in the accident indexes, both the frequency index, at 24.93 (30.53 in 2019), and the severity index, at 0.82 (0.98 in 2019). Conversely, the average duration of absence for accidents, 33.03 days, remains almost constant (32.05 days in 2019). Two fatal accidents occurred in 2020.

The “Iren people: the numbers” section shows the breakdown of the accident indexes for the last three years.

ACCIDENTS BY GEOGRAPHICAL AREA (no.)



ACCIDENTS BY TYPE (no.)



HEALTH AND SAFETY TRAINING

The main objectives of the Group’s training activities include the improvement of conduct and the consolidation of a culture characterised by health and safety at all operational levels. Among the training initiatives aimed at employees, in fact, those in occupational health and safety continue to play a prominent role, which, in 2020, recorded almost 36,000 hours of training provided, with an average per capita of 4.3 hours.

In relation to the health emergency, which excluded training in attendance for most of the year with a resumption only in the second half of the year with constraints on the number of classes, priority was given to refresher courses whose deadlines were not suspended, those for which it was possible to provide them in a virtual classroom or asynchronously, as well as those aimed at new entries and/or the inclusion of personnel in tasks and/or new risks present in the risk assessment document. The main initiatives were:

- **basic training and updates** for executives, managers and workers, for emergency and first aid officers, on specific risks (confined environments, electrical environment, asbestos, isolated work, biological risk from legionella), on the use of personal protective equipment (work at height, respiratory system, hearing, confined environments, electrical and chemical-biological risk, etc.);
- **qualification and refresher courses for safety officers** (RSP/ASPP, HSR, site safety coordinators, fire prevention officers, HSE trainers, executives and staff responsible for asbestos removal, disposal and remediation);
- **training and refresher courses on the use of equipment** (forklifts, earth-moving machinery, lifting platforms, cranes, tractors, etc.);
- **equipment training** (cranes, mobile generators, portable ladders, trolleys for the transport of goods and people and/or lifts/cable cars, waste collection machinery and compactors, environmental health equipment, manholes);
- **specific internal procedures** (production of advanced works plans covering electricity risk, management of work permits, emergency management, etc.).

The Training Portal is integrated with the “G.AM.MA.” app for security management, in order to allow for training needs to be constantly updated in relation to the risks to employees and the security

responsibilities assigned to them, as well as to monitor the expiry dates of the relative updates. In the second half of 2020, the logical interface relationships between the Training Portal and the G.AM.MA. app were reviewed to systematise the collection of training needs in safety and the projections of updating needs in the different years.

This method will make it possible to plan initiatives more accurately and over a longer period.

The effectiveness of the safety training is assessed through tests or, as provided for by law, practical assessments.

IREN PEOPLE: THE NUMBERS

Personnel at 31/12 by position, contract type and geographical area	2020		2019		2018	
Position						
Executives	92	1.1%	94	1.2%	93	1.3%
Junior managers	305	3.6%	314	3.9%	296	4.2%
White-collar workers	3,618	42.7%	3,495	43.1%	3,304	46.9%
Blue-collar workers	4,450	52.6%	4,199	51.8%	3,349	47.6%
Contract						
Employees with permanent contracts	7,760	91.7%	7,514	92.7%	6,729	95.6%
Employees with fixed-term contracts	95	1.1%	84	1.1%	50	0.7%
Apprenticeship/in-house training contract	610	7.2%	504	6.2%	263	3.7%
Geographical area						
Province of Turin	3,145	37.2%	3,137	38.7%	2,812	39.9%
Province of Vercelli	242	2.9%	239	2.9%	229	3.3%
Province of Genoa	1,066	12.6%	1,040	12.8%	1,012	14.4%
Province of Reggio Emilia	992	11.7%	902	11.1%	847	12.0%
Province of Parma	726	8.6%	715	8.8%	691	9.8%
Province of Piacenza	553	6.5%	555	6.9%	540	7.7%
Province of La Spezia	720	8.5%	721	8.9%	709	10.0%
Other provinces	1,021	12.0%	793	9.9%	202	2.9%
TOTAL	8,465	100%	8,102	100%	7,042	100%

Average personnel by Business Unit	2020		2019		2018	
Holding	1,058	13%	1,047	13%	1,048	15%
Energy B.U.	874	11%	855	11%	815	12%
Market B.U.	513	6%	505	6%	478	7%
Networks B.U.	2,161	26%	2,136	27%	2,098	30%
Environment B.U.	3,659	44%	3,447	43%	2,482	36%
OVERALL AVERAGE	8,265	100%	7,990	100%	6,921	100%

Personnel at 31/12 by position and gender	2020			2019			2018		
	Total	Women		Total	Women		Total	Women	
Executives	92	18	19.6%	94	17	18.1%	93	17	18.3%
Junior managers	305	71	23.3%	314	76	24.2%	296	70	23.6%
White-collar workers	3,618	1,343	37.1%	3,495	1,261	36.1%	3,304	1,148	34.7%
Blue-collar workers	4,450	657	14.8%	4,199	586	14.0%	3,349	572	17.1%
TOTAL	8,465	2,089	24.7%	8,102	1,940	23.9%	7,042	1,807	25.7%

Average personnel age by position (years)	2020	2019	2018
Executives	53	54	54
Junior managers	52	52	52
White-collar workers	48	49	49
Blue-collar workers	48	48	49
OVERALL AVERAGE	48	49	49

Personnel by qualification (%)	2020	2019	2018
Compulsory education	38	38	33
Professional institutions	9	9	11
Diploma	36	37	40
Degree	17	16	16
TOTAL	100	100	100

Average Company service of departing staff by age and gender (years)	2020	2019	2018
Age			
under 30 years old	1	1	1
from 30 to 50 years old	5	3	8
over 50 years	22	22	30
Gender			
Men	15	14	27
Women	16	17	23
OVERALL AVERAGE	15	14	26

Personnel turnover by gender, province and age ⁽¹⁾	2020	2019	2018
Gender			
Men	6.7%	7.7%	7.0%
Women	1.9%	2.0%	3.9%
Province			
Province of Turin	4.4%	4.3%	6.2%
Province of Vercelli	5.0%	5.4%	7.9%
Province of Genoa	3.1%	3.3%	5.3%
Province of Reggio Emilia	4.4%	5.3%	7.9%
Province of Parma	3.9%	3.8%	8.0%
Province of Piacenza	3.3%	2.2%	5.6%
Province of La Spezia	3.6%	4.2%	2.5%
Other provinces	16.6%	27.0%	10.9%
Age			
Under 30 years old	8.7%	8.8%	5.0%
From 30 to 50 years old	3.4%	4.7%	1.6%
Over 50 years	6.5%	7.2%	9.6%
TOTAL	5.5%	6.3%	6.2%

⁽¹⁾ Turnover was calculated as ratio of outbound employees on total employees at 31/12.

Ratio of basic average salary by gender and position (%)	2020	2019	2018
	% Men/Women		
Executives	89.3	89.3	86.2
Junior managers	98.3	98.3	97.1
White-collar workers	91.4	91.1	91.1
Blue-collar workers	94.7	96.7	93.5

Staff hired by gender, province and position (no.)	2020	2019	2018
Gender			
Men	515	633	244
Women	97	112	69
Province			
Province of Turin	197	242	149
Province of Vercelli	14	14	19
Province of Genoa	55	64	39
Province of Reggio Emilia	62	93	40
Province of Parma	41	55	25
Province of Piacenza	15	27	30
Province of La Spezia	23	27	6
Other provinces	205	223	5
Position			
Executives	5	4	2
Junior managers	9	16	22
White-collar workers	178	229	129
Blue-collar workers	420	496	160
TOTAL	612	745	313

Ratio of basic average salary by gender and geographical area (%)	2020			
	% Men/Women			
	Executives	Junior managers	White collars	Blue collars
Piedmont	99.2	98.0	91.6	99.4
Emilia-Romagna ⁽¹⁾	87.4	102.9	95.1	77.0
Liguria	79.4	99.6	89.4	94.9
Other areas ⁽¹⁾	n.a.	81.3	76.1	77.1

⁽¹⁾ The data for the "blue collar" position has changed compared to 2019: with the acquisition of I.Blu, new female resources were hired in the Emilia area and Other areas with a separate National Collective Labour Agreement of the women workers of the companies in the Group's historical perimeter.

Accidents and accident indexes ⁽¹⁾	u.m.	2020	2019	2018
Total number of accidents	no.	334	401	310
of which accidents with serious consequences – non-fatal ⁽²⁾	no.	0	0	N/A
of which accidents with serious consequences – fatal	no.	2	0	0
Accidents by type	no.	334	401	310
of which work-related	no.	240	312	216
of which traffic-related	no.	31	33	28
of which random	no.	63	56	66
Frequency index (total number of accidents/hours worked x 1,000,000)	-	24.93	30.53	27.68
Frequency index for accidents with serious consequences – non-fatal (no. of accidents with serious non-fatal consequences/hours worked x 1,000,000)	-	-	-	N/A
Frequency index for accidents with serious consequences – fatal (no. of accidents with serious fatal consequences/hours worked x 1,000,000)	-	0.15	-	-
Days of absence due to accident	days	11,033	12,851	10,660
Severity index ⁽³⁾ (days of absence due to accidents/hours worked x 1,000)	-	0.82	0.98	0.95
Incidence index ⁽⁴⁾ (total no. accidents/total no. employees x 1,000)	-	40.41	50.19	44.79
Average duration of absence for accidents ⁽³⁾ (days of absence due to accidents/total no. accidents)	days	33.03	32.05	34.39
Treatments	no.	24	N/A	N/A
Accidents during travel	no.	38	60	57
of which non-fatal	no.	38	59	57
of which fatal	no.	-	1	-

⁽¹⁾ Accidents during travel and those not recognised by INAIL are excluded from the accident indexes calculation.

⁽²⁾ Injuries lasting longer than 6 months.

⁽³⁾ The severity index and average duration of absence for accidents do not reflect, in terms of days of absence, fatal accidents occurring to two employees.

⁽⁴⁾ The incidence index is calculated considering the average number of employees.

Accidents by gender (no.)	2020	2019	2018
Men	255	308	224
Women	79	93	86
TOTAL	334	401	310

Compliance



NOTE ON METHODOLOGY

The Iren S.p.A. 2020 Sustainability Report, referring to the period 1 January – 31 December 2020, also constitutes a Consolidated Non-Financial Statement (NFS), pursuant to Italian Legislative Decree 254/2016.

The document was prepared, under the coordination of the Corporate Social Responsibility and Local Committees Department, in accordance with the Global Reporting Initiative (GRI) Standard: Comprehensive Option and the Electric Utilities Supplement – G4 Sector Disclosure. This Report adopts, one year in advance, Standard 306 “Waste” published in 2020.

The Sustainability Report also contains the indicators needed to report on the projects financed by the Green Bonds issued by the Iren Group (see page 66).

The document provides extensive information on the management of the Covid-19 crisis and the resulting impacts, in relation to Consob’s Call for Attention (no. 1 of 16/2/2021). The relevant information is highlighted with dotted lines to the side.

The data are reported through the “Sustainability Report – NFS” application, which facilitates the tracking, verification and approval of all required data.

The Sustainability Report/NFS is prepared annually by Iren Group under the coordination of the Corporate Social Responsibility and Local Committees Department (the 2019 Report was published in April 2020) and approved by the Board of Directors together with the draft of the Statutory Financial Statements and the Consolidated Financial Statements.

The Sustainability Report/NFS 2020 was approved by the Board of Directors, along with the draft of the Consolidated Financial Statements, on 25 March 2020, assessing its completeness and consistency with the topics identified in the materiality matrix.

The document was audited by the appointed auditor PricewaterhouseCoopers S.p.A. pursuant to Italian Legislative Decree 254/2016 based on the principles and indications contained in ISAE3000 (International Standard on Assurance Engagements 3000 – Revised) of the International Auditing and Assurance Standards Board (IAASB).

PricewaterhouseCoopers S.p.A. is also the company appointed to perform the legal audit of Iren’s Consolidated Financial Statements.

UNITED NATIONS GLOBAL COMPACT: COMMUNICATION ON PROGRESS

Since 2020, Iren has been a member of the United Nations Global Compact (UNGC), recognizing consistency between the ten principles supported by the United Nations with the “Global Compact”, the UN Sustainable Development Goals, the Group’s values and strategies. In view of the commitments entered in joining the UNGC, Iren Group’s Sustainability Report represents Communication on Progress to report to all stakeholders on the activities undertaken and

the results achieved in implementing the 10 principles of the Global Compact.



COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

THE 10 PRINCIPLES OF THE GLOBAL COMPACT

HUMAN RIGHTS 			
1. RESPECT and support the protection of internationally proclaimed human rights	2. ENSURE not to be complicit in human rights abuses		
LABOUR 			
3. UPHOLD the freedom of association and the effective recognition of the right to collective bargaining	4. ELIMINATE all forms of forced and compulsory labour	5. ABOLISH effectively child labour	6. ELIMINATE all forms of discrimination in respect of employment and occupation
ENVIRONMENT 			ANTI-CORRUPTION 
7. SUPPORT a precautionary approach to environmental challenges	8. UNDERTAKE initiatives to promote greater environmental responsibility	9. ENCOURAGE the development and diffusion of environmentally friendly technologies	10. WORK AGAINST corruption in all its forms, including extortion and bribery

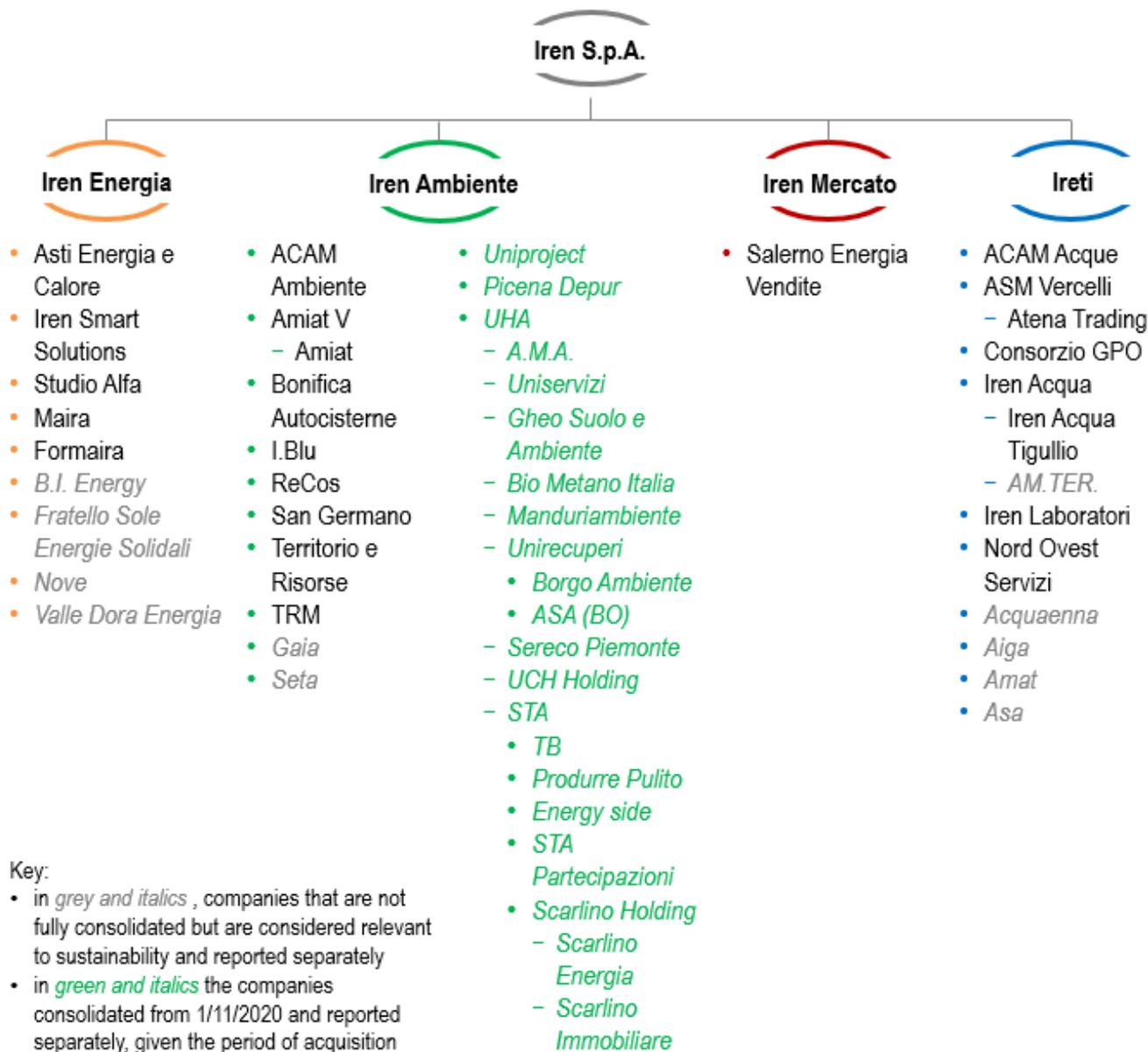
The compliance schedule (see page 148) shows the link between the GRI standards and the 10 Principles of the United Nations Global Compact and the 17 Goals of the UN 2030 Agenda (SDGs), allowing for an integrated reading of the information provided in this Report.

REPORTING BOUNDARY

The scope of reporting for the preparation of the Sustainability Report/NFS is indicated in the table below and takes into consideration:

- all of the fully consolidated companies of the Iren Group, with the exception of those in liquidation as at 31/12/2020, inactive, sold or destined to be transferred;
- the companies acquired by the Unieco Environment Division (shown in green italics in the table below) for which it was decided to adopt the prevailing policy, represented in Assonime Circular no. 13 of 12 June 2017, of starting to consolidate non-financial information from 1/1/2021, providing a separate section in this document with a summary qualitative and quantitative description of these companies (see page 148);
- the qualitative and quantitative information for certain companies not fully consolidated (indicated in grey italics in the table below) are given separately in the “Companies Outside the Reporting Boundary” section (see page 23). They are considered significant due to the equity interest held, the business managed and governance.

The following sociogram shows the reporting boundary adopted in this document.



Compared to 2019, changes to the reporting boundary concern:

- the **admission** into the Group's scope of consolidation of the companies Asti Energia e Calore and Nord Ovest Servizi (consolidated from 1 July 2020), I.Blu (consolidated from 1 August 2020), Uniproject, Picena Depur, UHA and its 18 subsidiaries, reported in the previous organisational chart, (consolidated from 1 November 2020);
- the **merger by incorporation** of CMT and Ferrania Ecologia into Iren Ambiente (effective 1 January and 1 April 2020 respectively), of Coin Consultech into Studio Alfa (effective 1 October 2020), of Spezia Energy Trading into Iren Mercato (effective 1 January 2020) and of Busseto Servizi into Ireti (effective 1 January 2020);
- the **divestment** of Olf Offshore LNG Toscana from 26 February 2020;

- the **inclusion among the unconsolidated** and separately reported **companies**, for significance for sustainability purposes, of the investee company Nove acquired as of 1 May 2020.

Any limitations regarding the boundary of the Sustainability Report/NFS are duly indicated, as well as any restatements of the data related to the previous two-year period. It should be noted that, generally, the data referring to certain companies reported in this document for 2020 refer to the consolidation period of these companies by Iren Group, and in particular:

- Asti Energia e Calore and Nord Ovest Servizi from 1 July to 31 December 2020;
- I.Blu from 1 August to 31 December 2020.

In order to guarantee the reliability of the information provided, the Report includes directly measurable quantities, thus limiting the use of estimates as much as possible. Estimated quantities are indicated as such. The calculations are based on the best information available or on sample surveys.

GRI INDEX – LINK WITH ITALIAN LEGISLATIVE DECREE 254/2016, SDGs AND PRINCIPLES OF THE UN GLOBAL COMPACT (UNGC)

Reference notes:

- in the column “Italian L. D. 254/16” are the GRI standard indicators that provide information related to the provisions of the Italian regulations on non-financial reporting;
- the “UNGC” column shows the link with the 10 principles of the United Nations Global Compact. The dark-background number indicates the UNGC principle (see page 146) directly related to the specific indicator; the number on a light background indicates the indirectly related principle;
- the “SDGs” column shows how the disclosures in the GRI Standards relate to the 17 Sustainable Development Goals of the 2030 Agenda, whose number is given, according to the framework developed by GRI in the document “Linking the SDGs and the GRI Standards”.

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes
102 – General disclosure (2016 standard)				
Organisational profile				
102-1	Name of the organisation	•		Cover, 146
102-2	Activities, brands, products and services	•		14, 20-25
102-3	Location of headquarters	•		Back cover
102-4	Locations of operations	•		16
102-5	Ownership and legal form	•		14, 36
102-6	Markets served	•		16, 20-25, 101-108
102-7	Scale of the organisation	•		13, 20-22, 60, 83-86, 101, 127, 143-144, Consolidated Financial Statements
102-8	Information on employees and other workers	•	6	8, 10
102-9	Supply chain	•		119-124
102-10	Significant changes to the organisation and its supply chain	•		17-19, 36-37, 147
102-11	Precautionary principle or approach (Risk Management)	•	3 7	44-50
102-12	External initiatives	•		55-56, 94
102-13	Membership of associations	•		117-118
Strategy				
102-14	Letter to the stakeholders	•		4-5
102-15	Key impacts, risks and opportunities	•		31-34, 45-50, 74-80
Ethics and Integrity				
102-16	Values, principles, standards and norms of behavior	•	10	16
102-17	Mechanisms for advice and concerns about ethics	•	10	16
Governance				
102-18	Governance structure	•		Report on Corporate Governance
102-19	Delegation process for economic, environmental and social issues	•		37-43
102-20	Delegation process for economic, environmental and social issues	•		38
102-21	Executive-level responsibility for economic, environmental, and social topics	•		38
102-22	Consulting stakeholders on economic, environmental and social topics	•		16
102-23	Composition of the highest governance body and its committees	•		5, 16
102-24	Chairperson of the highest governance body	•		16
102-25	Nominating and selecting the highest governance body	•		5, 16
102-26	Conflicts of interest	•		16
102-27	Role of highest governance body in setting purpose, values, and strategy	•		38, 42
102-28	Role of highest governance body in setting purpose, values, and strategy	•		14-15, 28-34, 36
102-29	Collective knowledge of highest governance body	•		38
102-30	Evaluating the highest governance body's performance	•		38
102-31	Identifying and managing economic, environmental, and social impacts	•		16
102-32	Effectiveness of risk management processes	•		8-11, 36, 37, 44-50, 56-58
102-33	Review of economic, environmental, and social topics	•		41, 44-50
102-34	Highest governance body's role in sustainability reporting	•		8-11, 36, 41, 45-50
102-35	Communicating critical concerns	•		8, 36, 146
102-36	Nature and total number of critical concerns	•		38, 44
102-37	Remuneration policies	•		51
102-38	Process for determining remuneration	•		40-41

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes
102-37	Stakeholders' involvement in remuneration		16	40
102-38	Annual total compensation ratio			129
102-39	Percentage increase in annual total compensation ratio			129
Stakeholder engagement				
102-40	List of stakeholder groups	•		8, 56-58
102-41	Collective bargaining agreements	•	③ ⑥	8
102-42	Identifying and selecting stakeholders			8, 56
102-43	Approach to stakeholder engagement	•		8, 55-58, 117-119
102-44	Key topics and concerns raised			8-11, 57-58
Reporting practices				
102-45	Entities included in the Consolidated Financial Statements	•		147
102-46	Defining Report content and topic boundaries	•		8-11
102-47	List of material topics	•		9-11
102-48	Restatement of information	•		74, 75, 97
102-49	Changes in reporting			8-9
102-50	Reporting period	•		146
102-51	Date of most recent Report			146
102-52	Reporting cycle	•		146
102-53	Contact point for questions about Sustainability Report			159
102-54	Claims of reporting in accordance with the GRI Standards	•		146
102-55	GRI content index	•		148-152
102-56	External assurance	•		146, 154
103 – Management approach (2016 standard)				
103-1	Explanation of material topic and its Boundary	•		8-11
103-2	The management approach and its components	•	① ⑧	(see the topics shown in italics)
103-3	Evaluation of the management approach	•		(see the topics shown in italics)
	<i>Economic and value development for local areas</i>			11, 29-30, 31, 60-64, 80, 123-124
	<i>Competitiveness on the market</i>			11, 29-30, 31, 98-100
	<i>Innovation and smart cities</i>	•		11, 32, 68-70
	<i>Energy efficiency, renewable sources and district heating</i>	•		9, 22, 32, 74, 87-89, 105, 108
	<i>Sustainable use of water resources</i>	•		9, 31, 75, 81-82, 83-84
	<i>Biodiversity</i>	•		10, 90-92
	<i>Emissions</i>	•		9, 32, 77-79, 80-82
	<i>Circular economy: management, sorted waste collection and reuse of waste</i>	•		10, 32, 76-77, 84-86
	<i>Responsible management of business segments</i>	•		11, 32, 79-80, 80-82, 88-89, 105-107, 115-116
	<i>Sustainable management of the supply chain</i>	•		11, 34, 119-124
	<i>Employment, development of human resources and welfare</i>	•		10, 34, 123, 126-134, 136-138, 143-144
	<i>Industrial relations</i>	•		10, 34, 138-139
	<i>Occupational health and safety</i>	•		10, 34, 123, 139-143
	<i>Diversity and inclusion</i>	•		10, 34, 134-135
	<i>Human rights</i>	•		10, 52-53, 120-122, 130-131
	<i>Development of local communities</i>	•		10, 33, 108-114, 115-117
	<i>Environmental education</i>	•		10, 34, 114-115
	<i>Internal and external communication</i>	•		10, 33, 96-98, 119, 133-134
	<i>Service levels, customer focus and changes in customer expectations</i>	•		10, 33, 94-108, 115-117
	<i>Efficient and reliable services</i>	•		10, 32, 60-61, 79-80, 81, 83-89, 101-108
	<i>Management of emergencies</i>	•		10, 117
	<i>Dialogue with Public Authorities</i>	•		11, 33, 117-119
	<i>Ethics, fight against corruption and legal compliance</i>	•		11, 51-52, 55, 64, 65, 92, 100, 124, 139
Specific standards – Economic area				
201 – Economic performance (2016 standard)				
201-1	Direct economic value generated and distributed		⑦ ⑧	8, 9
201-2	Financial implications and other risks and opportunities due to climate change		⑦ ⑧	13
201-3	Defined benefit plan obligations and other retirement plans		⑦ ⑧	128, Consolidated Financial Statements
201-4	Financial assistance received from Government		⑦ ⑧	63

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes	
202 – Market presence (2016 standard)					
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	⑥	1, 5, 8	129	
202-2	Proportion of senior management hired from the local community	⑥	8	61, 127	
203 – Indirect Economic impacts (2016 standard)					
203-1	Infrastructure investments and services supported		5, 9, 11	60, 80, 114	
203-2	Significant indirect economic impacts		1, 3, 8	61, 68-70	
204 – Procurement practices (2016 standard)					
204-1	Proportion of spending on local suppliers		8	123-124	
205 – Anti-Corruption (2016 standard)					
205-1	Operations assessed for risks related to corruption	•	⑩ ⑩	16	51-52
205-2	Communication and training about anti-corruption policies and procedures	•	⑩ ⑩	16	50-52
205-3	Confirmed incidents of corruption and actions taken	•	⑩ ⑩	16	52
206 – Anticompetitive behaviours (2016 standard)					
206-1	Legal actions for anticompetitive behavior, anti-trust, and monopoly practices		16	100	
207 – Taxes (2019 standard)					
207-1	Approach to tax		10, 17	62-64	
207-2	Tax governance, control and risk management		10, 17	62-64	
207-3	Stakeholder engagement and management of concerns related to tax		10, 17	62-64	
207-4	Country-by-country reporting		10, 17	Single jurisdiction: Italy For items i, ii, iii, information in this Report. For items iv and vi to x, information in the Consolidated Financial Statements.	
Specific standards – Environmental area					
301 – Materials (2016 standard)					
301-1	Materials used by weight or volume	•	⑦ ⑧ ⑨	6, 8, 12	80, 105
301-2	Recycled input materials used	•	⑦ ⑧ ⑨	8, 12	Not applicable due to the characteristics of the materials used
301-3	Reclaimed products and their packaging materials	•	⑦ ⑧ ⑨	8, 12	Not applicable in relation to Group activities
302 – Energy (2016 standard)					
302-1	Energy consumption within the organisation	•	⑦ ⑧ ⑨	7, 8, 12, 13	74, 82
302-2	Energy consumption outside of the organisation	•	⑦ ⑧ ⑨	7, 8, 12, 13	82-83
302-3	Energy intensity	•	⑦ ⑧ ⑨	7, 8, 12, 13	Ratio between direct energy consumption and energy produced (TOE/MWh): 0.135
302-4	Reduction of energy consumption	•	⑦ ⑧ ⑨	7, 8, 12, 13	32, 79-80, 87-89
302-5	Reductions in energy requirements of products and services	•	⑦ ⑧ ⑨	7, 8, 12, 13	88-89
303 – Water and effluents (2018 standard)					
303-1	Interactions with water as a shared resource		⑦ ⑧ ⑨	6, 12	75, 83
303-2	Management of water discharge related impacts	•	⑦ ⑧ ⑨	6	75, 83-84
303-3	Water withdrawal	•	⑦ ⑧ ⑨	6	75, 83 According to the World Resources Institute's 'Aqueduct Water Risk Atlas' analysis, withdrawals, discharges and consumption did not take place in water-stressed areas
303-4	Water discharge	•	⑦ ⑧ ⑨	6	75, 83-84 According to the World Resources Institute's 'Aqueduct Water Risk Atlas' analysis, withdrawals, discharges and consumption did not take place in water-stressed areas
303-5	Water consumption	•	⑦ ⑧ ⑨	6	75 According to the World Resources Institute's 'Aqueduct Water Risk Atlas' analysis, withdrawals, discharges and consumption did not take place in water-stressed areas
304 – Biodiversity (2016 standard)					
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	•	⑦ ⑧	6, 14, 15	90-92
304-2	Significant impacts of activities, products, and services on biodiversity	•	⑦ ⑧	6, 14, 15	90-92
304-3	Habitats protected or restored	•	⑦ ⑧	6, 14, 15	90-92

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes
304-4 IUCN Red List species and national conservation lists species with habitats in areas affected by operations	•	⑦ ⑧	6, 14, 15	91-92
305 – Emissions (2016 standard)				
305-1 Direct GHG emissions (Scope 1)	•	⑦ ⑧ ⑨	3, 12, 13, 14, 15	77, 82
305-2 Energy direct GHG emissions (Scope 2)	•	⑦ ⑧ ⑨	3, 12, 13, 14, 15	77-78
305-3 Other indirect GHG emissions (Scope 3)	•	⑦ ⑧ ⑨	3, 12, 13, 14, 15	77-78
305-4 GHG emissions intensity	•	⑦ ⑧ ⑨	13, 14, 15	Ratio of Scope 1 + Scope 2 emissions to energy produced (tCO ₂ /MWh): 0.37
305-5 Reduction of GHG emissions	•	⑦ ⑧ ⑨	13, 14, 15	80-82
305-6 Emissions of ozone-depleting substances (ODS)	•	⑦ ⑧ ⑨	3, 12	79
305-7 Nitrogen oxides (NO _x), sulphur oxides (SO _x) and other significant air emissions	•	⑦ ⑧ ⑨	3, 12, 14, 15	79, 82
306 – Waste (2020 standard)				
306-1 Waste generation and significant waste-related impacts	•	⑦ ⑧	3, 6, 11, 12	76, 84-86
306-2 Management of significant waste-related impacts	•	⑦ ⑧	3, 6, 11, 12	76
306-3 Waste generated	•	⑦ ⑧	3, 11, 12	76
306-4 Waste diverted from disposal	•	⑦ ⑧	3, 11, 12	76, 84, 86
306-5 Waste directed to disposal	•	⑦ ⑧	3, 11, 12	77, 86
307 – Environmental compliance (2016 standard)				
307-1 Non-compliance with environmental laws and regulations	•	⑦ ⑧	16	92
308 – Supplier environmental assessment (2016 standard)				
308-1 New suppliers that were screened using environmental criteria	•	⑧		121-122
308-2 Negative environmental impacts in the supply chain and actions taken	•	⑧		120, 121-122
Specific standards – Social area				
401 – Employment (2016 standard)				
401-1 New employee hires and employee turnover	•	⑥	5, 8, 10	128, 144
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	•	⑥	3, 5, 8	129-130
401-3 Parental leave	•	⑥	5, 8	135
402 – Labor/Management relations (2016 standard)				
402-1 Minimum notice periods regarding operational changes	•	③	8	139
403 – Occupational health and safety (2018 standard)				
403-1 Occupational health and safety management system		③	8	123, 129-142
403-2 Hazard identification, risk assessment, and incident investigation		③	8	123, 129, 140-141
403-3 Occupational health services		③	8	123, 141
403-4 Worker participation, consultation, and communication on occupational health and safety	•	③	8, 16	123, 140
403-5 Worker training on occupational health and safety		③	8	123, 142
403-6 Promotion of worker health		③	3	123, 137, 138
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		③	8	Not applicable in relation to Group activities
403-8 Workers covered by an occupational health and safety management system		③	8	123, 140
403-9 Work-related injuries	•	③	3, 8, 16	123, 140-141, 142, 144
403-10 Work-related ill health	•	③	3, 8, 16	123, 141 Data pertaining to Group employees
404 – Training and education (2016 standard)				
404-1 Average hours of training per year per employee	•	⑥	4, 5, 8, 10	132-133
404-2 Upgrading employee skills and transition assistance programmes	•	⑥	8	126, 130-133
404-3 Percentage of employees receiving regular performance and career development reviews	•	⑥	5, 8, 10	129-131
405 – Diversity and equal opportunity (2016 standard)				
405-1 Diversity of governance bodies and employees	•	⑥	5, 8	39, 128, 135, 143-144
405-2 Ratio of basic salary and remuneration of women to men		⑥	5, 8, 10	135, 144 Data on remuneration is not available as it was partly paid in the following financial year
406 – Non-discrimination (2016 standard)				
406-1 Incidents of discrimination and corrective actions taken	•	⑥	5, 8	10, 52, 100, 120, 134-135
407 – Freedom of association and collective bargaining (2016 standard)				
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	•	① ③	8	122
408 – Child labor (2016 standard)				
408-1 Operations and suppliers at significant risk for incidents of child labor	•	① ⑤	8, 16	52-53, 120
409 – Forced or compulsory labor (2016 standard)				

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	•	① ④	8	52-53, 120
410 – Security practices (2016 standard)				
410-1 Security personnel trained in human rights policies or procedures	•	① ② ③ ④ ⑤ ⑥	16	Not applicable in relation to Group activities
411 – Rights of indigenous peoples (2016 standard)				
411-1 Incidents of violations involving rights of indigenous peoples	•	①	2	Not applicable given the location of the Group's activities
412 – Human rights assessment (2016 standard)				
412-1 Operations that have been subject to human rights reviews or impact assessments	•	① ② ④ ⑤ ⑥		52-53
412-2 Employee training on human rights policies or procedures	•	① ② ④ ⑤ ⑥		52-53
412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	•	① ② ④ ⑤ ⑥		52-53, 120, 122, 129
413 – Local communities (2016 standard)				
413-1 Operations with local community engagement, impact assessments, and development programmes	•	①		56-58, 108-116
413-2 Operations with significant actual and potential negative impacts on local communities	•	①	1, 2	115-116
414 – Supplier social assessment (2016 standard)				
414-1 New suppliers that were screened using social criteria	•	① ② ⑥	5, 8, 16	124
414-2 Negative social impacts in the supply chain and actions taken	•	① ② ⑥	5, 8, 16	120-122
415 – Public policy (2016 standard)				
415-1 Political contributions	•		16	119
416 – Customer health and safety (2016 standard)				
416-1 Assessment of health and safety impacts of product and service categories	•			95-96, 115-117
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	•		16	100, 115-116
417 – Marketing and labelling (2016 standard)				
417-1 Requirements for product and service information and labelling	•		12	Not applicable in relation to Group activities
417-2 Incidents of non-compliance concerning product and service information and labelling	•		16	100
417-3 Incidents of non-compliance concerning marketing communications	•		16	100
418 – Customer privacy (2016 standard)				
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	•		16	100
419 – Socio-economic compliance (2016 standard)				
419-1 Non-compliance with laws and regulations in social and economic area	•	⑩ ⑩	16	64-65, 116, 124, 139
Electric Utilities Supplement				
EU-1 Installed capacity	•			20
EU-2 Net energy output	•			20, 87-89
EU-3 Number of customers	•			20-21, 101
EU-4 Length of transmission and distribution networks	•			20, 21, 102
EU-5 Compliance with the Kyoto Protocol	•			Level of compliance: 4.2%
EU-10 Planned capacity	•			60
EU-11 Average output of heat production plants	•			Cogeneration, boilers and thermoelectric plants: 64.2%; waste-to-energy plants: 73.2%
EU-12 Transmission and distribution losses as a percentage of total energy	•			102
EU-13 Habitats restored (offsetting)	•			91
EU-15 Percentage of employees eligible to retire in the next 5 to 10 years	•			128
EU-17 Hours worked by contractor and subcontractor employees	•			122
EU-18 Health and safety training programmes carried out for contractor and subcontractor employees	•			123
EU-22 Number of people physically or economically displaced and compensation	•			116
EU-25 Number of injuries and fatalities to the public involving Company assets	•			116
EU-26 Percentage of population not served in the electricity distribution area	•			The Group serves the entire population of the local areas in which it manages the service
EU-27 Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime	•			102
EU-28 Power outages: average number of interruptions per LV customer (N1)	•			102
EU-29 Power outages: cumulative downtime (D1)	•			102
EU-30 Average plant availability factor	•			Cogeneration plants: 54.6% Waste-to-energy plants: 90.5%

RECONCILIATION BETWEEN PRIORITY TOPICS AND GRI STANDARDS

Priority topics	Indicators
Economic development and value for local areas	102-15; 103-1; 103-2; 103-3; 201-1; 201-2; 201-4; 202-2; 203-1; 203-2; 204-1; 207-1; 207-2; 207-3; 207-4
Competitiveness on the market	102-15; 103-1; 103-2; 103-3; 203-1; 206-1
Innovation and smart cities	103-1; 103-2; 103-3; 203-2
Energy efficiency, renewable sources and district heating	102-15; 103-1; 103-2; 103-3; 302-1; 302-2; 302-3; 302-4; 302-5
Sustainable use of water resources	102-15; 103-1; 103-2; 103-3; 303-1; 303-2; 303-3; 303-4; 303-5
Circular economy: management, sorted waste collection and reuse of waste	102-15; 103-1; 103-2; 103-3; 306-1; 306-2; 306-3; 306-4; 306-5
Emissions	102-15; 103-1; 103-2; 103-3; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 305-7
Biodiversity	103-1; 103-2; 103-3; 304-1; 304-2; 304-3; 304-4
Responsible management of business segments	102-15; 103-1; 103-2; 103-3; 301-1; 306-3
Sustainable management of the supply chain	102-15; 103-1; 103-2; 103-3; 204-1; 308-1; 308-2; 403-1; 403-2; 403-5; 403-6; 403-8; 403-9; 403-10; 407-1; 408-1; 409-1; 412-3; 414-1; 414-2
Employment, development of human resources and welfare	102-15; 103-1; 103-2; 103-3; 201-3; 202-1; 202-2; 401-1; 401-2; 404-1; 404-2; 404-3; 406-1; 412-2
Industrial relations	102-15; 103-1; 103-2; 103-3; 402-1; 403-4
Occupational health and safety	102-15; 103-1; 103-2; 103-3; 403-1; 403-2; 403-3; 403-4; 403-5; 403-6; 403-8; 403-9; 403-10
Diversity and inclusion	102-15; 103-1; 103-2; 103-3; 202-1; 401-1; 401-3; 404-1; 404-3; 405-1; 405-2; 406-1; 412-2
Human rights	103-1; 103-2; 103-3; 412-1
Development of local communities	102-15; 103-1; 103-2; 103-3; 203-1; 413-1; 413-2
Environmental education	102-15; 103-1; 103-2; 103-3
Internal and external communication	103-1; 103-2; 103-3
Service levels offered, customer focus and changes in customer expectations	102-15; 103-1; 103-2; 103-3; 406-1; 416-1; 416-2; 417-2; 417-3; 418-1
Efficient and reliable services	102-15; 103-1; 103-2; 103-3
Management of emergencies	103-1; 103-2; 103-3
Dialogue with public Authorities	102-15; 103-1; 103-2; 103-3; 415-1
Ethics, fight against corruption and legal compliance	103-1; 103-2; 103-3; 205-1; 205-2; 205-3 307-1; 417-2; 417-3; 418-1; 419-1

REPORT OF THE INDEPENDENT AUDITORS



Independent auditor's report on the consolidated non-financial statement

pursuant to article 3, paragraph 10, of Legislative Decree No. 254/2016 and article 5 of CONSOB Regulation No. 20267 of January 2018

To the Board of Directors of Iren SpA

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016 (the "Decree") and article 5 of CONSOB Regulation No. 20267/2018, we have undertaken a limited assurance engagement on the consolidated non-financial statement of Iren SpA and its subsidiaries (the "Group") for the year ended 31 December 2020 prepared in accordance with article 4 of the Decree, and approved by the Board of Directors on 25 March 2021 (the "NFS").

Responsibilities of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with the "Global Reporting Initiative Sustainability Reporting Standards" defined in 2016, and updated to 2020, by the GRI - Global Reporting Initiative (the "GRI Standards"), and with the "G4 Sector Disclosure – Electric Utilities" defined in 2013 (the "G4 Sector Disclosure"), indicated at paragraph "Note on methodology" of the NFS, identified by them as the reporting standards.

The Directors are also responsible, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure an understanding of the Group's activities, its performance, its results and related impacts.

Finally, the Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated or faced by the Group.

The Board of Statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

PricewaterhouseCoopers SpA

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Auditor's Independence and Quality Control

We are independent in accordance with the principles of ethics and independence set out in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, confidentiality and professional behaviour. Our audit firm adopts International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for compliance with ethical and professional principles and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing a conclusion, on the basis of the work performed, regarding the compliance of the NFS with the Decree, with the GRI Standards and with the G4 Sector Disclosure. We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (“ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain limited assurance that the NFS is free of material misstatement. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not provide us with a sufficient level of assurance that we have become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS were based on our professional judgement and consisted in interviews, primarily of company personnel responsible for the preparation of the information presented in the NFS, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

In detail, we performed the following procedures:

1. analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, in order to assess their compliance with the Decree;
3. comparison of the financial information reported in the NFS with the information reported in the Group's consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the Group with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified in article 3 of the Decree, actual results and related key performance indicators;
 - key risks generated and/or faced by the Group with reference to the matters specified in article 3 of the Decree.

With reference to those matters, we compared the information obtained with the information presented in the NFS and carried out the procedures described under point 5 a) below;



5. understanding of the processes underlying the preparation, collection and management of the significant qualitative and quantitative information included in the NFS.

In detail, we held meetings and interviews with the management of Iren SpA and with the personnel of Iren Ambiente SpA, Ireti SpA and Iren Energia SpA, and we performed limited analyses of documentary evidence, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a holding level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the accuracy of consolidation of the information;
- for the companies Iren SpA, Iren Ambiente SpA, Ireti SpA, Iren Energia SpA and for the waste-to-energy plant Tecnoborgo (Piacenza) and the thermoelectric plant of Moncalieri (Torino), which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out meetings and interviews during which we met local management and gathered supporting documentation regarding the correct application of the procedures and calculation methods used for the key performance indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of Iren Group for the year ended 31 December 2020 is not prepared, in all material respects, in accordance with articles 3 and 4 of the Decree, with the GRI Standards and with the G4 Sector Disclosure.

Genoa, 14 April 2021

PricewaterhouseCoopers SpA

Signed by

Andrea Manchelli
(Partner)

Paolo Bersani
(Authorized signatory)

This report has been translated from the Italian original solely for the convenience of international readers. We have not performed any controls on the NFS 2020 translation.

GLOSSARY

A

ARERA (formerly AEEGSI Electricity, Gas and Water Authority): Italian Regulatory Authority for Energy, Networks and Environment.

ARPA: Regional Environmental Protection Agency.

ASPP: Prevention and Protection Service Officer.

ATERSIR: Territorial Agency of Emilia-Romagna for Water and Waste Services.

B

BEST AVAILABLE TECHNIQUES (BAT): best available technologies for pollution prevention and control.

BIOGAS: formation of gas, by anaerobic fermentation in the presence of microorganism bacteria, of waste or sludge from urban water treatment; the methane contained in the biogas can be used for energy production.

BOD: the term BOD (biochemical oxygen demand) refers to the amount of oxygen consumed during a given time, at a given temperature, to decompose organic substances in water through the action of bacteria (cellular respiration). A high biochemical oxygen demand is the index of an intense bacterial activity for organic decomposition and highlights the presence of organic pollution. This is an indirect measure of pollutant load. Its value is expressed in %.

C

CLEANTECH: any process, product or service that reduces negative environmental impacts through significant improvements in energy efficiency, sustainable use of resources or environmental protection activities.

CO: carbon monoxide.

CO₂: carbon dioxide.

COD: the term COD (chemical oxygen demand) means the amount of oxygen necessary for the complete oxidation of organic and inorganic compounds present in a water sample. It is an index measuring the degree of pollution of water by oxidisable substances, mainly organic. Its value is expressed in %.

CODE OF ETHICS: a document that defines the principles, behaviours, commitments, and ethical responsibilities that must be complied with by directors, employees, and collaborators in all company activities.

COGENERATION: simultaneous production of electrical and thermal energy.

CORPORATE GOVERNANCE: set of rules according to which companies are managed and controlled.

CSR: Corporate Social Responsibility (CSR).

D

DISTRICT HEATING: remote transmission of heat by circulating water in two pipes, one supplying hot water and one returning colder water.

E

EIA: Environmental Impact Assessment.

EIB: European Investment Bank, an institution of the European Union for financing investments in support of the Union's policy objectives.

E-LEARNING: learning through multimedia courses that can be used mainly remotely through online systems.

ELECTRICITY SERVICES PROVIDER (GSE): Joint-Stock Company (Article 3 of Italian Legislative Decree 79/99) whose shares are held by the Ministry of the Treasury, which provides incentives for the production of electricity from renewable and similar sources and is responsible for the qualification of renewable source plants and their production.

EMAS (ENVIRONMENTAL MANAGEMENT AND AUDIT SCHEME):

environmental management and audit scheme according to EU Regulation 761/2001.

EMISSION TRADING SYSTEM (ETS): flexible mechanism, provided for in the Kyoto agreements, for trading emission rights between countries or companies in relation to their respective greenhouse gas emission reduction targets.

END CUSTOMER: natural or legal person who purchases electricity exclusively for his/her own use.

ENERGY EFFICIENCY CERTIFICATES (EEC) (also known as White Certificates): energy savings certificates for which electricity and gas distributors with a customer base of more than 50,000 are required. EECs are valid for five years and are issued by the GME (Decree of the Ministry of Productive Activities dated 20/7/04, in agreement with the Minister for the Environment and Protection of the Land).

ENERGY SERVICE COMPANY (ESCO): companies that carry out interventions aimed at improving energy efficiency, assuming the risk of the initiative and freeing the final customer from any organisational and investment burden.

ETHICAL INDEXES: indexes that monitor the performance of a selection of companies according to economic, ethical, environmental and social criteria.

G

GAS TURBINE: a machine that converts the energy possessed by the steam generated in a boiler or by geothermal steam into the mechanical energy of a rotating axis.

GIGAJOULE (GJ): unit of measurement of energy (of any nature) adopted in the international system (3.6 GJ corresponds to 1 GWh).

GIGAWATT (GW): unit of measurement of power (of any nature) equal to one million kilowatts.

GIGAWATT-HOUR (GWh): unit of measurement of energy (of any nature) equal to one million kilowatt-hours.

GREEN BOND: bond instruments whose proceeds are used exclusively to finance or refinance all or part of projects/activities with a clear positive impact on the environment (Eligible Projects/Activities).

GREEN CERTIFICATES: annual certificates issued by the GSE certifying the production from renewable sources of 1 MWh of energy. Since 2002 (Decree 79/99) producers and importers have been obliged to feed energy from renewable sources into the grid in quantities equal to a percentage of the total electricity from conventional sources produced or imported in the previous year (net of exports, self-consumption by power stations and cogeneration).

GREENHOUSE GASES: gases that do not allow the dispersion of heat from the earth and therefore produce overheating of the atmosphere. In addition to those of natural origin, the main anthropogenic greenhouse gases are carbon dioxide, methane, chlorofluorocarbons and nitrogen oxides.

GROSS PRODUCTION: electrical energy produced during the period of time considered, measured at the terminals of the electric generator.

H

HSR: Workers' Health and Safety Representative.

HV: high voltage, i.e. 132 kV, 220 kV and 380 kV.

HYDROELECTRIC: a system that transforms the potential energy of water into electrical energy. Hydroelectric plants may be of the flowing water, basin and reservoir type.

I

IEA: Integrated Environmental Authorisation.

K

KILOCALORIE (kcal): unit of measurement of heat (thermal energy). One kcal is the amount of heat required to raise the temperature of one kilogram of water by one degree centigrade.

KILOVOLT (kV): unit of measurement of voltage equal to 1,000 Volts.

KILOWATT (kW): unit of measurement of power (of any kind) equal to 1,000 Watts.

KILOWATT-HOUR (kWh): unit of measurement of energy (of any kind) equal to 1,000 Watts for one hour.

L

LANDFILL MINING: excavation of waste deposited in landfills and its subsequent treatment for the inertisation of hazardous fractions and the separation and selection of the different components (fine material, recoverable fractions and residues), intended for separate management.

LV: low voltage, i.e. 220/380 V.

M

MbO: Management by Objectives

MEGAWATT (MW): unit of measurement of power (of any kind) equal to one million Watts.

MEGAWATT-HOUR (MWh): unit of measurement of energy (of any kind) equal to one thousand kilowatt-hours.

MV: medium voltage, i.e. voltages between 1 and 30 kV.

N

NET PRODUCTION: gross production minus consumption for services required to operate the generating group.

NOTCH: level in the rating measurement scale.

NO_x: nitrogen monoxide.

O

OHSAS 18001 (Occupational Health & Safety Assessment Series): is an international reference standard for the certification of an occupational health and safety management system (standard valid until 13/03/2021 – some Group companies are currently in the process of transitioning to the new ISO 45001 standard).

OPTIMAL TERRITORIAL AREA (ATO): the Optimal Territorial Area (Law 36794) determines the regional level of the organisation of the Integrated Water Service; the Regional Law defines its boundaries.

P

PAI: Integrated Environmental Centre.

POWER EXCHANGE: virtual place where supply and demand meet for the purchase and sale of wholesale electricity. The economic management of the Power Exchange is entrusted to the GME (Article 5 of Italian Legislative Decree 79/99).

PPE: Personal Protective Equipment.

PPS: Prevention and Protection Service.

PRODUCTION CAPACITY: estimated energy that can be produced by each individual producer.

R

RAD: Risk Assessment Document

RENEWABLE ENERGY: energy sources not subject to depletion (sun, wind, water resources, geothermal resources, tides, wave motion and biomass).

RENEWABLE SOURCES: non-fossil sources (wind, solar, geothermal, wave motion, tidal power, hydraulics, biomass, landfill gas, residual gas from treatment and biogas processes) pursuant to Article 2 of the RES Decree.

REVAMPING: renovation of obsolete industrial plants.

RSPP: Prevention and Protection Service Officer.

RSU: Unitary Union Representative Body

S

SDGs: Sustainable Development Goals – are a set of 17 goals, to be achieved by 2030, defined by the United Nations Organization.

SECONDARY SOLID FUEL (SSF): fuel derived from non-hazardous waste.

SERVICE CHARTER: a document setting out the quality standards for company services.

SM³: standard cubic meter.

SMART METERING: systems enabling remote reading and management of electricity, gas and water meters.

SOCIAL COOPERATIVES: enterprises (Law 381/91) which have the aim of “pursuing the general interest of the community for human promotion and social integration of residents” through the management of services and the carrying out of activities aimed at the employment of disadvantaged people.

SOFT SKILLS: cognitive, interpersonal and communication skills, which differ from the technical skills and abilities related to specific roles.

SST: the term SST (Solidi Sospesi Totali – Total Suspended Solids) means the sum of suspended solids and filterable solids. It represents the total substances present in a wastewater sample after drying at 105°C. The value is expressed in %.

STAKEHOLDERS: parties who interact with the company and can influence or be influenced by the company's activities.

SUSTAINABLE DEVELOPMENT: long-term economic development through low environmental impact and good relations with the social community.

T

TERAWATT-HOUR (TWh): one billion kilowatt-hours.

TERNA: operator that manages the networks for the national electricity.

THERMOELECTRIC: plant for the production of electrical energy from fossil fuels.

TOE (tonnes of oil equivalent): equivalent to the primary fossil energy replaced, i.e. the amount of fuel otherwise needed to produce the same amount of energy.

TOTAL POWER: sum of the electrical or thermal power. of the various producers installed at the same plant.

U

UNI EN ISO 9001: international technical standard for the certification of quality management systems.

UNI EN ISO 14001: international technical standard for the certification of environmental management systems.

UNI EN ISO 45001: international technical standard for the certification of occupational health and safety management systems.

V

VOLT: unit of measurement of electrical voltage.

W

WATT: unit of measurement of electrical power.

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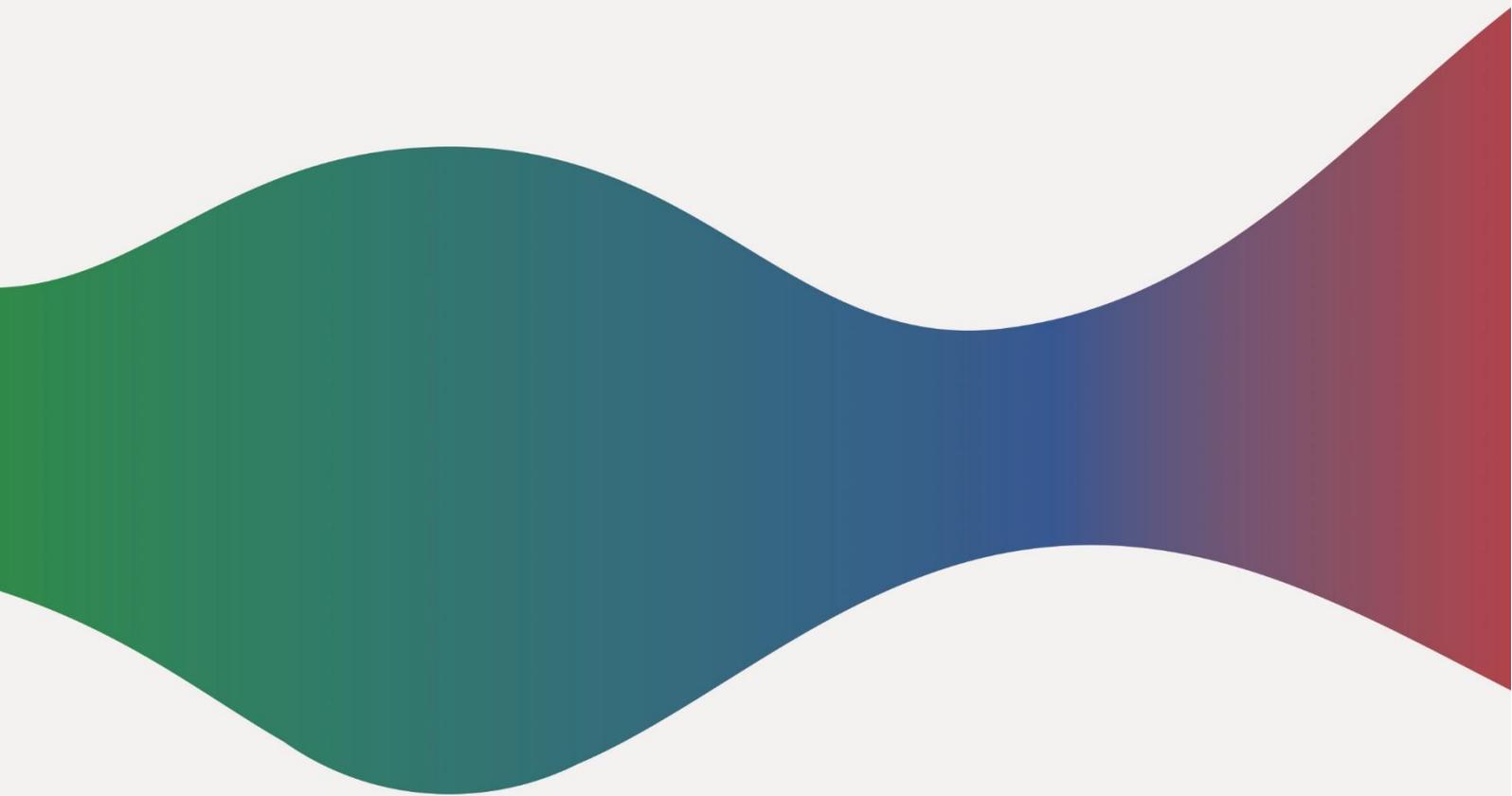
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A special thanks to all the colleagues of Iren Group who contributed to the preparation of this Sustainability Report and to the members of the Local Committees for their commitment in the materiality analysis.



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