

# Sustainability Report

2021

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



Shaping

# tomorrow



# Summary

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# Letter to stakeholders

[GRI 102-14]

## Dear Shareholders and Stakeholders,

with this letter, we are presenting the results of the Financial Statements 2021 and the Sustainability Report 2021 with the aim of ensuring an integrated reading to all stakeholders of the Group.

In fact, Iren Group considers sustainability as a fundamental lever for the creation of value over time and is constantly committed to conducting its activities considering the interests of its stakeholders, in the awareness that dialogue and the sharing of objectives are tools through which to create mutual value.

A way of doing business that finds its foundation in the business model and in the Group's Strategic Plan, which includes a concrete commitment to the Sustainable Development Goals of the UN 2030 Agenda (SDGs), and that guarantees long-term resilience, also by reacting quickly and effectively to exogenous phenomena of exceptional magnitude. The Covid-19 pandemic and the recent dramatic war events that are affecting Europe, in fact, further influence a context already marked by profound transformations such as energy and digital transition, circular economy, energy independence and security, energy efficiency, preservation of natural resources and decarbonization.

The ability, therefore, to be flexible and to be able to interpret extraordinary events and trends of our time, represent the discriminating factor to ensure the competitiveness of a company in the long-term.

In this scenario, in November 2021, Iren Group launched – for the first time in its history – a 10-year Business Plan consistent with the main macro-trends of the sector, which rests its foundations on three pillars: green transition, quality of service and local presence. Iren aims to be the preferred partner for citizens and public administrations, to establish itself as a leader in the green transition and to be the first choice of stakeholders for the highest levels of service quality offered.

The Group's business strategy, which foresees 12.7 billion Euro of investments by 2030, is strongly integrated with sustainability: about 80% of the investments, 8.7 billion Euro, will, in fact, be "sustainable": in addition to the reduction of climate-altering emissions and the progressive growth in renewables, where Iren plans to increase the production of energy from renewable sources by 2.2 GW, we will support the circular economy, the rational use of water resources and the resilience of cities.



**Iren aspires to be the first choice of stakeholders for the highest levels of service quality offered**

A path of growth that has seen the entry, in 2021 alone, of more than 880 new resources into the Group and that inevitably passes through the attention and enhancement of people. This takes concrete form in the strengthening of skills, through training activities that have involved 94% of employees with 23 hours of training per capita, intended to grow to 30 hours in 2030; in the projects launched to balance the presence of women in the workforce by developing the talent of employees, with the ambition of having at least 30% female managers by 2030; finally, in the Gender Pay Equity project, aimed at identifying and correcting any factors that cause pay inequalities.

Attention to people also extends to communities: in a scenario characterised by an unprecedented increase in the cost of raw materials that has generated significant repercussions on the budgets of households and businesses, the Group has managed to guarantee its customers gas and electricity prices that are on average 30% lower than market prices.

Despite a particularly complex market context, the resilience of the Group's multi-business model and the effectiveness of the actions taken to deal with the volatility of the energy scenario enabled it to record positive results in 2021, confirming the growth path of the Group, which closed the year with revenues of 4.9 billion Euro, EBITDA of over 1 billion Euro, up 9.6% on last year, and Group Net Profit of 303 million Euro (+26.7%).

Particularly significant is the figure for investments, which grew by 4.7% compared to 2020 and amounted to 955 million Euro, financed by cash generation, making it possible to keep the net financial debt in line with last year, to support the economies and induced activities of the territories and to propose Iren as a preferential partner for citizens and public administrations, to meet their needs and find advanced solutions.

In 2021, the Group's results were accompanied by the growth of all sustainability indicators, showing significant performance and confirming the strategic value always attributed to these fundamental aspects for the development of the territories, the environment and the different players that interact with Iren.

During 2021, 70% of the investments made by the Group were allocated to sustainable projects or activities in line with the pillars of the Business Plan. As far as the green transition is concerned, during the year, thanks to an increased production of heat, the power generation carbon intensity was reduced by 3%, according to the path set by Iren and validated by *Science Based Target initiative*, in line with the Paris Agreement, to halve its impact by 2030. In addition, the recent acquisition of Italy's largest photovoltaic park, located in Puglia, allows for an increase in renewable generation as early as 2022.

The year 2021 was also characterised by strong growth in waste valorisation in the Group's plants both for the generation of new material and for the launch of biomethane production from biodegradable waste. The production of biomethane and the recovery of material are important pillars in circular economy development and fundamental elements for achieving the European decarbonization targets. Finally, green energy sold has grown considerably, thanks to a campaign started in 2020 aimed at encouraging sustainable consumption and reducing the environmental impact of our customers.



**In 2021, the results of the Group were complemented by the growth of all indicators of sustainability**

The 2% increase in district heating volumes, the achievement of 70.3% of sorted waste collection, thanks to door-to-door collection and pay-as-you throw systems, and the large number of energy and aesthetic redevelopment projects for private buildings, supported by Superbonus 110%, Ecobonus and Bonus facades, have strengthened the local presence of Iren and its roots in the areas in which it operates.

Finally, the quality of the services offered continues to show high levels of customer satisfaction with 91% of positive evaluations. Thanks to districtualisation activities, which allow for greater monitoring and timely intervention, water leaks from water networks have been further reduced.

The Group has also implemented in its reporting the recommendations of the TCFD (*Task Force on Climate-related Financial Disclosures*) regarding the risks and opportunities that climate change may generate on the Group's future margins. Moreover, for the first year, the Sustainability Report reports the information required by the EU Taxonomy to make transparent to all stakeholders which managed activities are considered sustainable according to the criteria of European directives and the share of investments, expenses and revenues related to them.

The efficient management of the Group in terms of size and economic-financial indicators, the development of skills and quality in services, the utmost attention to sustainability and care for internal resources and customers, are the key factors that have enabled us to achieve the results we are presenting for the approval of the Shareholders, proposing to the Shareholders' Meeting a dividend of 0.105 Euro per share, up 10.5% compared to 2020.

To all the men and women of Iren Group, also on behalf of the Board of Directors, we would like to thank them for the competence, sense of responsibility, dedication and commitment that they put into their work on a daily basis, from which the results we have achieved derive. We would like to thank our Shareholders and Stakeholders, for the incentives they provide us with to pursue 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 Group.

Chairperson  
**Renato Boero**



Deputy Chairperson  
**Moris Ferretti**



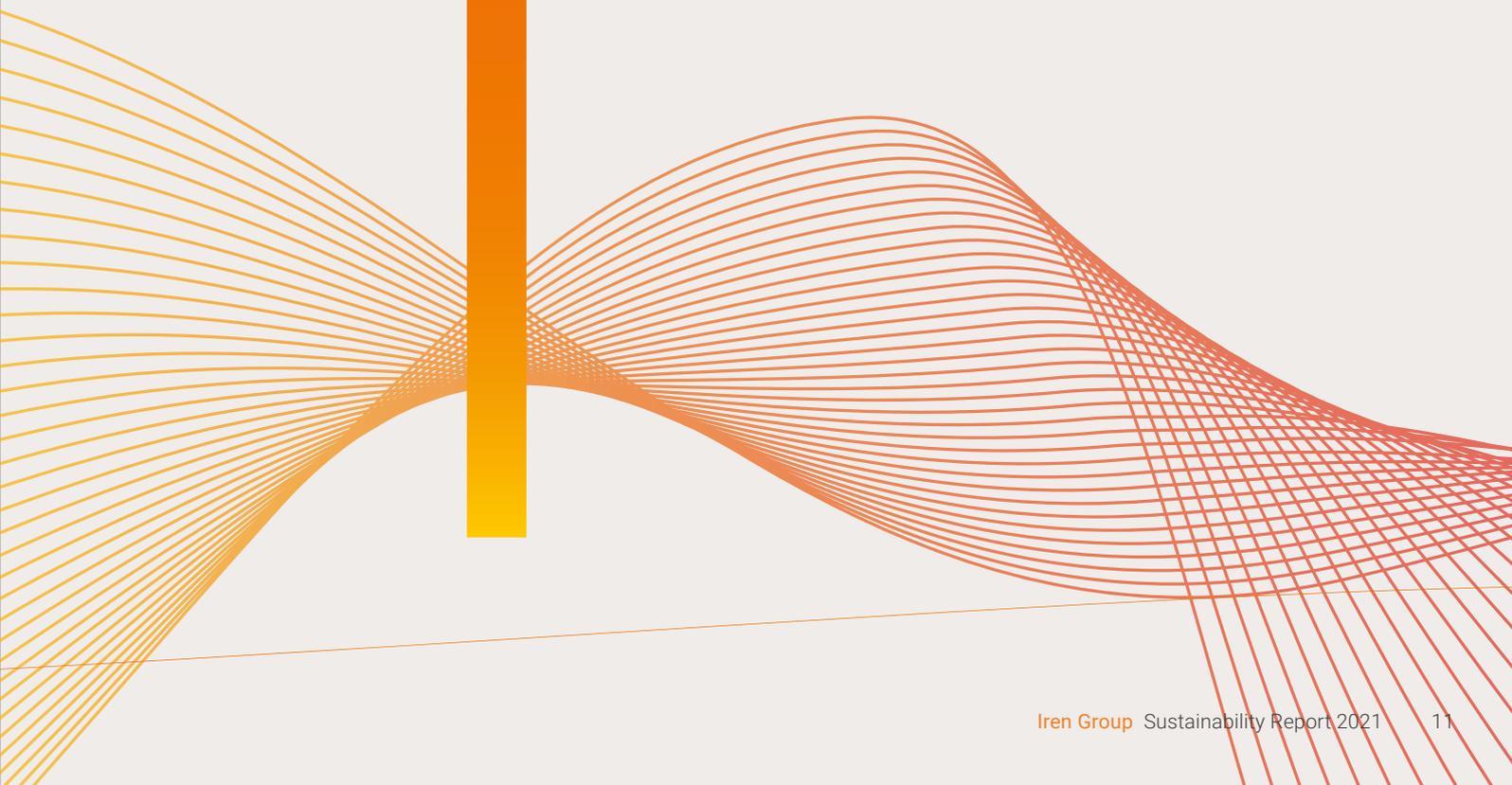
Chief Executive Officer  
**Gianni Vittorio Armani**





The Group operates in a multi-regional area with more than 9,000 employees, a portfolio of over 2 million customers in the energy sector, 2.7 million residents served in the integrated water cycle and about 3 million residents in environmental services.

# Iren Group



# Iren: business model

[GRI 102-1, 102-2, 102-5, 102-16, 102-26, 102-45]

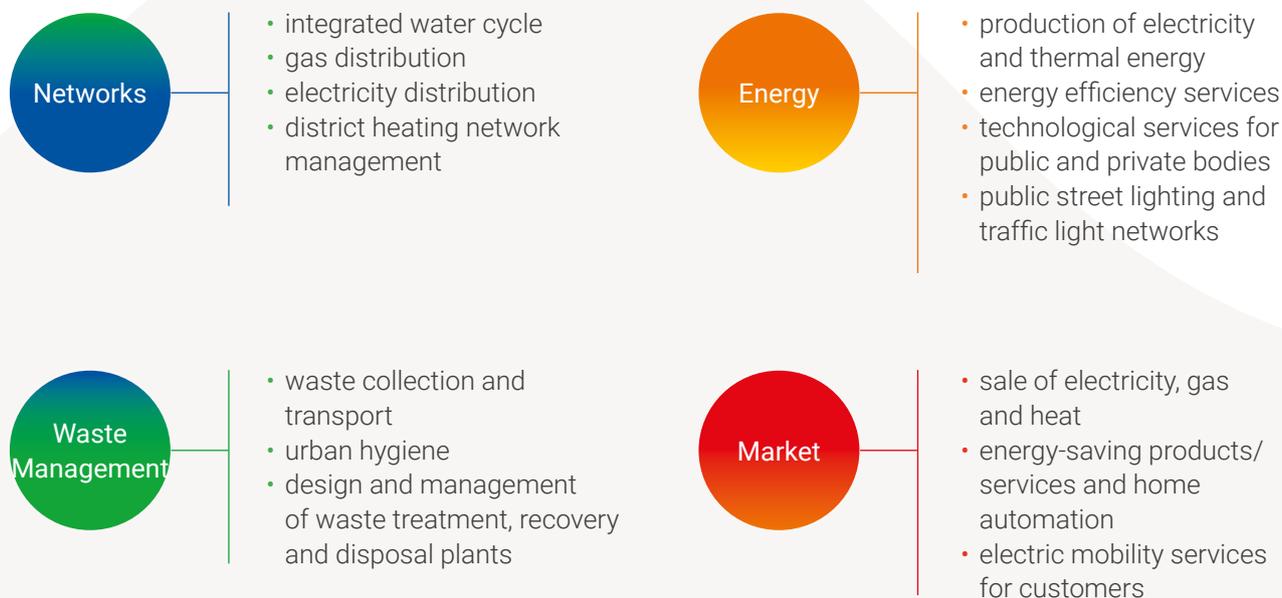
Iren, a multi-utility company listed on the Italian Stock Exchange (Borsa Italiana), operates in the following business areas: electricity (production, distribution and sale), district heating (production, distribution and sale), gas (distribution and sale), integrated water service management, environmental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

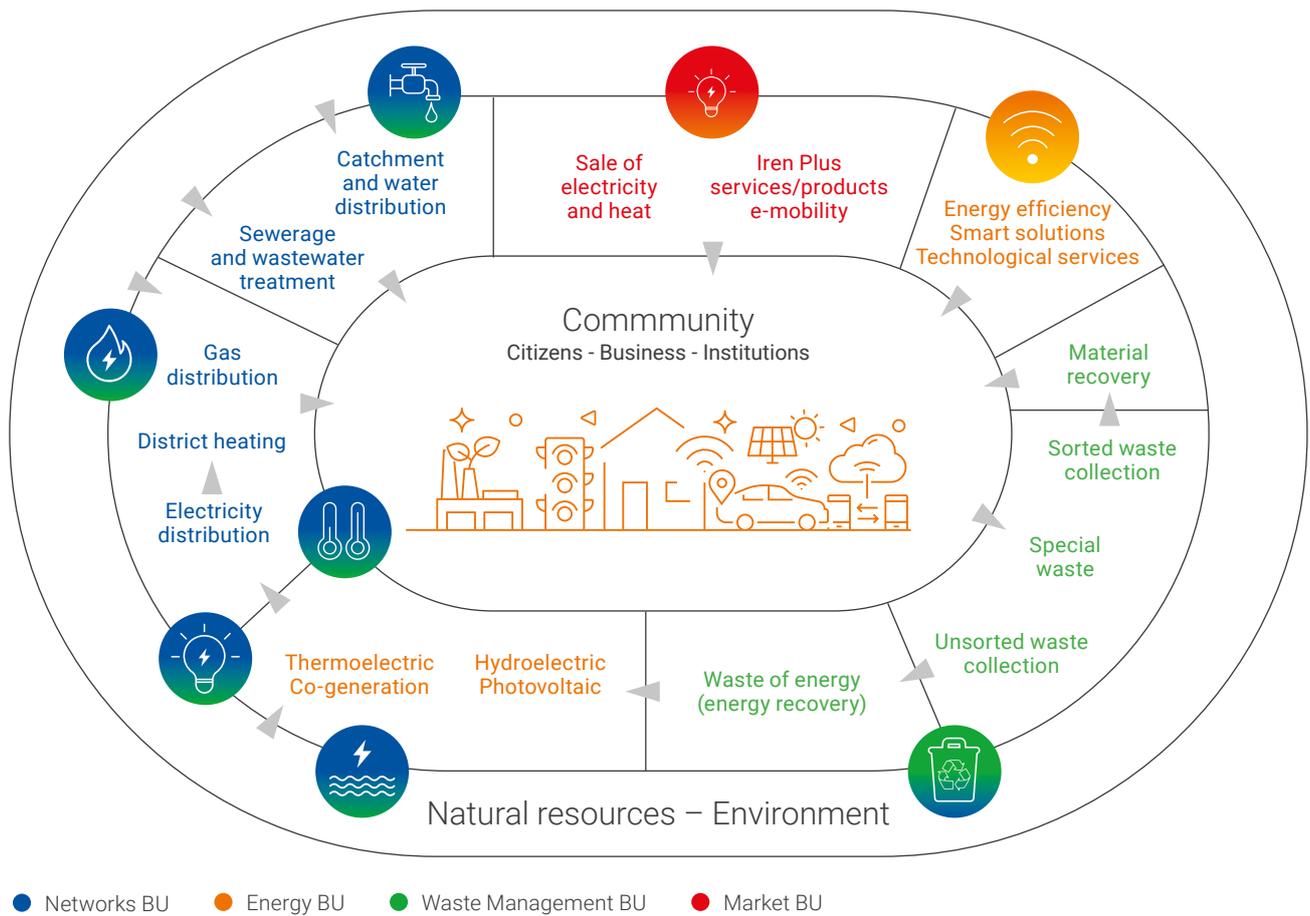
Boasting over a hundred years of experience in providing services to the community, Iren Group is structured according to an industrial holding model (the parent company Iren S.p.A.), which extends to all the Group's corporate staff activities, and four Business Units – governed by four parent companies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





The business model is designed to promote sustainable development, with the aim of creating shared value over time for the Group and for 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 performance achieved by Iren also in 2021 testifies 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. In this direction is the Strategic Plan drafted by the Group (see page 47) 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 (31.12.2021)



### Main Investee Companies

Asti Energia e Calore **62%**  
 Iren Smart Solutions **60%**  
 (+20% Iren Ambiente e 20% Iren Mercato)  
 - Bosch Energy and Building Solutions Italy **100%**  
 - Studio Alfa **86%**  
 - Lab 231 **100%**  
 Maira **66,23%**  
 I - Formaira **100%**  
 B.I. Energia **47,50%**  
 Fratello Sole Energie **Solidali 40%**  
 Valle Dora Energia **49%**

ACAM Ambiente **100%**  
 Amiat V **93,06%**  
 I - Amiat **80%**  
 Bonifica Autocisterne **51%**  
 I.Blu **80%**  
 ReCos **99,51%**  
 Rigenera materiali **100%**  
 San Germano **100%**  
 Territorio e Risorse **65%**  
 (+35% ASM Vercelli)  
 TRM **80%**  
 UHA **100%**  
 - Manduriamambiente **95,28%**  
 - Picena Depur **100%**  
 - Iren Ambiente Toscana **64,71%** (+35,29% Iren Ambiente)  
 - Futura **40%** (+20% Iren Ambiente e 20% Sei Toscana)  
 - Produrre Pulito **100%**  
 - Scarlino Energia **89,54%** (+10,46% Sienambiente)  
 - Scarlino Immobiliare **100%**  
 - TB **90,09%** (+9,91% CSAI)  
 - Sienambiente **40%**  
 - Sei Toscana **30,96%** (+24,9% Sienambiente and 16,37% CSAI)  
 - CSAI **40,32%**  
 Uniproject **100%**  
 A.S.A. (BO) **49%**  
 Gaia **45%**  
 Seta **48,85%**

Salerno Energia Vendite **50%**  
 | - Sidiren **100%**

ACAM Acque **100%**  
 ASM Vercelli **59,97%**  
 | - Atena Trading **100%**  
 Consorzio GPO **62,35%**  
 Iren Acqua **60%**  
 | - Iren Acqua Tigullio **66,55%**  
 | - AM.TER. **49%**  
 Iren Laboratori **90,89%**  
 Nord Ovest Servizi **45%**  
 (+30% Amiat)  
 Acquaenna **48,5%**  
 ASA (LI) **40%**

Key: in *gray and italic* companies that are not fully consolidated but are considered relevant to sustainability and reported separately.

# Scale of the organization

[GRI 102-4, 102-6, 102-7, 102-8, 102-9, 201-1, 203-1, 204-1, 302-1, 302-4, 303-3, 305-1, 305-2, 305-4, 305-5, 306-3, 401-1, 403-9, 404-1, 404-3, 405-1, G4 EU2, EU3, EU4]



## Value

**4,956 M€**

Revenues

**757.8 M€**

Investments

**95%**

Investments in reference local areas

**8.6 M€**

Investments in innovation and research

**1,534 M€**

Added value distributed

**0.105 €**

Proposed dividend per share

**2,000 M€**

Green Bonds issued

**1,580 M€**

Orders to suppliers

**59%**

Ordered to local suppliers

**1,332**

Suppliers involved in ESG profile survey



## Power generation

**9,823** GWhe

Electricity produced

**3,329** GWht

Thermal energy produced

**76%**

Renewable and high-efficiency electricity on total

**323** gCO<sub>2eq</sub>/kWh

Power generation carbon intensity

**556** TOE/000

Energy saving from electricity and heat production



## Electricity and gas distribution

**3,680** GWh

Electricity distributed

**7,850** km

Electricity network

**1,348** Mcm

Gas distributed

**8,157** km

Gas network

**98.4%**

Gas network inspected



## Integrated water service

2,748,268

Citizens served

175 M<sup>3</sup>

Water sold

20,088 km

Water mains network

32.6%

Water network leaks

1,337

Wastewater treatment plants



## Waste management

2,978,164

Citizens served

3,646,006 t

Total waste managed

70.3%

Sorted waste collection

1,780,000 m<sup>3</sup>

Biomethane produced

1,267,740 tCO<sub>2</sub>eq

Emissions avoided from waste recovery



## District heating

595,772

Citizens served

1,091 km

District heating network

98.9 Mcm

District heated volumes

2,623 GWh

Heat sold

100%

District heating networks inspected



## Customers and Communities

2,024,588

Energy service customers

3,799,412

Responses to customers from call centres

2,927 Mcm

Gas sold

14,763 GWh

Electricity sold

271

Projects supported in favour of communities

390

Projects for energy requalification in public and private buildings

92

Counters active in local areas

62

Sustainability projects carried out by Iren Local Committees

46,072

People involved in sustainability education projects

35

Social cooperatives operating for the Group



## People

9,055

Employees

22%

Women managers

98%

Permanent employees and apprenticeships

886

New hires during the year

40%

Female presence on Iren Board of Directors

53%

Employees evaluated on performance

43.5

Accident incidence index

44%

New hires under 30

94%

Employees involved in training activities

23

Average training hours per capita



## Environmental impacts

3,978,362 tCO<sub>2eq</sub>

Scope 1 emissions

31,074 tCO<sub>2eq</sub>

Market-based scope 2 emissions

516,752 m<sup>3</sup>/000

Water withdrawals

60,142,518 GJ

Direct energy consumption

690,620 t

Waste produced

# Main areas served



# Business sectors

[GRI 102-2, 102-6, 102-7, G4 EU1, EU2, EU3, EU4]

## Production of electricity and thermal energy

Main indicators	
Energy production plants (no.)	180
<i>of which hydroelectric</i>	31
<i>of which photovoltaic</i>	105
<i>of which thermoelectric cogeneration</i>	7
<i>of which thermoelectric</i>	1
<i>of which waste-to-energy</i>	3
<i>of which landfills (post-operation)</i>	3
<i>of which biogas</i>	4
<i>of which thermal</i>	25
<i>of which biomass</i>	1
Installed electrical power (electricity set-up)	2,846 MWe
<i>of which photovoltaic power</i>	20 MWe
Installed thermal power	2,581 MWt
Electricity produced	9,823 GWhe
Thermal energy (heat) produced	3,329 GWht

Electricity produced by plants fuelled by renewable or high-efficiency cogeneration sources, which account for 70% of the Group's plant portfolio, accounts more than 76% of all production (see page 142). Photovoltaic plants produced 20,808 MWh of electricity in 2021.

## 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 areas. The main sources available are the Group's production plants.

## Sale of natural gas

Main indicators	
gas procured	2,927 million m <sup>3</sup>
<i>gas sold to end customers</i>	1,028 million m <sup>3</sup>
<i>gas consumption by the Group</i>	1,679 million m <sup>3</sup>
<i>gas in storage as at 31/12</i>	220 million m <sup>3</sup>
retail customers (no.)	954,419
<i>protected</i>	296,218
<i>free market</i>	658,201

## Sale of electricity

Main indicators	
electricity sold	14,763 GWh
<i>to end customers and wholesalers</i>	7,354 GWh
<i>on the Stock Exchange</i>	7,409 GWh
retail customers (no.)	1,048,648
<i>protected market</i>	231,559
<i>free market</i>	817,089

Volumes sold to customers in protected market amounted to 318 GWh. In 2021, 1,035 GWh of certified green energy was sold.

## Sale of heat for district heating

Main indicators	
heat sold	2,623 GWh
thermal energy purchased from third parties	12 GWh
customers served	54,139

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. District heating helps to protect the environment with low running costs and greater reliability and safety compared to traditional heating plants.

## 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 networks for delivery to end users. Iren Group also manages the distribution and sale of LPG, especially in the province of Reggio Emilia and in the province of Genoa, via 21 and 7 storage plants respectively, located in various towns that are still not reached by the natural gas network. LPG distribution is closely connected to the gradual methanisation of the area.

Area	km of network	End customers	Gas distributed (Mcm)
Emilia-Romagna	6,121	398,917	931
Liguria	1,701	315,091	366
Piedmont	335	27,528	51
<b>Total</b>	<b>8,157</b>	<b>741,536</b>	<b>1,348</b>

## Electricity distribution

City	km of network	End customers	Electricity distributed (GWh)
Parma	2,558	129,842	897
Turin	4,744	565,833	2,600
Vercelli	548	28,983	183
<b>Total</b>	<b>7,850</b>	<b>724,658</b>	<b>3,680</b>

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

## District heating

The Turin district heating network is the most extensive in Italy. In 2021, the development projects outlined in the Business Plan continued (see page 147).

Area	km of network	Volume (Mcm)	Residents served <sup>1</sup>
Turin and surrounding municipalities	726	73.2	489,129
Reggio Emilia	221	13.7	55,385
Parma	104	6.2	35,433
Piacenza	30	2.1	7,779
Genoa	10	3.7	8,046
<b>Total</b>	<b>1,091</b>	<b>98.9</b>	<b>595,772</b>

<sup>1</sup> Estimated data for residential utilities.

## Integrated water service

Main indicators	
Water networks	20,088 km
Sewer networks	11,291 km
Wastewater treatment plants	1,337
Dams	7
Residents served	2,748,268
Municipalities served	238
Customers served	860,843
Water sold	175 Mcm

The integrated water service – which includes the procurement and distribution of drinking water, management of the sewerage systems and wastewater 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, Vercelli and Mantua.

## Waste management 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, it provides the waste collection service in several areas of Piedmont, Lombardy and Sardinia.

Main indicators	Iren Group	of which San Germano
Waste treated	3,646,006 t	385,744 t
Urban waste treated	2,738,117 t	358,377 t
Sorted waste collection	70.3%	-
Residents served	2,978,164	681,389
Collection centres managed	170	36
Municipalities served	300	129
Plants managed	59	-
<i>of which material recovery</i>	19	-
<i>of which treatment</i>	11	-
<i>of which storage</i>	22	-
<i>of which waste-to-energy</i>	3	-
<i>of which operating landfills</i>	4	-

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.

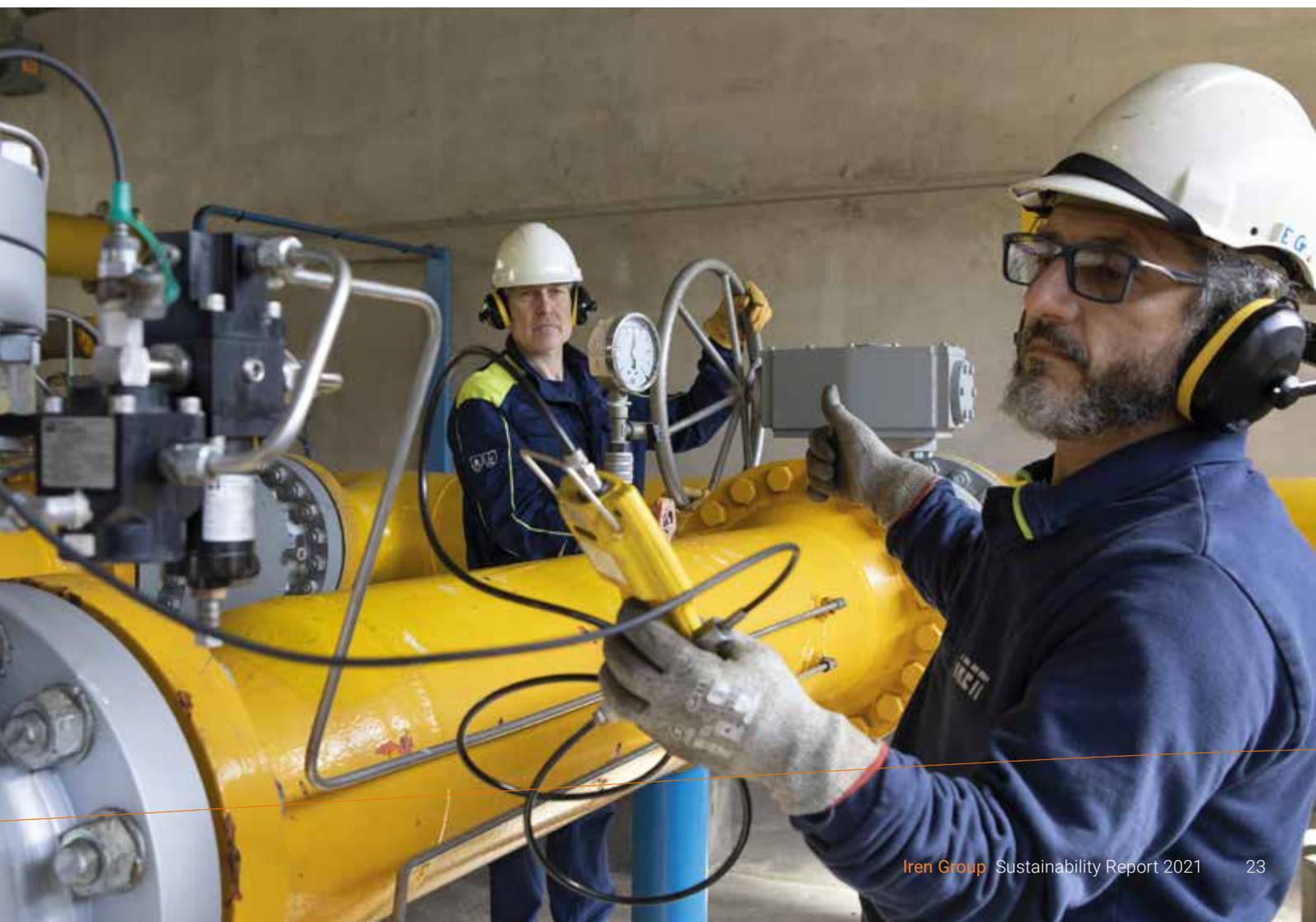
## Smart solutions

The Group, strengthened by its know-how, through Iren Smart Solutions (certified ESCo UNI 11352, UNI CEI EN ISO 50001 and F-gas), addresses companies, private condominiums, Public Administration and third sector entities, with an articulated portfolio of services:

- **energy efficiency of buildings**, private and public, through the management of all phases related to energy requalification interventions: insulation, replacement of windows and doors, innovative technological services, efficiency of heating and air conditioning plants. Approximately 390 construction sites were started in 2021 and numerous others are in the planning stages;
- installation of **photovoltaic, solar thermal and self-generation energy systems**;
- upgrading and management of **thermal plants**;
- **energy consultancy**, energy management and monitoring for energy saving;
- **global service** for the integrated management of electrical and technological plants of complex property assets;
- **relamping LEDs** through energy efficiency projects in lighting, public and artistic lighting, efficient management of traffic light systems.

## 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 optic fiber network extends for about 200 km and connects over 400 customer sites, including the main sites of the Group. The network is used, in particular, for the supervision and remote control of electricity distribution, district heating, public lighting and for the data collection system of electric meters and apartment buildings district heated. 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 10Gbps infrastructure dedicated to the Group.



## Companies outside the reporting boundary

The Group also includes a number of companies that are not consolidated on a line-by-line basis, but are considered significant in terms of environmental and social sustainability, on the basis of different criteria, such as the stake held, the business managed and the governance in place. For a correct and comprehensive representation of the Group's activities, qualitative and quantitative information is provided below for these companies, which, for 2021, has been expanded compared to the previous year, in a logic of improving information.

### 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 1.8 MW 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.

In 2021, there was an increase in production compared to 2020, a year in which the plant was shut down for several months for extraordinary maintenance.

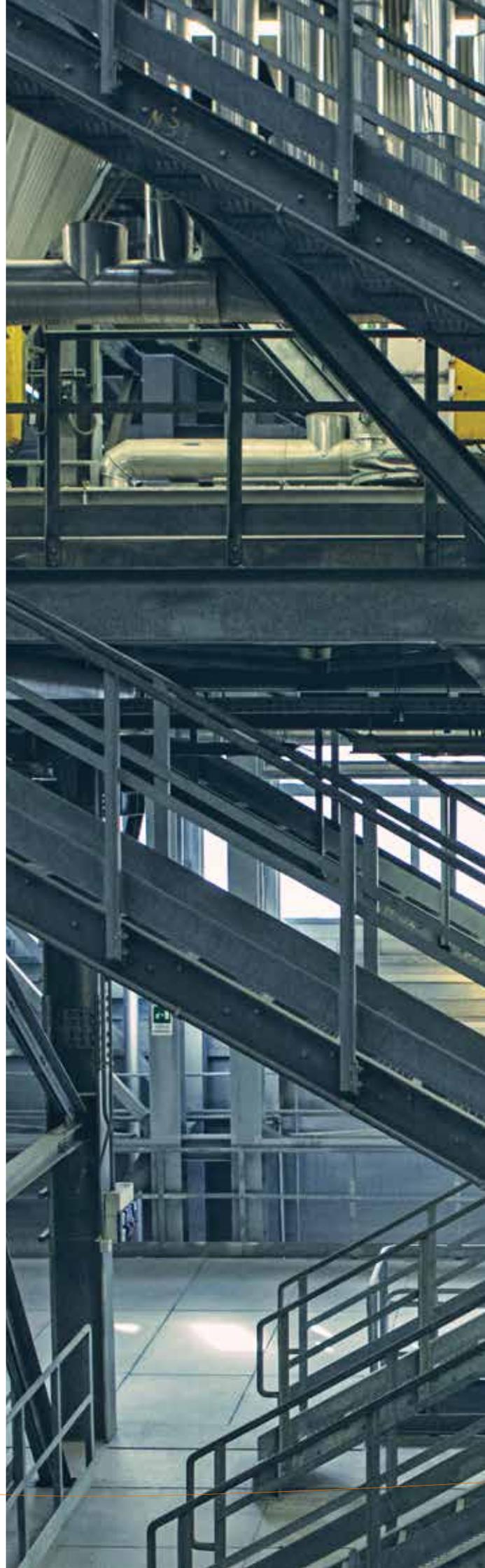
Main indicators	u.m.	2021	2020
Production of electricity	MWh	4,754	2,385

### Fratello Sole Energie Solidali

Fratello Sole Energie Solidali is a social non-profit enterprise founded 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 12 founding members, comprising over 3,000 buildings (2,000 in 2020). In 2021, new members joined Fratello Sole, including ASeS (a non-profit non-governmental organisation that was created to foster the development of local rural communities and enhance their dignity), the Don Bosco Salesians (Central Italy circumscription) and the San Gennaro Foundation of Naples.

Fratello Sole Energie Solidali is responsible for planning and implementing energy efficiency initiatives through its technological partner Iren Smart Solutions and can also develop e-mobility projects for its customers.

In 2021, the Company completed one project, which began in 2020, and started two new construction sites that will result in total energy savings of over 335 MWh per year. In addition, it has adhered to the manifesto "Together to fight energy poverty" of the Banco dell'Energia, a non-profit





organisation created to improve the quality of life of people in economic and social difficulty, through the distribution of basic necessities, payment of utilities, social and work reintegration paths, and educational courses on the conscious use of energy and its saving.

### 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 2021, following a period of redevelopment, the two facilities operated at full capacity.

Main indicators	u.m.	2021	2020
Total electricity production	MWh	24,019	23,501
<i>Susa plant</i>	<i>MWh</i>	<i>9,056</i>	<i>3,306</i>
<i>Chiomonte plant</i>	<i>MWh</i>	<i>14,963</i>	<i>20,195</i>

### 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, sewerage and treatment), implementing the Area Plan approved by the Mayors' Assembly, planning and making investments and testing with new technological solutions. Acquaenna has a quality management system certified according to ISO 9001.

Main indicators	u.m.	2021	2020
Residents served	no.	145,627	148,035
Municipalities served	no.	19	19
Water sold	m <sup>3</sup>	5,531,737	6,642,267
Water networks	km	1,309	823
Sewer networks	km	522	522
Wastewater treatment plants	no.	18	18
Electricity consumption	kWh	12,194,684	N/A
Employees as at 31/12	no.	103	104



## AM.TER.

AM.TER. S.p.A. – established by the Municipalities of Campo Ligure, Cogoleto, Masone, Mele and Rossiglione together with Iren Acqua (49%) – manages the integrated water service in the west of the province of Genoa, 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.	2021	2020
Residents served	no.	44,972	45,369
Municipalities served	no.	7	7
Water sold	m <sup>3</sup>	2,110,271	2,097,247
Water networks	km	290	290
Sewer networks	km	127	127
Wastewater treatment plants	no.	11	11
Electricity consumption	kWh	1,020,893	N/A
Natural gas consumption	scm	7,626	N/A
Water consumption	m <sup>3</sup>	200	N/A
Waste generated	t	767	N/A
Employees as at 31/12	no.	14	14

## 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.	2021	2020
Residents served (IWS)	no.	395,900	416,331
Municipalities served (IWS)	no.	32	32
Water sold	m <sup>3</sup>	25,508,094	24,360,229
Water networks	km	3,603	3,577
Sewer networks	km	1,270	1,269
Wastewater treatment plants	no.	73	73
Residents served by gas distribution	no.	217,254	219,240
Gas distribution customers	no.	98,739	99,005
Municipalities served by gas distribution	no.	5	5
Natural gas distributed	scm	88,015,003	91,360,792
Gas Network	km	702	702
Electricity consumption	kWh	70,423,760	N/A
Natural gas consumption	scm	300,000	N/A
Water consumption	m <sup>3</sup>	1,727,540	N/A
Waste generated	t	14,222	N/A
Employees as at 31/12	no.	535	492

### A.S.A. Azienda Servizi Ambientali

The company A.S.A. S.C.p.A., owned by Iren Ambiente (49%) since the end of 2020, manages the design and construction of plants for the disposal of urban and special, hazardous and non-hazardous waste, the organisation and management, direct and indirect, of plants for the disposal of waste produced by third parties and the remediation of polluted sites. It is the operator of the landfill for non-hazardous waste located in the Municipality of Castel Maggiore (BO) that, in 2021, did not receive any quantity of waste for disposal. ASA adopts an ISO 45001 and ISO 14001 certified management system and the site managed by the Company has obtained EMAS registration.

Main indicators	u.m.	2021
Special waste managed (non-hazardous)	t	2,911
Electricity consumption	kWh	65,383
Water consumption	m <sup>3</sup>	232
Waste generated	t	8,202
Employees as at 31/12	no.	5

### 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, with a structured plant system: 12 collection centers for citizens to dispose of sorted waste collection, a sorted waste recovery plant, a plant for the mechanical-biological treatment (MBT) of unsorted waste (Asti), a compost and anaerobic digestion plant (San Damiano d'Asti) for the recovery of organic waste and a landfill for non-hazardous waste (Cerro Tanaro).

To achieve economically sustainable development, GAIA has worked to adopt a transparent policy and to gradually integrate its Management System, obtaining ISO 9001, ISO 45001 and ISO 14001 certifications.

All of the sites managed by the Company are EMAS certified.

Main indicators	u.m.	2021	2020
Residents served waste collection	no.	205,545	208,101
Municipalities served waste collection	no.	115	115
Waste collected in Eco-stations	t	8,714	7,661
Waste treated at the plants	t	211,925	153,594
<i>sorted waste recovery</i>	t	33,600	36,552
<i>MBT</i>	t	47,003	43,141
<i>transfer station</i>	t	7,818	6,676
<i>composting</i>	t	39,679	31,343
<i>non-hazardous waste landfill</i>	t	83,825	35,882
Electricity consumption	kWh	6,536,189	N/A
Natural gas consumption	scm	7,600	N/A
Water consumption	m <sup>3</sup>	19,725	N/A
Waste generated	t	23,872	N/A
Employees as at 31/12	no.	151	147

## SETA

SETA (Società Ecologica Territorio Ambiente) S.p.A. is the contractor of the urban waste collection service for Catchment Area 16 in the Metropolitan City of Turin. Operating in waste collection and disposal, 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 manages the controlled landfill called Chivasso 0 for the disposal of non-hazardous waste and 10 collection centres spread across the territory, where citizens can dispose of the sorted waste sent for recovery.

SETA adopts a Quality, Safety and Environment management system certified in accordance with ISO 9001, ISO 45001 and ISO 14001.

Main indicators	u.m.	2021	2020
Residents served	no.	224,243	226,216
Municipalities served	no.	31	31
MSW collected - sorted	t	62,775	59,288
MSW collected - unsorted	t	40,772	41,039
Sorted waste collection	%	61	59
Electricity consumption	kWh	541,038	N/A
Natural gas consumption	scm	63,019	N/A
Water consumption	m <sup>3</sup>	6,123	N/A
Waste generated	t	525	N/A
Employees as at 31/12	no.	216	224

## Sei Toscana

Sei Toscana S.p.A., acquired at the end of 2020 and owned by Iren Ambiente Toscana (30.96%), is the manager of the integrated municipal waste service in the provinces of the optimal territorial area of Toscana Sud – Arezzo, Grosseto and Siena – and in six municipalities in the province of Livorno (Piombino, San Vincenzo, Sassetta, Suvereto, Castagneto Carducci and Campiglia Marittima). Sei Toscana's waste collection system is structured to complement the collection of unsorted waste with all types of sorted waste collection. The company is active on the territory also with sweeping and street cleaning services, management of collection centres and additional and optional services available to individuals and Local Administrations.

Sei Toscana adopts an integrated Quality, Safety and Environment management system, in accordance with ISO 9001, ISO 45001 and ISO 14001.

Main indicators	u.m.	2021
Residents served	no.	880,993
Municipalities served	no.	104
MSW collected - total	t	506,624
<i>of which sorted</i>	t	255,177
<i>of which unsorted</i>	t	248,918
<i>neutral fraction</i>	t	2,529
Sorted waste collection	%	51
Ecological stations	no.	14
Collection centres	no.	76
Electricity consumption	kWh	1,296,139
Natural gas consumption	scm	53,730
Water consumption	m <sup>3</sup>	23,394
Waste generated	t	8,388
Employees as at 31/12	no.	1,032

## C.S.A.I. Centro Servizi Ambiente Impianti

CSAI S.p.A., acquired at the end of 2020 and owned by Iren Ambiente Toscana (40.32%), is a public-private company in the province of Arezzo that deals with the disposal of non-hazardous waste of urban derivation and non-hazardous special waste, as well as the production of electricity from renewable sources (landfill biogas). The company owns and manages two landfills (in the Municipalities of Terranuova Bracciolini and Castiglion Fibocchi) for non-hazardous waste with a high content of organic and biodegradable waste with biogas recovery. CSAI disposes of regulated waste from the optimal territorial area of Toscana Sud (provinces of Arezzo, Siena, Grosseto and Val di Cornia) and special waste from the regional and extra-regional territory.

CSAI adopts a Quality, Safety, Environment and Energy management system certified in accordance with ISO 9001, ISO 45001, ISO 14001 e ISO 50001.

Main indicators	u.m.	2021
Municipal waste sent to landfill	t	110,846
Special waste sent to landfill	t	66,930
Electricity produced from landfills	kWh	20,115,629
Electricity consumption	kWh	980,250
Water consumption	m <sup>3</sup>	2,466
Waste generated	t	36,087
Employees as at 31/12	no.	33

## Siena Ambiente

Siena Ambiente S.p.A. is a joint-stock company with mixed public/private capital, acquired by the Group at the end of 2020. 60% of the capital is held by public shareholders (Province of Siena and Municipalities of the province of Siena) and 40% is held by Iren Ambiente Toscana. The company manages, in the province of Siena, landfills, selection, waste-to-energy, composting and energy recovery from waste plants. It also operates, on a residual basis, in the disposal of special non-hazardous waste and, through subsidiaries, produces electricity from renewable sources (photovoltaic plants).

Siena Ambiente adopts an integrated Quality, Safety and Environment management system, according to the ISO 9001, ISO 45001 and ISO 14001 standards and all the managed sites have obtained EMAS registration.

Main indicators	u.m.	2021
Total waste managed	t	207,487
<i>Organic</i>	t	29,064
<i>Paper</i>	t	13,619
<i>Multi-material</i>	t	20,745
<i>Unsorted</i>	t	33,725
<i>Waste treated in WTE</i>	t	69,124
<i>Waste treated by landfills</i>	t	41,210
Compost produced	t	5,813
Electricity produced by WTE	kWh	38,062,282
Electricity produced from landfills	kWh	4,846,099
Electricity produced from photovoltaic	kWh	2,107,107
Electricity consumption	kWh	11,237,332
Natural gas consumption	scm	421,195
Water consumption	m <sup>3</sup>	23,056
Waste generated	t	347
Employees as at 31/12	no.	104

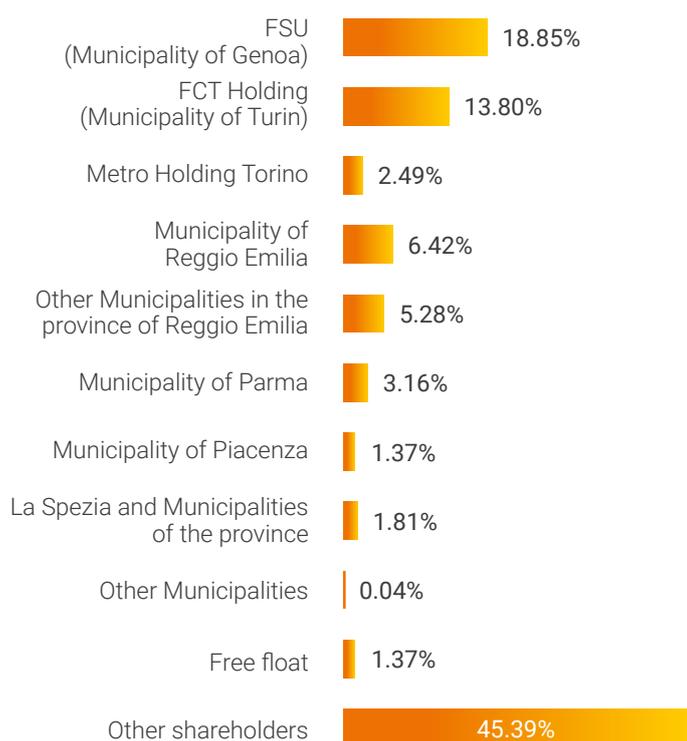


# Ownership structure

[GRI 102-5, 102-10]

At 31/12/2021, the most significant Group shareholders that hold a stake, directly or indirectly in Iren, are represented in the graph below.

## Iren shareholding structure (% of share capital)



At 31 December 2021, Iren share capital is represented by 1,300,931,377 ordinary shares, of which:

- 673,261,476 ordinary shares with increased voting rights, conferring a total of 1,346,522,952 voting rights exclusively on the Shareholders' Meeting resolutions subject to increased voting rights (Article 6-bis, paragraph 1 of the Articles of Association);
- 627,669,901 ordinary shares without increased voting rights, conferring the equivalent number of voting rights on all Shareholders' Meeting resolutions other than those subject to increased voting rights.

At 31 December 2021, the ordinary shares of Iren conferred by 93 Public Shareholders (Finanziaria Sviluppo Utilities, Finanziaria Città di Torino Holding, Metro Holding Torino, Emilian Shareholders and Shareholder of La Spezia) to a Shareholders'

Agreement aimed at guaranteeing unity and stability of direction, also through the use of the increased voting rights, are divided into:

- 686,696,386 ordinary shares contributed to the Voting Syndicate representing an equivalent number of voting rights on all meeting resolutions other than those with increased voting rights and 1,340,415,436 voting rights with respect to meeting resolutions with increased voting rights;
- 455,379,436 ordinary shares bound by the Block Syndicate representing 35% of Iren share capital, and their respective circulation is restricted.

In 2021, Iren shareholding structure was affected by the sale of share capital holdings (1,150,000 shares) by public shareholders. In addition, the number of voting rights conferred on the Shareholders' Agreement has changed as a result of the granting of increased voting rights to 32,750,000 shares held by Finanziaria Sviluppo Utilities (as of 1 March 2021), 158,492 shares held by a Municipality in La Spezia (as of 1 June 2021) and 387,000 shares held by the Municipality of Piacenza (as of 1 December 2021).

On 21 May 2021, Società per la Trasformazione del territorio Holding (STT Holding) joined the Shareholders' Agreement, contributing 15,341,000 ordinary shares, of which 10,000,000 to the Block Syndicate, and the company Metro Holding Torino, which contributed 32,500,000 ordinary shares, of which 6,500,000 to the Block Syndicate. On the same date, the Municipality of Parma contributed an additional 1,534,179 shares to the Block Syndicate and Parma Infrastrutture contributed 6,500,000 ordinary shares to the Block Syndicate.

As part of the share buyback program resolved by the Shareholders' Meeting, in 2021, Iren purchased a stake equal to 0.15% of the share capital, arriving at holding treasury shares equal to 1.37% of the share capital at 31 December 2021.

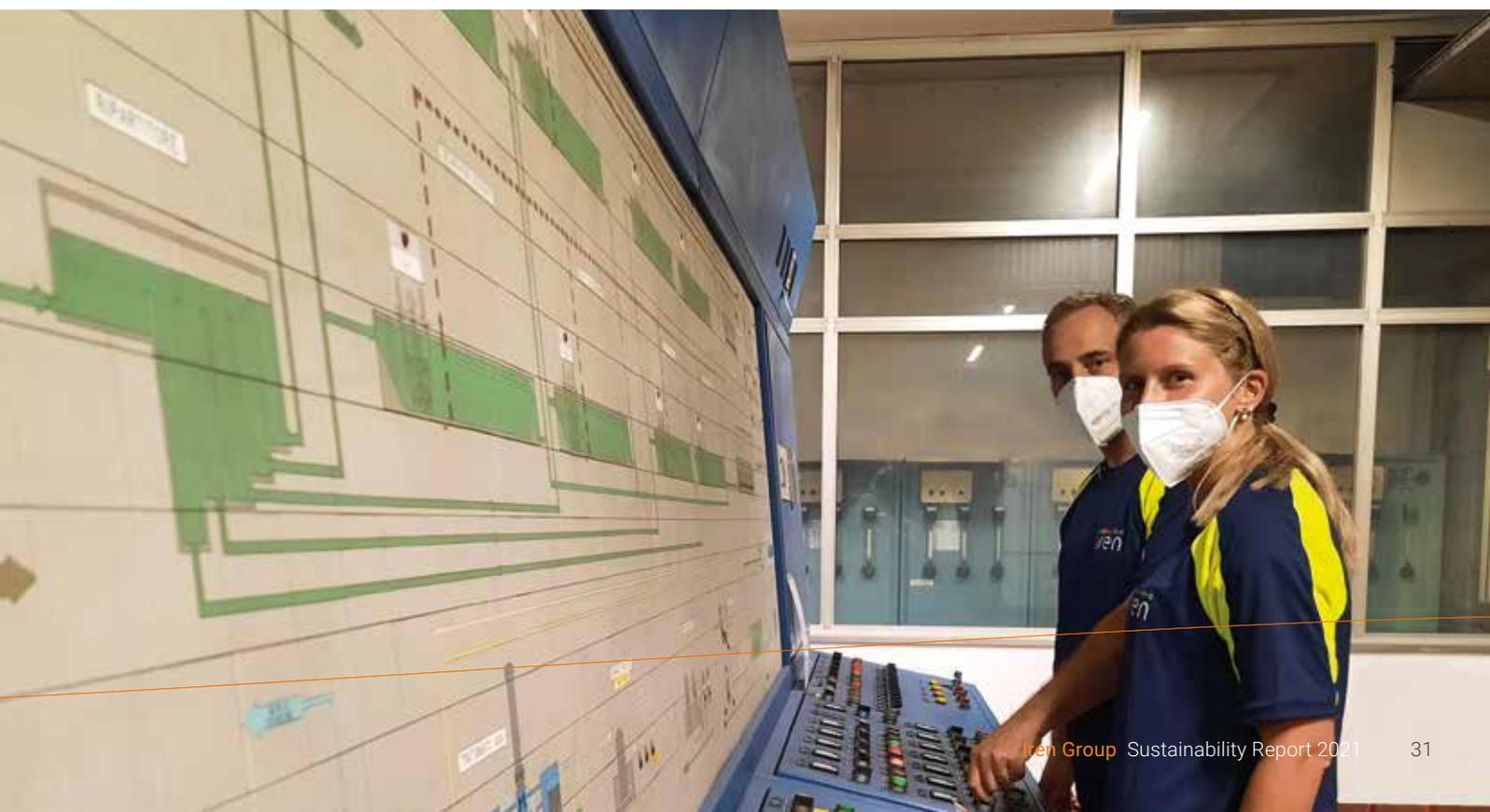
Retail shareholders hold slightly more than 5% of the share capital, while the remainder is held by about 300 institutional investors.

# Covid-19 emergency in 2021

In 2021, pandemic Covid-19 continued to be a critical management oversight factor, even in the face of differential trends throughout the year, to ensure continuity of services to citizens and safety of staff. In order to provide extensive information on how the Group has managed the ongoing emergency and the resulting impacts, these pages provide an overview, with specific details disclosed in the relevant chapters of this Report.

From an **economic-financial point of view**, the Group has demonstrated its ability to effectively pursue the objectives set, increasing compared to 2020 the investments allocated to the implementation of projects and infrastructures supporting the development of the business and of the territories. The results achieved at the end of the year (for detailed analyses see the chapter “Stakeholders and value creation” and the Consolidated Financial Statements) record an insignificant 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 which guarantees economies of scale and intersectoral opportunities – and the **solidity of the strategy** implemented in the action plan carried out during the year.

The **growth strategy**, represented in the Business Plan at 2030 (see page 47), also outlines the role that Iren Group will be able to play in the post-Covid-19 recovery, with 12.7 billion Euro of investments destined to realise the ambition of being a leader in the green transition, accelerating sustainability in all businesses, with particular attention to the needs of the territories in order to project them into a path of sustainable growth whose main driver is the quality of services. 80% of the planned investments are for the sustainability plan integrated into the Strategic Plan. Furthermore, 1.6 billion Euro are planned in innovation projects and 600 million Euro for digitalisation, which together will contribute to support the energy transition process. The outlined strategy will lead the Group to double its EBITDA, thanks also to the entry of 7,000 new workers into the Group’s boundary. The acceleration of investments will be guaranteed maintaining a balanced financial structure that will allow to confirm an attractive dividend policy thanks to robust cash generation.



Also in 2021, the Crisis Unit for emergency management, established in February 2020, continued to operate in order to ensure the most effective management of the pandemic situation and the continuity of managed services, to deal with a constantly evolving context 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.

**Actions to protect workers** (see page 248) have been gradually adjusted in line with the indications of the Health Authorities, in order to guarantee the continuity of activities and keep the many employees working in the management of waste collection and disposal, gas and electricity distribution, integrated water service, district heating, energy production, water quality control and public lighting. For most of the year, remote work was the predominant mode for more than 3,400 employees who gradually resumed face-to-face activities in the second half of the year. In compliance with the “Shared protocol for the regulation of measures to combat and contain the spread of the Covid-19 virus in the workplace” signed by the social partners at national level, the 9 Committees (composed of company representatives, Trade Union Organisations, HSR and the Competent Doctor) met continuously for the application and verification of the rules of the Protocol, with the objective of monitoring and managing any criticalities caused by the health emergency. Moreover, during the year, four temporary agreements were signed with the trade unions with the shared aim of seeking and adopting solutions for the management of emergency work, in line with the regulations issued by the government during the year (see page 254).

**Interventions in favor of clients and communities** continued during the year (see pages 195, 196, 204 and 207) to support situations of economic difficulty generated by the pandemic, ensuring the continuous possibility of contact, both physical and through digital channels, to people with administrative or service needs. Activities in the educational sector, aimed at teachers, students and the public, were resumed with the creation of 110 projects dedicated to the themes of waste, water, energy and education for sustainability.

The **continuity of services** was constantly guaranteed: energy production plants operated at full capacity, as did all network services (electricity distribution, gas distribution, integrated water cycle, district heating, public lighting and traffic light networks). Similarly, urban hygiene and waste collection activities were managed without interruptions with the adoption – in line with the indications of the Istituto Superiore di Sanità and on the basis of the protocols agreed with the regional bodies – of new procedures and methods of waste collection for positive or quarantined people (see pages 157 and 215) and the full operation of the treatment and disposal plants, which have contributed to the effective management of waste related to contagion situations both in the home and in health sector.

Relations with **suppliers** have been characterised by a continuous flow of information, through the dedicated Portal, in relation to security measures and protection of the personnel of supplier companies, procedures for access to Iren’s premises and operations to be carried out in contact with company personnel. In addition, specific measures have been adopted to support the supplier companies in assuming the greater burdens deriving from the Covid-19 emergency for carrying out the contractual activities (see pages 261 and 267).

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 on the side of the text with a dotted line (e.g. this paragraph) to give transparency of the phenomenon to all stakeholders.

# Awards and recognition

In 2021, Iren Group received various recognitions relevant to corporate and environmental responsibility. Below is a summary of the main acknowledgements received.



**Top Employer** certification (obtained for the fourth 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.



**Top Utility 2021 Award** in the **Absolute** category: recognition of Iren Group's excellent relationship with its stakeholders, its attention to sustainability, transparency and communication, as well as its ability to develop a harmonious growth path, expanding activities and territories, maintaining an effective relationship with consumers and improving the quality of services offered.



**Best in Media Communication** certification: recognition for the work carried out to measure the impact of corporate communication, taking into account the positioning in the media and the quality of the relationships established with editorial offices.



**Best Performance Award** – category Best Performing Large Company assigned by SDA Bocconi: recognition of the commitment to making the topic of sustainability and investment in human capital central to bring out the potential of each person with respect to their skills, competencies and needs.



Special mention in the Sustainability category of the **Business Excellence Award 2021**: awarded for the centrality of sustainability in the development strategy and in all the Group's activities, with a long-term vision in which ESG factors play a leading role.



**Smau Innovation Award 2021**: dedicated to companies committed to rethinking their business model under the banner of sustainability and process renewal. The award went to the structured approach to innovation and the provision of tools to support open innovation strategies, particularly in European funding programs for research, and the relationship with start-ups.



Award for commitment and results achieved in the sorted collection of steel packaging in Reggio Emilia **RICREA**, awarded by the National Consortium for the Recycling and Recovery of Steel Packaging.



Five awards to the social channels of Iren Luce Gas e Servizi attributed by **Social Creative Awards**: an award for international excellence in content creation on social media aimed at the best Italian posts (on Facebook, Instagram and Tiktok) of any sector. Special mention as *best Facebook content of the year 2021* to the post dedicated to the night of San Lorenzo.



Certificate of **civic merit** delivered by the Mayor of Parma to two operators of Iren Group, representing the entire category of workers engaged in essential services for the community that during the pandemic have worked to ensure citizens the use of these services.

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



# Strategy and policies for sustainability



# Sustainable development and priority topics

Iren considers sustainability as a fundamental lever for the creation of value over time for the Group and its stakeholders and, for this reason, is committed to conducting its activities considering the interests of its stakeholders, in the awareness that dialogue and the sharing of objectives are tools through which to create mutual value.

A way of doing business that finds its foundation in the business model and in the Group's Strategic Plan, which includes a concrete commitment to the Sustainable Development Goals of the UN 2030 Agenda (SDGs), and that guarantees long term resilience, also by reacting quickly and effectively to exogenous phenomena of exceptional magnitude, such as the socio-economic crisis resulting from the spread of the Coronavirus.

The sustainability policies – consistent with the mission, vision and Code of Ethics – define Iren Group's approach towards ESG (Environmental, Social and Governance) factors, i.e. relating to issues of environmental, social and governance impact, considered material, namely priorities according to as defined in the materiality matrix.

The policies set out commitments to improve the Group's sustainability performance, manage and mitigate the environmental, social and governance (ESG) risks to which it is exposed, in an integrated manner with the risk management system, and are oriented to:

- support the strategic choices – including the governance of risks, opportunities and impacts – which are operationally set out in the Strategic Plan and in specific management policies such as, for example, the Integrated Management System Policy (Quality, Safety, Environment and Information Security), the Risk Management Policies (see page 69), the Diversity and Inclusion Policy, the Policy for the management of the dialogue with Shareholders and Investors in general, the Policy for the protection and exploitation of personal data, the Biodiversity Policy and other relevant policies on the subject;
- improve the ESG risk management process;
- facilitate the non-financial reporting process;
- increase the level of knowledge and awareness of the expected outcomes regarding the material issues;
- spread the culture of sustainability.



## Iren and the global goals

Iren Group contributes to sustainable development in line with the UN Sustainable Development Goals (SDGs), integrating this commitment into its business model. For the preparation of the Group's Strategic Plan (see page 47), 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 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.

Iren Group can also have an impact in the implementation of the Objectives not selected as priorities. For this reason, the materiality analysis highlighted how the priority topics impact all SDGs (see page 42) and the contents of this document provide an information framework also on them, as highlighted in the reconciliation table on page 284.

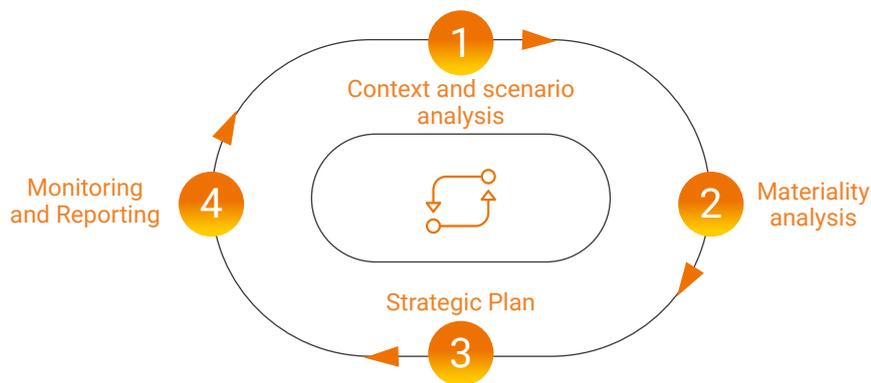
# SUSTAINABLE DEVELOPMENT GOALS



# Sustainable development strategy

[GRI 102-15, 102-31]

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 in the Strategic Plan the macroeconomic, financial, energy and climate context and scenarios in the short, medium- and long-term to identify the important factors 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 2021** highlights how the Covid-19 pandemic, while raising awareness of the vulnerability of our development model and the strong interconnectedness of environmental and social dimensions, has resulted in critical impacts around the world on progress towards achieving the Sustainable Development Goals of the 2030 Agenda.

The United Nations *2021 Report ("The Sustainable Development Goals Report 2021")* describes significant impacts: an increase in the global extreme poverty rate for the first time in more than 20 years; 101 million children falling below the minimum level of proficiency in reading and many young people at risk of dropping out of school due primarily to an increase in child labour and a wave of early marriage involving mostly girls; and a growth in domestic violence against women and unpaid care work increasingly on the backs of women and girls, impacting educational, income and health opportunities.

Despite the economic slowdown, concentrations of key greenhouse gases have increased, and the global average temperature has reached about 1.2°C above pre-industrial levels. The climate crisis is joined by other interconnected environmental crises: biodiversity decline at an unprecedented rate, forest loss, and ecosystem degradation at a rapid pace.

The pandemic has also brought enormous financial challenges, especially for developing countries, with a significant increase in debt distress and a sharp decline in direct investment and foreign trade.

However, the UN Secretary-General highlighted that it is still possible to achieve the 2030 Agenda and the Paris Agreement on climate change as long as there is an imperative “on the part of governments, cities, businesses and industries to ensure that recovery reduces carbon emissions, conserves natural resources, creates better jobs, promotes gender equality and addresses growing poverty and inequality”.

At the same time, the pandemic demonstrated community resilience, highlighted the work of essential workers in many fields, and facilitated the rapid expansion of social protection, the acceleration of digital transformation, and unprecedented global collaboration on vaccine development.

In February 2021, the **G7** – which was also open to Australia, South Korea, India and South Africa, as well as the UN Secretary General – included in its discussion topics the development of a response to the Covid-19 pandemic, with the aim of building a better post-pandemic reality, responding to environmental and climate emergencies, making a commitment to leave no one behind, as stated in the 2030 Agenda. G7 member countries, ahead of COP26 on climate and COP15 on biodiversity, committed to achieving zero net emissions by 2050, to halt and reverse biodiversity loss by 2030, and also agreed to donate one billion vaccines to other countries.

The **G20**, held under the Italian presidency in Rome in October 2021, placed the health emergency, the climate crisis, global poverty, and gender and generational inequalities at the centre of its agenda. For the first time, all G20 countries have acknowledged the scientific validity of the 1.5°C target, have committed to curb their emissions so as not to lose sight of this goal, and have taken on the goal of CO<sub>2</sub> neutrality around 2050. In addition, economic support was promised to the poorest countries regarding climate. The reform of the international taxation system has been added to the climate goals, to ensure that all companies pay their fair share of taxes, and the overcoming of protectionism in health products, also with the aim of ensuring more vaccines and intensifying the links between finance and health to find new ways to assist the world's poorest countries.

On 13 November 2021, **COP26** concluded with nearly 200 countries agreeing to the Glasgow Climate Pact, which confirms the goal of limiting global warming to 1.5°C above pre-industrial levels, with a 45% reduction in CO<sub>2</sub> emissions by 2030 compared to 2010 and achieving net zero emissions around mid-century, accelerating efforts to phase out unabated coal and inefficient fossil fuel subsidies, and providing targeted support to the poorest and most vulnerable countries toward just transition. The Pact provides, among other things, that by 2030 at the latest, countries will have common commitments to reduce emissions over a 10-year period and will have to update their decisive contributions at the national level by 2022. Starting in 2024, a new method will be adopted to ensure that countries use the same metrics to report their GHG emissions. Decisions have also been made to operationalise a new global carbon market, avoiding double counting of credits and incorporating human rights within market mechanisms.

The **European Union** has made further efforts in the last year and has confirmed its global leadership in policies for sustainable development, with a commitment to address climate and environmental issues and to develop policies for “an economy that serves people”. The strategy outlined in the Green Deal shows the way forward to achieve the goal of making Europe the world's first climate neutral continent. A challenge that requires substantial public funds, such as those of the Next Generation EU, but also private funds that

find in the EU Taxonomy (see page 120) – whose delegated acts were formalised in 2021 – a tool to guide towards economic activities that can be considered sustainable in view of the transition towards economic growth without negative impacts on the environment and, in particular, on the climate.

The European challenge also drives **Italy**, which finds a relevant opportunity in the Next Generation EU, the program for recovery, aimed at building increasingly sustainable, resilient and digital societies and economies. Italy's recovery and resilience plan (PNRR) – presented on 30 April 2021 with green light from the European Commission on 22 June 2021 – calls for reforms and investments, to be implemented by 2026, to help the country become more sustainable and resilient. The Plan, designed to foster economic development and create jobs, has three main axes:

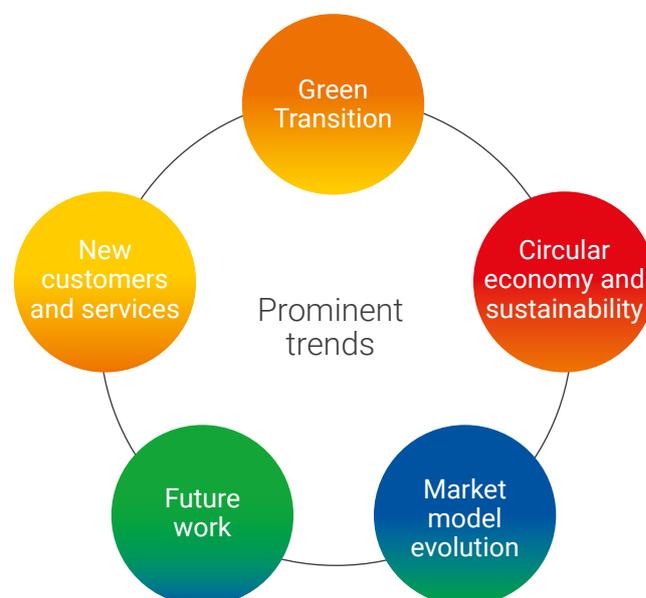
- **digitalisation and innovation** – includes challenges to improving the digital skills of the population and workforce, increasing the digitalisation of businesses and promoting the delivery of digital public services, and accelerating the implementation of key e-government projects;
- **ecological transition** – in the area of climate and environmental policies, key challenges include the need for improved waste and water management, significant progress in sustainable mobility, and enhanced energy efficiency in buildings;
- **social inclusion** – includes measures to address the challenges of high and structural unemployment, low labour market participation (particularly of women and youth), and persistent social and territorial disparities.

The investment projects of the PNRR are grouped into 6 missions, to which a portion of the more than 235 billion Euro planned for its implementation is allocated:

- mission 1 - digitalisation, innovation, competitiveness, culture and tourism (49.86 billion Euro);
- mission 2 - green revolution and ecological transition (69.94 billion Euro);
- mission 3 - infrastructures for sustainable mobility (31.46 billion Euro);
- mission 4 - education and research (33.81 billion Euro);
- mission 5 - inclusion and cohesion (29.83 billion Euro);
- mission 6 - health (20.23 billion Euro).

In 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 important role is attributed to **scenarios related to climate change** and its effects on the Group's activities, deriving from the physical environment – 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 medium term (2026) and long term (2030) strategy are various scenario analyses related to the climate change impact:



- Intergovernmental Panel on Climate Change (IPCC) RCP 2.6 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 (~+1.5°C considered by Iren Group). RCP 2.6 requires that CO<sub>2</sub> emissions fall to zero by 2100, that methane (CH<sub>4</sub>) emissions reach about half of 2020 levels, that sulphur dioxide (SO<sub>2</sub>) emissions fall to about 10% of 1980-1990 levels, and that there be negative CO<sub>2</sub> emissions of about 2 gigatons per year;
- IPCC RCP 8.5 (business-as-usual) that predicts an end-of-century temperature increase of about 4°C above pre-industrial levels, consistent with a scenario where no particular climate change measures are implemented;
- IES World Energy Outlook 2021 (WEO-2021) Sustainable Development Scenario (SDS) that is a gateway to the expected outcomes of the Paris Agreement. Under this scenario, all current net zero commitments are fully met and there are extensive efforts to achieve near-term emission reductions. Advanced economies achieve net zero emissions by 2050, China around 2060, and all other countries by 2070 at the latest. Without assuming negative net emissions, the scenario is consistent with limiting the global temperature increase to 1.65 °C (with a 50% probability). With some level of net negative emissions after 2070, the temperature increase could be reduced to 1.5 °C by 2100;
- IEA WEO-2021 Stated Policies Scenario (STEPS) that reflects current approaches based on a sector-by-sector assessment of specific policies in place, as well as those announced by governments around the world;
- Italian Electricity Market Scenario II2021 by REF-E that incorporates the latest trends in import dynamics and commodity markets, the expected impact of the new European *Fit for 55* package and potential pathways towards carbon neutrality targets for 2050.

Impacts, risks and opportunities arising from the scenarios are considered in planning. To this end, three strands of analysis of the Strategic Plan have been structured:

- qualitative and quantitative risk assessment based on an analysis of sector trends, the Group's exposure to related strategic risks and the related ability of the Business Plan to mitigate such risks. For the risks identified in the Group's risk map, which have an impact in the years of the Plan, a detailed analysis of the quantitative drivers was carried out, defining the impact, probability of occurrence and mitigation actions functional to the quantification of the risk value, both inherent and residual. This assessment led to the enhancement of the Plan's stress test and the maintenance of the rating indices assigned to the Group;
- analysis of investments, identifying both capital expenditure with a mitigating effect on risks and those whose realisation may represent a possible source of risk, with economic and financial repercussions (so-called execution risks);
- analysis of climate change risk factors impacting the Group, through asset modelling and identification of the most significant risk factors for different climate scenarios and time horizons, also including assessment of the investments envisaged in the Business Plan to mitigate climate change risks.

The analysis of the impacts of climate change, taking into account the variables underlying the different scenarios, has led, for example, to consider for the physical risks the rising trend of temperatures and to analyse the impact, in terms of marginality, that this trend will produce on the lower production of heat for district heating and the increased production of electricity to meet the growing demand for summer air conditioning. Another analysis concerned 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 analysis of the effects of the scenarios described in the business processes, consistent with the guidelines of the TCFD (Task Force on Climate-related Financial Disclosures), was further implemented in 2021 by developing a management model enabling the assessment of risks and opportunities related to climate change that support strategic choices (see page 80).

## Materiality analysis

[GRI 102-46, 102-47, 102-49, 103-1]

The materiality analysis allows to identify and compare the priority issues for stakeholders and for the Group in the medium- and long-term strategy. The result of this analysis supports the definition of the Group's 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 105.

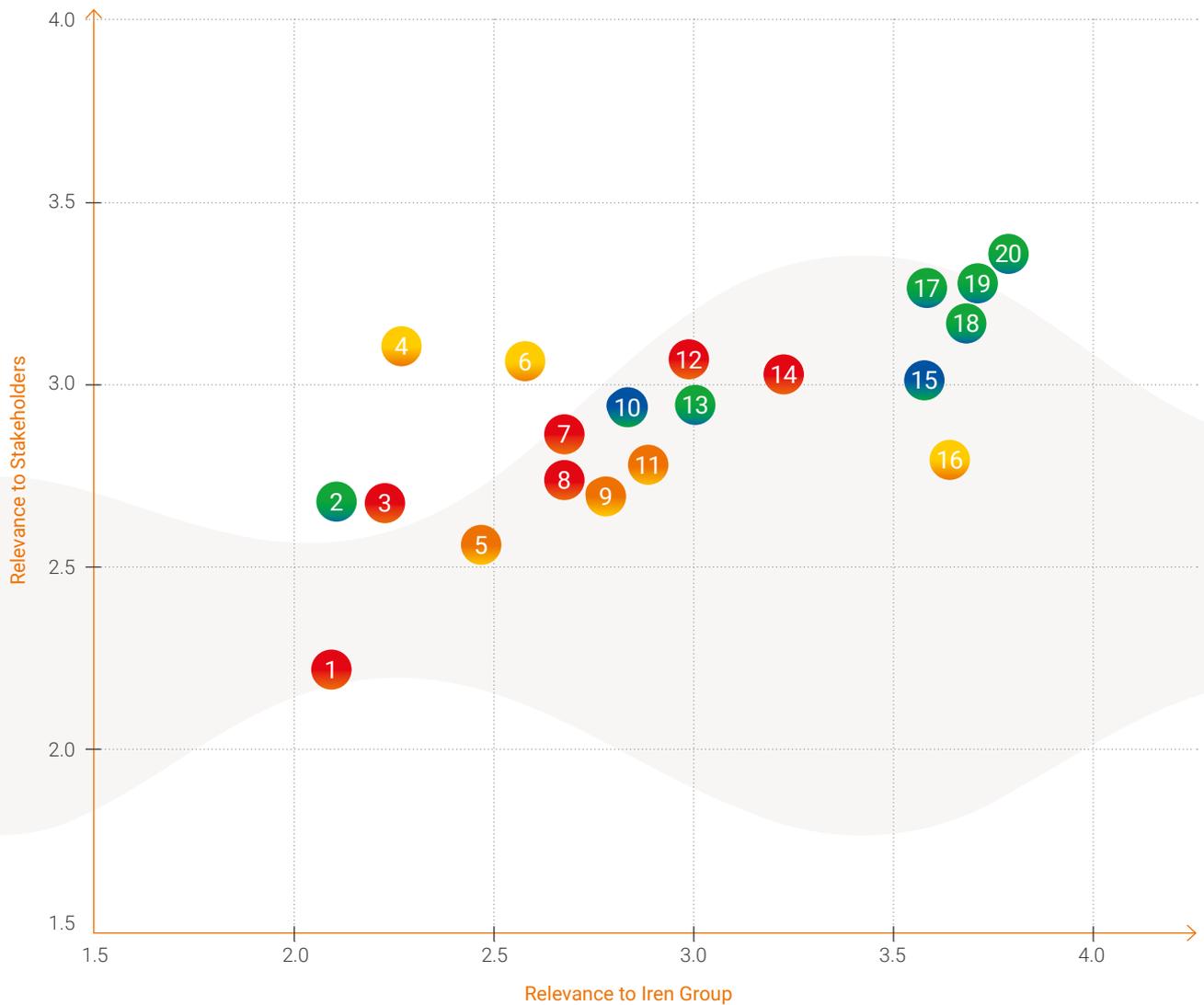
Materiality thus underlines the connection of priority topics with the Group's strategy and ensures that the expectations of different stakeholders are considered.

In 2021, the materiality analysis led to the definition of 20 topics, compared to 23 topics in the previous year, reflecting a different articulation of these topics to make them even more consistent in terms of priorities without reducing the scope of the analysis.

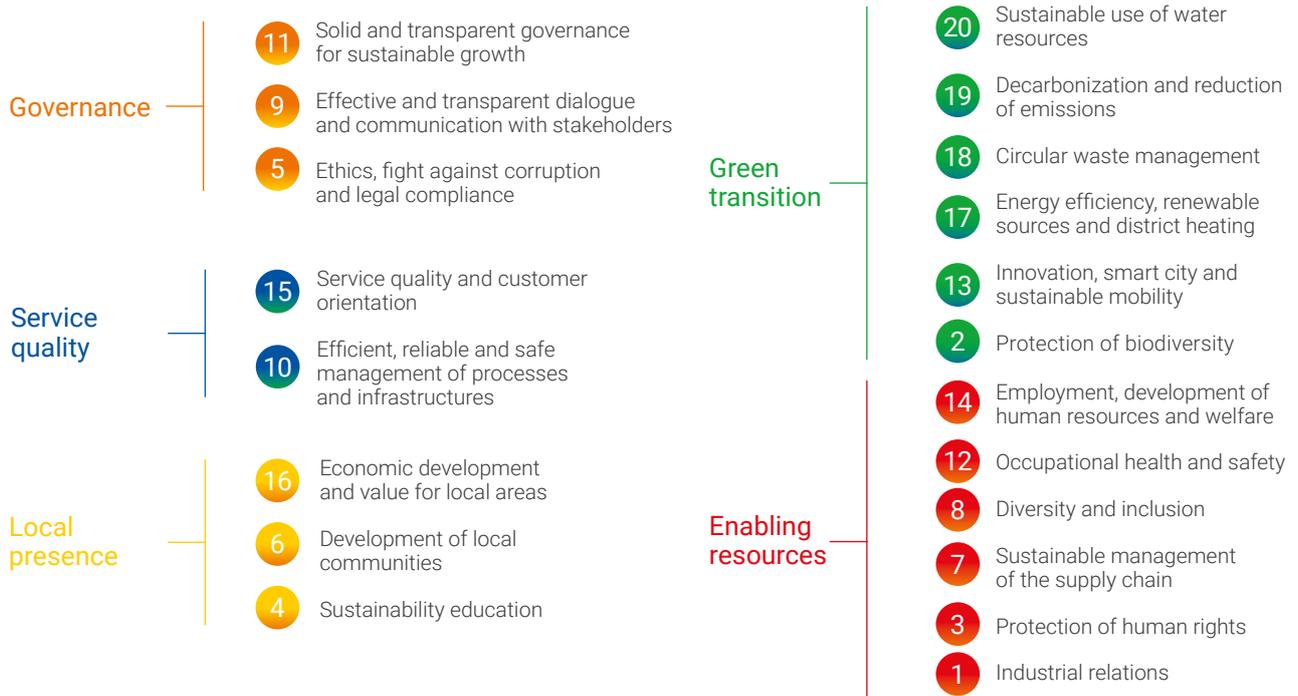
For example, the topic "Competitiveness on the market" has been included in "Economic development and value for local areas", of which it is considered a significant and constitutive aspect. For the same reasons, the topic "Efficient and reliable services" and "Responsible management of business segments" have been merged into the new topic "Efficient, reliable and safe management of processes and infrastructures", as well as the topic "Dialogue with Public Authorities" and "Internal and external communication" have been merged into the topic "Effective and transparent dialogue and communication with stakeholders". In the interests of consistency and coherence with the lines of the Business Plan, the "Emissions" topic was renamed to "Decarbonization and reduction of emissions" and the "Circular economy: management, sorted waste collection and reuse of waste" topic to "Circular waste management". In addition, the topic "Solid and transparent governance for sustainable growth", previously covered in other topics, was highlighted as a fundamental requirement for the governance and direction of the other topics.

The 2021 matrix, therefore, albeit with a different declination of the topics described above, presents a substantial confirmation of the priority topics identified in 2020, which obtain ratings above the materiality threshold (2.0) both by management and by stakeholders.





### Iren Group Governance and Strategy



The priority topics identified with the materiality analysis 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, the materiality connotations and correlation with the UN Sustainable Development Goals (SDGs) by 2030 and the UN Global Compact (UNGC) principles are highlighted below (see page 280).

The SDGs are central to the materiality analysis through which Iren and its stakeholders attribute an assessment to strategic topics for the Group's development. Concerning the 9 SDGs considered priorities by the Group (see page 37), the Business Plan defines specific objectives and targets, which are described in more detail on page 47.

<p><b>Solid and transparent governance for sustainable growth</b></p>		<p>Governance for sustainable growth takes the form of integrating ESG (environmental, social and governance) factors into the Group's strategy, defining medium and long-term sustainability objectives and targets, and identifying, assessing and managing risks and opportunities arising from ESG factors. The strategic guidelines for sustainable growth, approved by the Board of Directors, guide operations, affect the remuneration policies for management and are systematically monitored through a reporting system that forms the basis for transparent communication with stakeholders. Starting from the Board of Directors, the governance approach to sustainable growth adopted by Iren Group involves the entire organisation, attributing specific levels of responsibility to the various corporate bodies and roles.</p>
<p><b>Ethics, fight against corruption and legal compliance</b></p>		<p>The Group's Code of Ethics defines the general principles, the conduct criteria and the control system to maintain and strengthen the relationship 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 for the regulatory framework of the sector – and in a preventive way: for this reason, Iren Group has also adopted the Organisational Model 231 to prevent the commission of crimes, including corruption, which is also relevant in light of the principles of the Global Compact. Training and raising the awareness of people are the keys to consolidating an ethical culture that tangibly influences the Group's development opportunities.</p>
<p><b>Effective and transparent dialogue and communication with stakeholders</b></p>		<p>Dialogue and discussion with stakeholders, both at local and national level, is fundamental for the Group, also in order to face and outline growth strategies that produce increasingly sustainable impacts for the territory and the whole country. Knowledge of the mission, values and sustainable growth strategies of Iren Group, together with the ability to listen, are crucial for the real involvement of stakeholders in the development challenges, and for this reason communication and systematic engagement are the primary tools for gathering the present and future needs of stakeholders and for providing them with timely information on the economic, environmental and social impacts of the Group.</p>
<p><b>Energy efficiency, renewable sources and district heating</b></p>		<p>Iren Group has defined in its development plan important objectives to save natural resources, especially energy, and reduce emissions, thanks to the strong development of energy production from renewable sources, the extension of district heating, the high levels of energy efficiency in the management of production processes. Moreover, Iren acts as a territorial reference partner in the implementation of energy efficiency solutions for customers and Public Administrations.</p>
<p><b>Sustainable use of water resources</b></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. The sustainable use of water resources is also central to the management of production processes.</p>
<p><b>Decarbonization and reduction of emissions</b></p>		<p>Iren Group's strategic guidelines include a commitment to the constant containment of atmospheric emissions, in particular, it has defined objectives for the reduction of direct and indirect CO<sub>2</sub> emissions, in line with science, thanks mainly to the use of renewable sources, the use of waste as a material, the use of certified green electricity and the efficiency of its production processes.</p>

Circular waste management	 	<p>Iren Group manages its own waste and that managed for local communities with the objectives set out in the Business Plan to reduce production, increase sorted collection, increase material recovery, waste-to-energy, following 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.</p>
Innovation, smart city and sustainable mobility	  	<p>The Group's approach to innovation is aimed at improving service quality, building relationships between infrastructures and human capital, both intellectual and social, thanks to the use of new technologies, in order to improve quality of life and the environment and meet the needs of residents, companies and institutions. All actions are strongly focused on the local areas in which the Group works, collaborating with local communities to develop smart cities, also through sustainable mobility projects at public and private level.</p>
Protection of biodiversity	 	<p>To protect biodiversity and habitats, as well as entering into partnerships with Bodies, Institutions and Associations, Iren Group has developed a policy to ensure that the activities managed are compatible and sustainable for the environment and maintain its natural balance. Environmental analysis and assessment of the significance of the impacts that the Group's activities have on the environment and biodiversity are aimed at adopting the necessary measures to minimise them.</p>
Development of local communities	 	<p>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.</p>
Sustainability education		<p>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.</p>
Economic development and value for local areas	 	<p>This is a cornerstone of Iren's strategy, which aims to create value for shareholders and stakeholders. The economic development of the Group guarantees growth, competitiveness and produces significant economic, social and environmental impacts for communities in terms of the distributed added value, 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.</p>
Employment, development of human resources and welfare	  	<p>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 efforts to reconcile life and work needs and improve the working environment's quality. The aim is to become a team, add value to the outcome of individual work and increase a feeling of belonging, creating a shared social, cultural, professional and intellectual terrain.</p>
Industrial relations		<p>Industrial relations contribute to create 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 in accordance with a participatory, non-confrontational model, while respecting the various roles.</p>

Occupational health and safety	 	<p>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.</p>
Diversity and inclusion	 	<p>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 subject of a specific Policy, as a determining growth factor.</p>
Protection of human rights	 	<p>Iren Group supports the principles of the UN Global Compact on human rights 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.</p>
Sustainable management of the supply chain		<p>Iren Group aims to build proper and transparent relationships with suppliers, which are based on clear rules and shared values that are key to maintain the quality of services, environmental protection, safety and rights 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.</p>
Efficient, reliable and safe management of processes and infrastructures	  	<p>Efficiency, reliability and safety of processes and infrastructures are important for the quality of services offered to citizens, to ensure a proper use of resources and to reduce environmental impacts, as well as for the containment of operating costs. 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 resources appropriately, taking the social and environmental impact of business actions into consideration.</p>
Service quality and customer orientation	   	<p>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 have changed the role of Iren, 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, in line with a growth strategy strongly oriented towards the customer and the development of new integrated services to anticipate market trends. Innovation, the sustainability of resources, ecological transition and digitalization are some of the levers on which Iren Group acts to compete and extend its market.</p>

## Strategic plan

The growth strategy, approved by the Board of Directors in November 2021, is consistent with the Group's mission and vision and the **main macro-trends** of the sector described above. The Strategic Plan, extended to 10 years, is based on **three pillars**: the **green transition** with a progressive decarbonization of all activities and the strengthening of leadership in the circular economy and the sustainable use of resources; **local presence** with an extension of the perimeter in the historical territories and the evolution as a reference partner for the communities by expanding the portfolio of services offered; **quality** through the improvement of performance and the maximisation of customer/citizen satisfaction levels.

The **industrial strategy is strongly integrated with the sustainability strategy** that defines precise medium- and long-term targets and is divided into the following **5 focus areas**:



The year 2021 confirmed the **resilience of Iren Group's business model**, even in the face of the continuing health emergency, which will be further strengthened by the investments planned to support the various businesses and, in particular, by the significant share of investments allocated to the achievement of sustainability objectives.

The integration of sustainability in the Strategic Plan and the drivers of capital allocation moves a step forward with the extension of the **time horizon of the Sustainability Plan until 2030**, defining the role that Iren Group intends to play for development consistent with European policies, the challenges emerging from the pandemic context and to boost the economic recovery process in our country, consistently and in support of the objectives of the PNRR.

The objectives and targets of Iren Group's medium- and long-term Business Plan are summarised below.

Development areas	Target			SDGs
	2024	2026	2030	
<b>VALUE</b>				
Gross cumulated investments	€ 4.9 billion	€ 7.1 billion	€ 12.7 billion	
Portion of sustainable investments			80%	
Ebitda	€ 1,250 million	€ 1,450 million	€ 1,800 million	
Net debt / EBITDA ratio	3.3x	3.1x	2.5x	
Net income	€ 330 million	€ 380 million	€ 500 million	

Development areas	Target			SDGs
	2024	2026	2030	
<b>GREEN TRANSITION</b>				
<b>Decarbonization</b>				
Installed power from renewable sources	0.6 GW	1.1 GW	2.8 GW	
Power generation carbon intensity (scope 1)	317 gCO <sub>2</sub> /kWh	298 gCO <sub>2</sub> /kWh	176 gCO <sub>2</sub> /kWh	
Certified renewable electricity purchased (scope 2)	90%	95%	100%	
Emission reduction scope 3 deriving from:				
• use of products sold (gas)			-25%	
• fuel and energy related activities			-13%	
Energy saving in production processes	920 TOE/000	1,500 TOE/000	1,740 TOE/000	
Emissions avoided from waste recovery	1,610 tCO <sub>2eq</sub> /000	1,740 tCO <sub>2eq</sub> /000	2,290 tCO <sub>2eq</sub> /000	
<b>Circular economy</b>				
Sorted waste collection in legacy regions	73.4%	74.6%	76.2%	
Waste recovered in Iren Group plants	1,490 t/000	1,670 t/000	2,310 t/000	
Biomethane produced from biodegradable waste	38 million m <sup>3</sup>	46 million m <sup>3</sup>	57 million m <sup>3</sup>	
Wastewater reused	13 million m <sup>3</sup>	16 million m <sup>3</sup>	20 million m <sup>3</sup>	
<b>Water resources</b>				
Wastewater plants capacity	3,690 A.E./000	3,850 A.E./000	3,970 A.E./000	
Water withdrawals from the environment	278 l/hinab./day	273 l/hinab./day	261 l/hinab./day	
Water network leaks	30.1%	26.5%	20.0%	
Network division into small and equal areas (districts)	75%	82%	90%	
<b>Resilient cities</b>				
District heated volumes	108 million m <sup>3</sup>	117 million m <sup>3</sup>	124 million m <sup>3</sup>	
Eco-vehicles on total fleet	36%	47%	100%	
Green electricity sold to retail clients	2,000 GWh	2,500 GWh	3,500 GWh	
Energy saving from Iren Group products/services	420 TOE/000	500 TOE/000	700 TOE/000	
<b>TERRITORIALITY</b>				
Portion of investments in legacy regions			85%	
<b>Expansion of coverage in legacy regions</b>				
Provinces covered with 4 or more services			34	
Inhabitants served by waste collection			5.5 million	
Inhabitants served by integrated water cycle			3.5 million	
PDR gas distribution			1.0 million	
<b>E-mobility</b>				
Charging infrastructure			4,000	
Local public transportation lines			15	

Development areas	Target			SDGs
	2024	2026	2030	
<b>Energy efficiency and urban renovation</b>				
Energy Communities projects			7,000	
Investments for territories/communities			€ 1.6 billion	
<b>SERVICE QUALITY</b>				
Electricity 2G smart meters installed			100%	
Gas smart meters installed			100%	
Inhabitants served by "pay as you throw" tariff			64%	
Insourcing of customer operations key activities			70%	
Network of counters/shops			+80%	
Penetration on sale of Iren Plus service platform			30%	
<b>PEOPLE</b>				
<b>Employment, development and enhancement of skills</b>				
New hires (progressive growth from 2020)	2,300	2,900	4,000	
Training hours per capita	26	27	30	
Employees evaluated on performance	80%	100%	100%	
<b>Diversity &amp; Inclusion</b>				
Women in managerial roles	23.5%	26.5%	30.0%	
Hires under 30 out of total hires	80%	80%	84%	
<b>Welfare and personal care</b>				
Accident incidence index	44	43	42	
Employees with supplementary healthcare	90%	93%	95%	
<b>ENABLING RESOURCES</b>				
Digitalization: investments			€ 0.6 billion	
<b>Performance improvement</b>				
Synergies	€ 45 million	€ 55 million	€ 120 million	
Projects			70	

## Monitoring and reporting

Iren is committed to manage and measure its performance, considering economic, environmental, and social aspects in defining strategic objectives and reporting of its activities. An approach aimed at the complete integration of sustainability in the strategic business choices.

To this end, the Group has structured an internal system for quarterly monitoring of sustainability

performance, which enables it to make the analyses and management decisions necessary to ensure that the objectives of the Strategic Plan are achieved and has integrated sustainability objectives into the Group's remuneration system (see page 90).

The Sustainability Report is also a tool for communicating and monitoring the adherence of operations to the strategy and, precisely with this objective, it reports the progress made towards achieving the targets set by the Group Business Plan.

# Progress toward goals

The following are the results achieved in 2021 towards the achievement of the objectives set out in Iren Group's Business Plan.

Development areas	2021 Results	2030 Objectives
<b>VALUE</b>		
	954.6 million Euro of gross investments <sup>1</sup>	12.7 billion Euro of gross investments <sup>1</sup>
	70% sustainable investments in the year	80% sustainable investments over the plan
	Ebitda at 1,016 million Euro	Ebitda at 1,800 million Euro
	Net debt / EBITDA ratio 2.9x	Net debt / EBITDA ratio 2.5x
	303 million Euro net income	500 million Euro net income
<b>GREEN TRANSITION</b>		
<b>Decarbonization</b>	~0.6 GW of installed power from renewable sources	2.8 GW of installed power from renewable sources
	323 gCO <sub>2</sub> /kWh power generation carbon intensity (scope 1)	176 gCO <sub>2</sub> /kWh power generation carbon intensity (scope 1)
	83% certified renewable electricity purchased (scope 2)	100% certified renewable electricity purchased (scope 2)
	+8% scope 3 emissions from use of products sold (gas)	-25% scope 3 emissions from use of products sold (gas)
	+31% scope 3 emissions from fuel and energy related activities	-13% scope 3 emissions from fuel and energy related activities
	740,000 TOE saved in production processes	1,740,000 TOE saved in production processes
	1,268,000 tCO <sub>2eq</sub> avoided from waste recovery	2,290,000 tCO <sub>2eq</sub> avoided from waste recovery
<b>Circular economy</b>	70.3% sorted waste collection in legacy regions	76.2% sorted waste collection in legacy regions
	595,780 t waste recovered in Iren Group plants	2,310,000 t waste recovered in Iren Group plants
	1.8 million m <sup>3</sup> of biomethane produced from biodegradable waste	57 million m <sup>3</sup> of biomethane produced from biodegradable waste
	6 million m <sup>3</sup> of wastewater reused	20 million m <sup>3</sup> of wastewater reused
<b>GREEN TRANSITION</b>		
<b>Water resources</b>	280 liters/inhabitant/day of water withdrawal from the environment	261 liters/inhabitant/day of water withdrawal from the environment
	32.6% water network leaks	20% water network leaks
	60% of water networks divided into districts	90% of water networks divided into districts
	3,525,411 inhabitants equivalent of wastewater capacity	3,970,000 inhabitants equivalent of wastewater capacity

<sup>1</sup> Including work for customers carried out by Iren Smart Solutions.

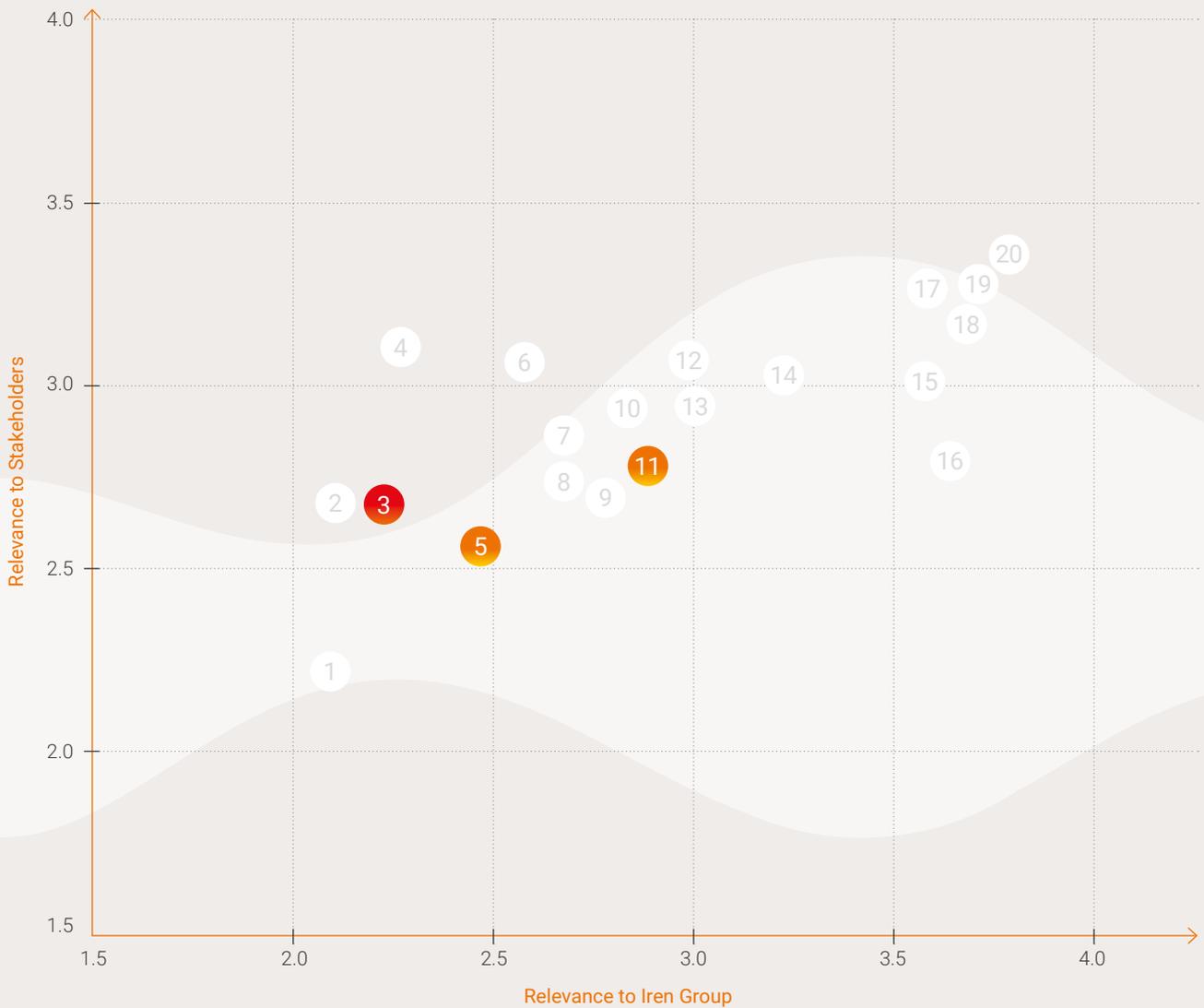
Development areas	2021 Results	2030 Objectives
Resilient cities	99 million m <sup>3</sup> of district heated volumes	124 million m <sup>3</sup> of district heated volumes
	18% eco-vehicles on total fleet	100% eco-vehicles on total fleet
	1,035 GWh of green electricity sold to retail clients	3,500 GWh of green electricity sold to retail clients
	206,000 TOE saved from Iren Group products/services	700,000 TOE saved from Iren Group products/services
	56 million Euro invested in innovation	1.6 billion Euro invested in innovation
<b>TERRITORIALITY</b>		
	95% investments in legacy regions	85% investments in legacy regions
	15 provinces covered with 4 or more services	34 provinces covered with 4 or more services
	3 million inhabitants served by waste collection	5.5 million inhabitants served by waste collection
	2.8 million inhabitants served by the integrated water cycle	3.5 million inhabitants served by the integrated water cycle
	0.7 million PDR gas distribution	1 million PDR gas distribution
	880 charging infrastructure	4,000 charging infrastructure
		15 local public transportation lines
		7,000 Energy Communities projects
	140 million Euro invested for territories/communities	1.6 billion Euro invested for territories/communities
<b>SERVICE QUALITY</b>		
	2% electricity 2G smart meters installed	100% electricity 2G smart meters installed
	88% gas smart meters installed	100% gas smart meters installed
	26% inhabitants served by "pay as you throw" tariff	64% inhabitants served by "pay as you throw" tariff
	53.4% insourcing of customer operations key activities	70% insourcing of customer operations key activities
	+12% network of counters/shops	+80% network of counters/shops
	21% penetration on sale of Iren Plus service platform	30% penetration on sale of Iren Plus service platform
<b>PEOPLE</b>		
Employment, development and skills enhancement	886 new hires	4,000 new hires
	23 training hours per capita	30 training hours per capita
	53% of employees evaluated on performance	100% of employees evaluated on performance
Diversity & Inclusion	22% women in managerial roles	30% women in managerial roles
	44% hired under 30 out of total hires	84% hired under 30 out of total hires
Welfare and personal care	43.5 value of the accident incidence index	42 value of the accident incidence index
	74% employees with supplementary healthcare	95% employees with supplementary healthcare



# Governance for sustainable growth



# Priority topics



**11** Solid and transparent governance for sustainable growth



**3** Protection of human rights



**5** Ethics, fight against corruption and legal compliance



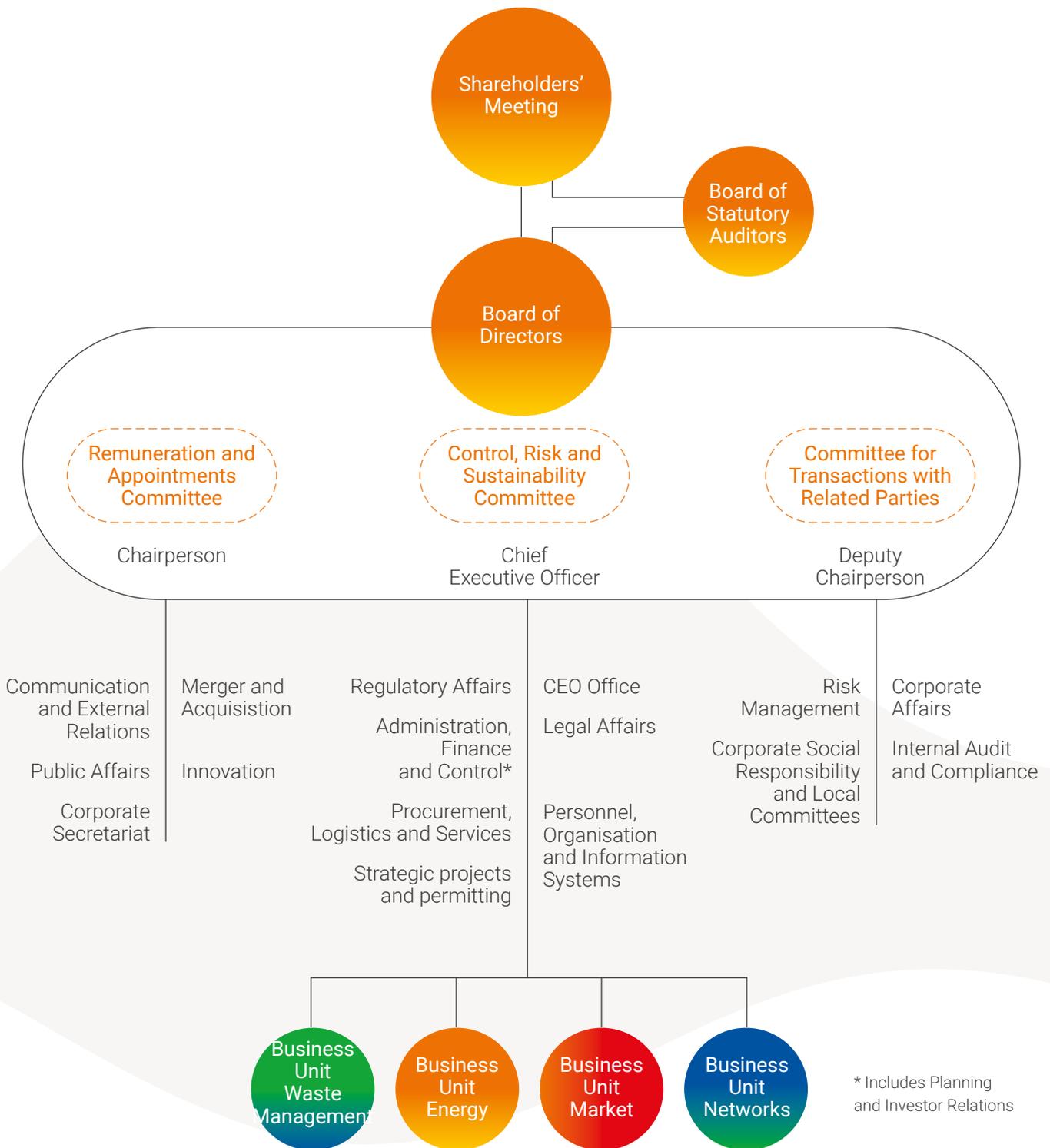
# Sustainability governance

[GRI 102-15, 102-18, 102-19, 102-20, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-29, 102-30, 102-31, 102-33, 102-37]

Iren Group's 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.

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 decision-making processes and contributes to spreading the corporate culture at all levels and enhancing skills, increasing awareness among internal resources and contractors that the Group plays a vital role in creating value for the community.





Iren Group's integrated strategy and economic and sustainability objectives 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 Plan, the annual budget, the Consolidated Financial Statements and the Sustainability Report, as well as when examining and supporting extraordinary and development operations.

In 2021 the Board of Directors updated its medium-term (2026) and long-term (2030) strategic planning, including sustainability objectives and targets (see page 47), 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 by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (for detailed references see page 295):

- **governance** – description of the role of the Iren corporate governance system in relation to climate change issues;
- **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;
- **risks** - description of the identification, assessment and management process for the risks and opportunities related to climate change adopted by the Group;
- **metrics and targets** – main metrics related to climate change used by the Group, as well as the main objectives set to promote a low carbon business model.

The Board of Directors analyses and approves the Sustainability Report, which serves as a non-financial statement (NFS) pursuant to 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, who holds the relevant powers.

The Deputy Chairperson updates the Board on the status of sustainability projects managed, including through the Corporate Social Responsibility and Local Committees Department, and on stakeholder engagement and sustainability consultation activities with stakeholders. 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 64) 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 activated (see page 67), which includes the primary staff Departments and Business Units Chief Officers, and which operates in close relationship with the Sustainable Finance Committee (see page 68) responsible for defining and managing the Group's sustainable finance framework.

Iren adopts a traditional type of corporate governance system and has conformed its model to the recommendations of the Corporate Governance Code.

#### Composition of the Board of Directors and Internal Board Committees as at 31/12/2021

Name and Surname	Office	Executive	TUF independence	Code Independence	Remuneration & Appointments Committee (RAC)	Control, Risk & Sustainability Committee (CRSC)	Committee for Transactions with Related Parties (CTRP)
Renato Boero	Chairperson	●					
Moris Ferretti	Deputy Chairperson	●					
Gianni Vittorio Armani*	CEO/General Manager	●					
Vito Massimiliano Bianco**	CEO/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

\* From 29/05/2021 to 31/12/2021

\*\* From 1/1/2021 to 29/05/2021

## Board of Directors

The Board of Directors (BoD) has full powers for the ordinary and extraordinary administration, and for the 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. Within this framework of responsibility, the Iren Board of Directors is responsible for defining the sustainability policies and principles of conduct to be adopted at Group level, in order to ensure the creation of value over time for shareholders and for all other stakeholders, together with the definition of the sustainability plan that the BoD itself has chosen to integrate in the Strategic Plan for the development of the Group.

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, the annual budget, the financial statements and the interim management reports. The Board of Directors also evaluates the social and environmental performance reported quarterly and annually in the Sustainability Report. The assessment of sustainability risks and performance also takes place with the support of the Control, Risk and Sustainability Committee (made up of Independent Directors). The Board of Directors in office as at 31 December 2021 was appointed (for three years, until the approval of the financial statements at 31 December 2021) by the Shareholders' Meeting held on 22 May 2019 and is composed of 15 Directors. For the appointment, in addition to the provisions of the Shareholders' Agreement between Iren Public Shareholders, the Articles of Association govern the list voting mechanism, which guarantees an adequate presence of the less represented gender (equal to at least two-fifths of the members starting from the first subsequent renewal as of 1 January 2020) as well as the Directors designated by the minority shareholders.

During the meeting held on 29 May 2021, the Board of Directors of Iren co-opted, pursuant to art. 2386 of the Civil Code, Gianni Vittorio Armani as Director and appointed him as Chief Executive Officer and General Manager in replacement of Massimiliano Bianco who resigned from the above-mentioned offices with effect from the same date.

The BoD adopts appropriate solutions to facilitate the identification and management of **situations in which a Director may be vested with personal interests or interests on behalf of third parties** in a particular transaction. In this case, in compliance with the provisions of art. 2391 of the Civil Code, the Director shall give prior notice to the other Directors and the Board of Statutory Auditors and, if an Executive Director, shall refrain from carrying out the transaction, informing the Board of Directors thereof.



The BoD, during the meeting of 05 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 [gruppoiden.it/assemblee/2019#r](http://gruppoiden.it/assemblee/2019#r)). From a quantitative point of view, the Board wished to maintain an adequate representation of independent Directors. As regards the qualitative profile, without prejudice to the possession of the integrity requirements, the objective that the Board of Directors set itself was to combine different professional and managerial profiles, recognising the value attributed to the complementarity of experiences and skills, together with the diversity of gender and age, for the purposes of the proper functioning of the BoD. The issue of the appointment and composition of the Board of Directors and the Board of Statutory Auditors is among the topics covered by the Policy for Managing Dialogue with General Shareholders and Investors approved by the Board of Directors on 21 December 2021 (see page 108) and published on the Group's website.

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 manager or junior managers, but in certain contexts (e.g. security) may reach blue-collar workers. The Corporate Affairs and





Organization Departments always check the overall consistency and correctness of the delegation system.

The Board of Directors has resolved that the Corporate Social Responsibility and Local Committees Department, among others, reports to the Deputy Chairperson. A manager has been appointed Chief Officer 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 (23 February and 07 April 2021 for the reporting year). Based on the criteria defined by the Consolidated Law on Finance (TUF) and the Corporate Governance Code, 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 Board 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 Directors' Report. The Board of Statutory Auditors oversees compliance with the adopted rules and refers to them in its Report to the Shareholders' Meeting.

In 2021, Iren's Board of Directors held 22 meetings; in addition to these, in continuity with previous years, training sessions were organised, both in the context of formal Board meetings and in meetings accompanying them, in which the CEO, Business Units Chief Officers or managers illustrated the strategic planning process that led to the definition of the 2030 Business Plan, also with specific focus on sustainability objectives and targets. More specifically, eleven Board meetings dealt with ESG issues, with reference to the approval of the budget, the Sustainability Report, the Group's ESG positioning, the outline of the Business Plan and its approval, the PNRR, the issues of gender diversity, climate change, resilient cities, water resources, the circular economy, relations with stakeholders and the Policy for the management of dialogue with all Shareholders and Investors.

In relation to the Covid-19 emergency, the Board of Directors was constantly informed and updated by the CEO on the progress of contagions and quarantines and on the continuous monitoring of the phenomenon, also in terms of its impact on the continuity of services, in order to prevent critical situations. An overall situation that, despite the diversified trend during the year as a result of the so-called “waves” of spread of Covid-19 and the progressive extension of the vaccination campaign, has not led to unsustainable situations in the management of services. The Board’s attention was also focused on emergency plans, organisational arrangements for managing peak and resumption of work in attendance, procedures, equipment adopted, and internal communication activities carried out to ensure staff safety. In addition, reference was made to the measures of the prevention, protection and monitoring system adopted – including through discussions with the Trade Unions (via 9 Territorial/Sector Committees) – that were recognised as adequate by staff, as revealed by a special survey conducted within the Group. The agreements signed with the Trade Unions for the management of the health emergency were brought to the attention of the Board of Directors, thanks to which the system of solidarity vacations for staff not otherwise employable continued in 2021. Finally, information was provided on the actions taken to speed up staff vaccination, through the direct organisation of a vaccination service to which a significant proportion of employees voluntarily adhered. The Chief Executive Officer, on the various occasions, explained to the Directors the impacts of the health emergency on the financial and economic level.

The parent company’s Supervisory Body also reported to the Board of Directors on the monitoring activities of the contagion prevention measures put in place by Iren, which revealed careful and constant management of the emergency.

In 2021, also considering what emerged from the board evaluation process, an induction path was structured focused on complementary topics: M&A operations, business and risk management, sustainability as an element of value creation, Articles of Association, Shareholders’ agreements and responsibility profiles, venture capital and innovation, Italian shareholding structure and institutional investors. Each of the six induction sessions was held with input from external consultants and business managers. In addition, participation in courses and conferences for Directors and members of the Board of Statutory Auditors was encouraged and stimulated, in line with the recommendations of the Corporate Governance Code.

During each meeting of the Board of Directors, a constant data stream by the Internal Board Committees towards all Directors was ensured, also guaranteeing the prompt notification of any critical areas identified.

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 Board of Directors’ critical areas drew attention as a result of the board evaluation activity and the effectiveness of corrective and improvement actions started previously and continued during 2021 was also assessed. Also in 2021, as part of the board evaluation activity, assessments of the qualitative and quantitative characteristics of the board were introduced, also with reference to the mix of skills of the Directors considered optimal, functional to the formulation of guidelines to the Shareholders on the optimal composition of the Board of Directors that will be appointed for the three-year period 2022-2024.

To date, the Board of Directors has not adopted a succession plan for Executive Directors, as the rules for their appointment and replacement are foreseen in the Articles of Association. In connection with changes to the Corporate Governance Code (Recommendation no. 24), on 13 April 2021, the Board of Directors adopted a contingency plan for Directors holding special offices of the company.

## Board committees

### Remuneration and Appointments Committee (RAC)

The Remuneration and Appointments Committee 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 BoD at the time of appointment. The RAC:

- periodically assesses the suitability, overall consistency and actual application of the remuneration policy of Directors and Senior Managers with strategic responsibilities, by making use of the information provided by CEOs;
- submits proposals on the subject to the BoD;
- 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 the actual fulfilment of performance objectives;
- attends to the preliminary work for the preparation of the remuneration policy for Executive Directors and Senior Managers 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 BoD, as well as the exceptions to the bans on competition provided for by art. 2390 of the 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 the remuneration policy for members of the Board of Directors, the Board of Statutory Auditors and Senior Managers with strategic responsibilities (section one) and the remuneration paid in the reference year to the above subjects (section two) and is aimed at increasing the knowledge and awareness of shareholders and, in general, of stakeholders and the market. The Shareholders' Meeting held on 06 May 2021 approved section one of the Report on Remuneration Policy 2021 and Compensation Paid 2020 and resolved to vote in favour of section two. The voting results are available on the Company's website.

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, also 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 Policy and Compensation Paid, examines any concerns arising at the Shareholders' Meeting and carries out assessments to review the Remuneration Policy adopted by the Group. Moreover – in consideration of the consensus collected on the Report and given the results of the engagement activity with proxy advisors and institutional investors, carried out with the support of a consultant – the RAC started in-depth studies with the aim of implementing the indications emerged during the Shareholders' Meeting and improving the communication to the market of the remuneration policies adopted, also in line with

the innovations introduced by the Corporate Governance Code and the guidelines formulated in December 2021 by the Corporate Governance Committee. The remuneration policy and its implementation are among the topics of the Policy for the management of dialogue with all Shareholders and Investors, published on the Group's website.

### Control, Risk and Sustainability Committee (CRSC)

The Control, Risk and Sustainability Committee (CRSC) is composed of four Non-Executive Directors, the majority of whom – including the Chairperson of the CRSC – 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).

Pursuing the priority objective of creating value for its stakeholders in the medium- and long-term, the Board of Directors defines the nature and level of risk compatible with the strategic objectives, assessing all the elements that may be relevant for the company's sustainable success, as well as the guidelines of the internal control and risk management system, whose adequacy and effectiveness it assesses on an annual basis. In carrying out this role, the BoD is supported by the CRSC, which carries out assessments and provides a preventive opinion for the performance of the role that the BoD is responsible for in matters of 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 Manager in charge of drawing up the corporate accounting documents 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 Board of Directors on the activities carried out and on the adequacy of the internal control and risk management system at least every six months, on the occasion of the approval of the annual and half-yearly financial reports;
- 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 Department 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 Chief Risk Management Officer and the other control departments for the Group risk report. The Committee also requests in-depth reviews of specific issues and commissions detailed analyses of certain risks or projects of a strategic nature. In 2021, CRSC requested a risk assessment of the 2030 Business Plan from the Risk Management Department. M&A transactions and other initiatives of a strategic nature, which were 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 targets (environmental indicators, where significant, and social indicators relating, for example, to compliance with labour, health and safety and governance policies) and consistency with the EU Taxonomy.

The Risk Management and Corporate Social Responsibility and Local Committees Departments are convened by the CRSC at least twice a year, 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 (CTRP)

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 the Group, approved by the Board of Directors and revised in 2021 (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, in accordance with the provisions of the Consob Regulation.

Iren has also established the Evaluation Commission for transactions with related parties (composed of the Chief Officers of the Administration, Finance and Control, Legal and Corporate Affairs, Risk Management Departments, the Manager of the Corporate Unit and, depending on the transaction in question, the other Chief Officers involved), with the function of monitoring the process of evaluating transactions with related parties.

The procedure attributes a central role to the CTRP and, 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 preliminary 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 preliminary and binding 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 is responsible for the drafting of a document to be disclosed to the public, in accordance with Consob Regulation, within seven days of the approval of the transaction by the competent body or, if the competent body decides to present a contractual agreement, from the moment that the preliminary contract is concluded according to the applicable guidelines.

The update of the procedure for transactions with related parties, approved by the Board of Directors with effect from 1 July 2021, introduced, in line with the requirements of Consob regulations, an obligation to abstain from voting on minor and major transactions by any Directors who have an interest in the transaction, on their own behalf or on behalf of third parties, that conflicts with that of the Company.

In the case of transactions involving the remuneration of Directors vested with special offices and Senior Managers 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.

Stakeholder information on related party transactions is provided in the Report on Corporate Governance and Ownership Structure and in the interim and annual reports on operations.

### Board of Statutory Auditors

Iren's Board of Statutory Auditors in office as at 31 December 2021 was appointed (for three years until approval of the Financial Statements as at 31 December 2023) by the Shareholders' Meeting of 06 May 2021 and is composed of 5 Standing Auditors and 2 Supplementary Auditors.

#### Composition at 31/12/2021

Michele Rutigliano	Chairperson
Simone Caprari	Standing Auditor
Cristina Chiantia	Standing Auditor
Ugo Ballerini	Standing Auditor
Sonia Ferrero	Standing Auditor
Lucia Tacchino	Supplementary Auditor
Fabrizio Riccardo Di Giusto	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 current corporate risks, as well as to verify the appropriate and prompt application of corrective actions held to be suitable for reducing corporate 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 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.

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, oversee the adoption of appropriate procedures for the

preventive authorisation of eligible non-audit services and evaluate in advance each request to refer to Independent Auditors for eligible non-audit services.

The outcome of the supervisory activity carried out is reported in the Report of the Board of Statutory Auditors to the Shareholders' Meeting, which also contains information on the activity carried out about the compliance of the procedures adopted by Iren with the principles indicated by Consob concerning related parties, as well as on their observance.

## Governance in Group companies

Iren Ambiente, Iren Energia, Iren Mercato and Ireti 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 above mentioned Companies, while the Chairperson, Directors and the members of the Boards of Statutory Auditors are proposed by the Iren's BoD. The appointed persons are primarily and predominantly selected from Group personnel (Directors of the parent company, managers or junior 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 Iren Group within the governing bodies are disciplined by the respective 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.

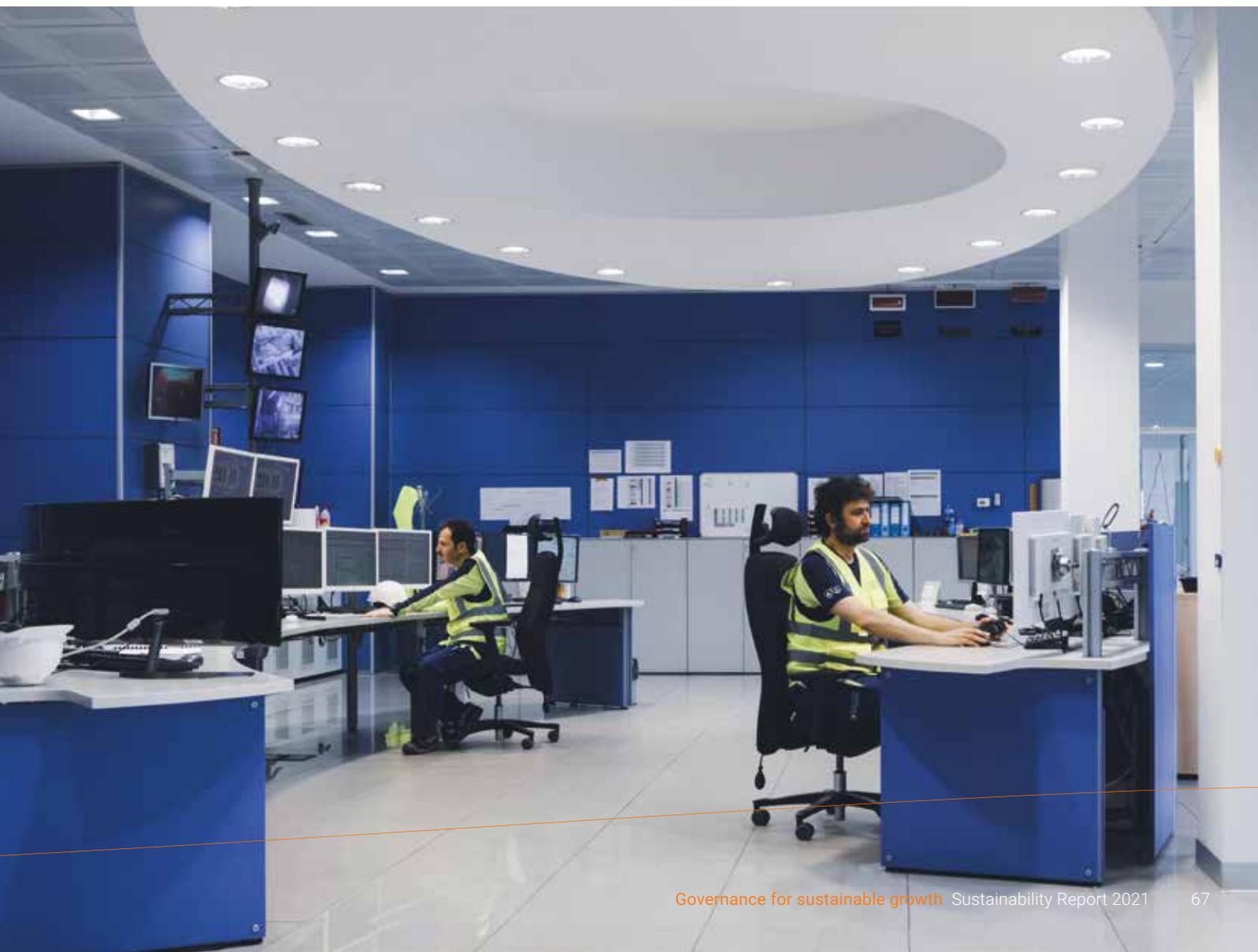
## Management structures for sustainability

### ESG Strategic Integration 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 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: Chief Financial Officer, Chief Procurement, Logistics and Services Officer, Manager of CEO Office, Chief Communications Officer, Chief Corporate Social Responsibility and Local Committees Officer, Chief Human Resources Officer, Chief Risk Management Officer, 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.



## Sustainable finance committee

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 strategies;
- 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, which has the right of veto in the selection of activities/projects eligible for sustainable finance instruments, is composed of the Chief Financial Officer, Chief Corporate Social Responsibility and Local Committees Officer, 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;
- definition of sustainability goals for the Group's MbO and LTI system, in collaboration with Personnel and Strategic Planning;
- participation in the ESG Strategic Integration Committee and the Sustainable Financing Committee set up to identify, within the Group's investments, those with a positive environmental and social impact;
- definition of guidelines, oversight and management of activities for the Group's non-financial statement pursuant to Legislative Decree 254/2016 and presentation to stakeholders;
- definition of the improvement plan relevant to the Group Corporate Responsibility;
- 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 online platform Irencollabora.it;
- coordination of projects promoted by the Local Committees;
- creation of Group customer satisfaction surveys;
- participation in working tables and initiatives on strategic integration of sustainability;
- processing and provision of data and information for sustainability ratings.

# Risk management

[GRI 102-11, 102-29, 102-30, 102-33, 201-2]

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 Chief Risk Management Officer and the Manager in charge of drawing up the corporate accounting documents, as well as all personnel of Iren Group companies. In particular, 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 strategies, so that the main risks 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 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 the adequate resources for the fulfilment of responsibilities and defines remuneration in line with company policies.

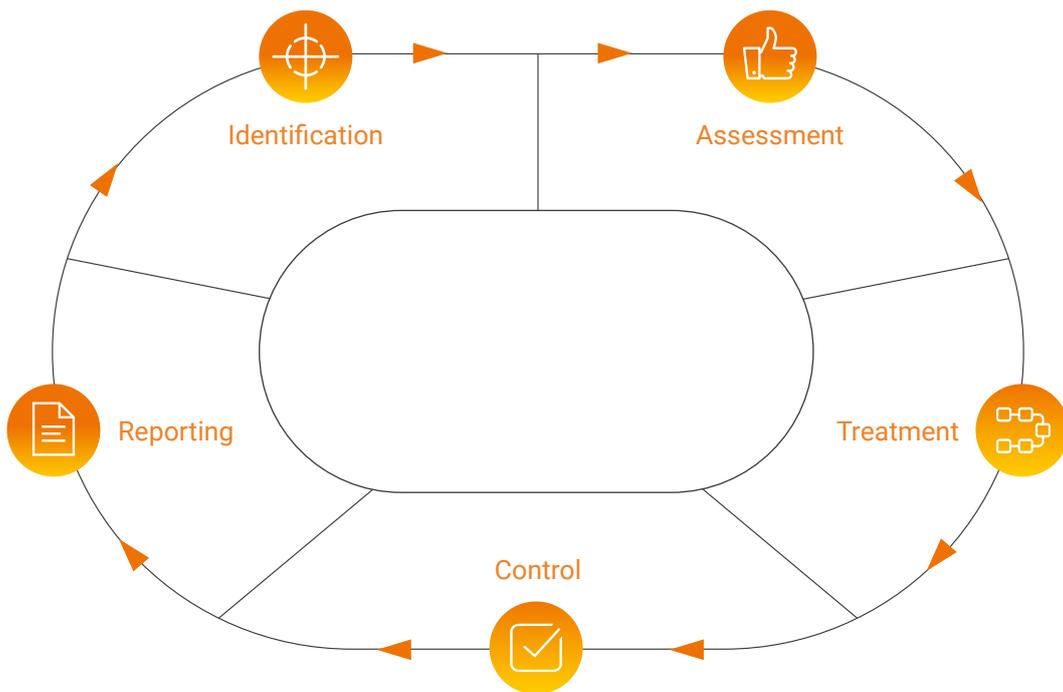
Iren's Board of Directors, through the Control, Risk and Sustainability Committee (CRSC), convenes the Chief Risk Management Officer and the other control departments on at least a half-yearly basis for a report on Group risks in which the risk map is presented with the main risks in terms of impact and probability and any mitigation actions, and provides the results of specific analyses, such as the results of the Risk Commissions and specific risk assessments.

The Risk Management Department periodically updates the Group’s risk map by interviewing all risk owners, sharing and fine-tuning the results. The risk map is very detailed and contains qualitative and quantitative assessments of each individual risk with the specification of controls and mitigation actions in place or planned.

For specific projects of a strategic nature – such as, for example, the Business Plan, acquisition transactions or investments of an industrial nature – CRSC requests a specific risk assessment from the Risk Management Department.

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-ups) 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. The Committee, based on the information received, reports every six months to the BoD pointing out the critical areas identified expressing its opinion on the adequacy of the Internal Control and Risk Management System. With regard to any critical issues identified, the Head of Internal Audit prepares 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.

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:



**Risk governance is a pivotal tool in sustainability governance**

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

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, envisages specific Committees that are responsible for the

management of each type of risk and 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 to 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) (see page 80);
- **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.

For each type of risk, specific Risk Policies have been defined – approved by the Board of Directors on the proposal of the Director in charge of the Internal Control and Risk Management System with delegated powers in the field of Risk Management (Deputy Chairperson) in agreement with the Chairperson and the CEO (also identified as Directors in charge of the Internal Control and Risk Management System), to the extent of their respective competences, subject to the favourable opinion of the CRSC and reporting to the Board of Statutory Auditors – with the primary objective of explaining the strategic guidelines, the organisational/management principles, the macro-processes and the techniques necessary for the active management of the related risks.

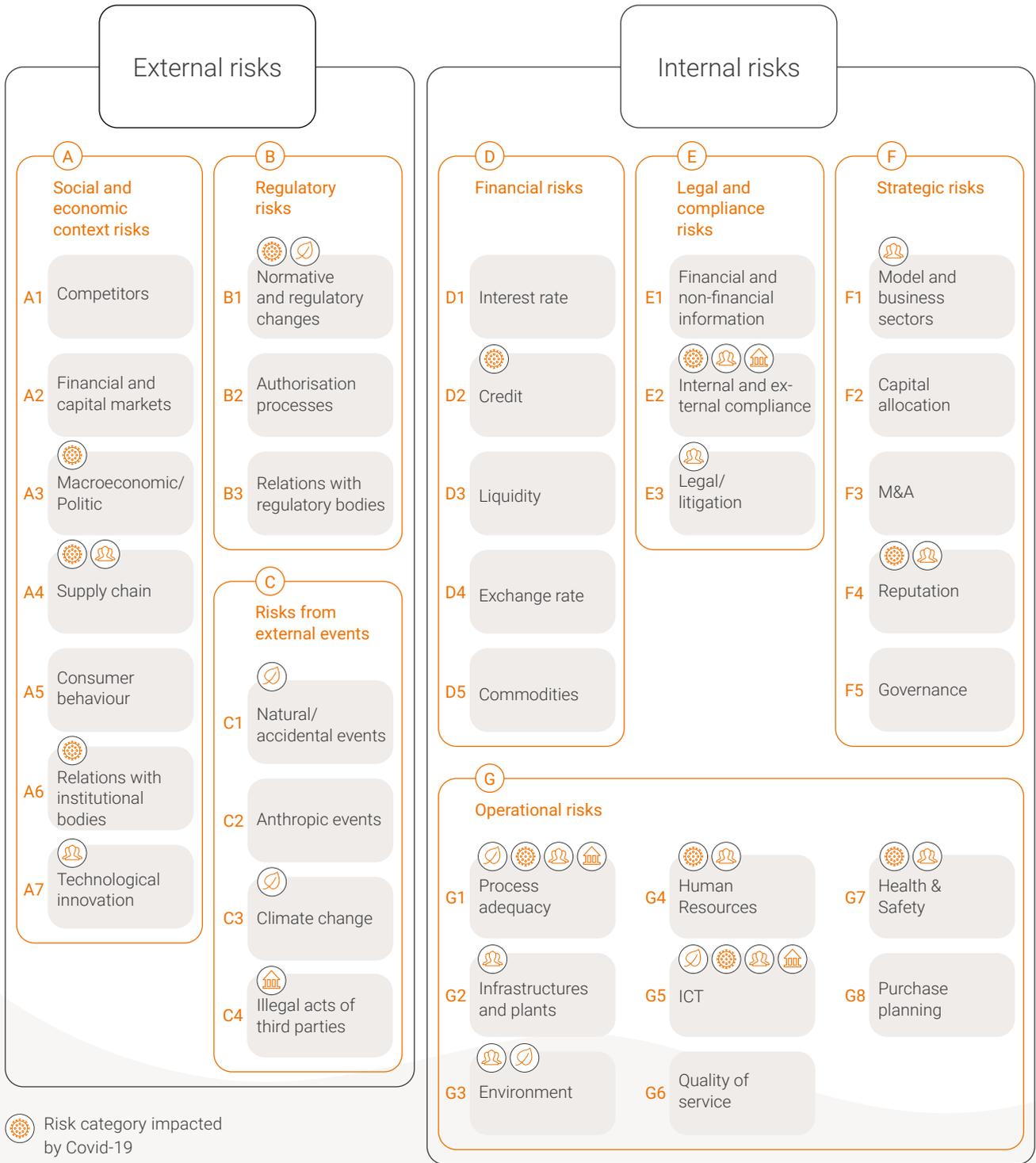
The Group's risk policies will be updated annually. The body responsible for approving substantive changes is the BoD.

## Environmental, Social and Governance (ESG) risks

For each risk category in the Group's risk map, environmental, social and governance (ESG) impacts are assessed and the risks affected by the Covid-19 emergency are analysed, resulting in a comprehensive, detailed and integrated risk register that also considers ESG impacts on the mapped risk categories. For each risk category, the operational, contractual and insurance mitigation measures implemented, in progress and to be implemented to reduce the risk level are identified.

By way of example but not limited to, the main risk categories with social impacts are: supply chain, technological innovation, infrastructure and facilities; those with environmental impacts are: legislative and regulatory changes, natural and accidental events, climate change; those with governance impacts are information systems, third-party unlawful acts and process adequacy. This last aspect is fundamental to guarantee the resilience of the business even in the face of unforeseen events, ensuring the continuity of critical processes. Precisely for this reason, the Board of Directors, with the opinion of the CRSC, approved in 2021 the Crisis Management Procedure as part of the Group's Business Continuity Management (BCM) Project, which formalised and implemented a **BCM model** with the provision of organisational and technological safeguards to ensure the continuity of processes, as well as a proactive and structured response to emergency or crisis events.

The analysis of ESG impacts is the basis for the risk matrix below.



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 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
<p><b>Solid and transparent governance for sustainable growth</b></p> <p><b>Ethics, fight against corruption and compliance</b></p> <p>(E2, E3, F4, F5)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Failure to achieve the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational)</li> <li>• Commission of offences related to Legislative Decree 231/2001</li> <li>• Non-compliance with tax regulations</li> <li>• Company's administrative responsibility for violation of rules and regulations</li> <li>• Criminal liability of management for violation of regulations</li> <li>• Violation of the Code of Ethics conduct criteria</li> <li>• Violation of confidentiality or abuse of privileged information</li> <li>• Negative operational, economic and reputational impact deriving from conduct contrary to company ethics, rules and regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets</li> <li>• Board Committees</li> <li>• ERM system</li> <li>• Organisational model 231</li> <li>• Code of Ethics</li> <li>• Corporate Governance Code</li> <li>• Internal Audit Plan</li> <li>• Supervisory Bodies</li> <li>• Employee training on Model 231 and Code of Ethics</li> <li>• Procedures: Whistleblowing, Internal dealing, Management of relevant and privileged information, Internal management and external communication of relevant information and/or privileged information</li> <li>• Policy for the management of dialogue with all Shareholders and Investors</li> <li>• Sanctioning system</li> </ul>
<p><b>Effective and transparent dialogue and communication with stakeholders</b></p> <p>(A6, E1, E2, F4, F5)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Ineffective communication to stakeholders</li> <li>• Disruption of relations with Public Bodies with subsequent negative reputational impact</li> <li>• Errors/omissions in the contents of a product/service communication campaign</li> <li>• Disputes with Public Bodies</li> <li>• Commission of offences against the Public Administration</li> <li>• Ineffective communication towards employees</li> <li>• Violation of the Code of Ethics conduct criteria</li> </ul> <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Brand promotion</li> </ul>	<ul style="list-style-type: none"> <li>• Structured communication plans on strategies, objectives, facilities and services</li> <li>• Code of Ethics</li> <li>• Organisational model 231</li> <li>• Organisational and managerial oversight</li> <li>• Local Committees</li> <li>• Employee training on Code of Ethics</li> <li>• Procedures: Management of Media Relations, Whistleblowing, Internal management and external communication of relevant information and/or privileged information</li> <li>• Policy for the management of dialogue with all Shareholders and Investors</li> <li>• Sanctioning system</li> </ul>

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
<p><b>Sustainable management of the supply chain</b></p> <p>(A4, F4, G1, G7)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Qualification in the Register of a supplier not complying with the Group's quality/ sustainability standards</li> <li>• Occupational accidents and work-related illness of employees of third-party companies</li> <li>• Non-compliance with worker health and safety regulations by suppliers, including in relation to pandemic events</li> <li>• Violation of the Code of Ethics conduct criteria and current regulations by suppliers</li> <li>• Supplier behaviours that disregard the values of diversity and inclusion</li> <li>• Supplier behaviours that do not comply with the Group's environmental regulations and policies</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• Questionnaire for supplier qualification</li> <li>• Score for qualification in the Supplier's Register</li> <li>• Monitoring of potentially sensitive contracts concerning environmental protection and health and safety at work</li> <li>• Supply chain monitoring on workers' rights</li> <li>• Supply chain monitoring on human rights</li> <li>• Contracts that enhance the work of disadvantaged personnel</li> <li>• Contractual clauses with suppliers on Code of Ethics and social criteria</li> </ul>
<p><b>Decarbonization and reduction of emissions</b></p> <p>(C3, E2, G1, G2, G3, A4)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Failure to achieve the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments</li> <li>• Negative impacts on environment, health and safety with consequent negative reputational and economic impacts</li> <li>• Unintentional exceeding of emission thresholds provided for by environmental authorisations or regulations</li> <li>• Loss of environmental certifications</li> <li>• Tightening of emission constraints and need for adaptation of processes/plants</li> <li>• Errors/omissions in the design/permit/ implementation activities with subsequent impairment of plant operating continuity</li> </ul> <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Business opportunities related to energy and environmental transition</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets and sustainable finance instruments</li> <li>• ERM system (Operational Risk Policy and Climate Change Risk Policy)</li> <li>• Certified Management System (risk assessment, containment measures and third-party audits)</li> <li>• Organisational model 231</li> <li>• Procedures: Environmental analysis, Management of emissions from waste-to-energy plants and thermoelectric power stations, Management of emergencies aimed at returning within certain timescales to the established emission thresholds, Management and maintenance of vehicle fleets</li> <li>• Adoption of best available technologies</li> <li>• Continuous emission monitoring systems and real-time connection with control bodies</li> <li>• Periodic audits by control bodies</li> <li>• Improvement plans and related investments</li> <li>• Environmental authorisations</li> <li>• Medium- and/or long-term objectives for management</li> </ul>

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
<p><b>Circular economy: management, sorted waste collection and reuse of waste</b></p> <p>(C3, E2, F1, F4, G3, G6, A4)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Failure to achieve the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments</li> <li>• Impacts inconsistent with circular economy directives or negative environmental, health and safety impacts with consequent negative reputational and economic impacts</li> <li>• Loss of environmental authorisations</li> <li>• Incorrect handling of waste by employees or suppliers</li> </ul> <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Favourable regulatory framework</li> <li>• Growth opportunities in the domestic market</li> <li>• Increased consumer awareness</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets and sustainable finance instruments</li> <li>• ERM system (Operational Risk Policy and Climate Change Risk Policy)</li> <li>• Certified Management System (risk assessment, containment measures and third-party audits)</li> <li>• Adoption of best available technologies</li> <li>• Organisational model 231</li> <li>• Procedures: Environmental analysis, special waste management</li> <li>• Environmental authorisations</li> <li>• Requirements in the specifications regarding the tracing of waste and timely checks</li> <li>• Qualification and monitoring of suppliers</li> <li>• Audit of the most significant and potentially sensitive contracts concerning environmental protection</li> <li>• Medium- and/or long-term objectives for management</li> </ul>
<p><b>Energy efficiency, renewable sources and district heating</b></p> <p>(B1, C1, C3, F1, G3)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Failure to achieve the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments</li> <li>• Impacts inconsistent with directives and guidelines on energy efficiency and production from renewable sources, resulting in negative economic and reputational effects</li> <li>• Shortage of water resources affecting hydropower generation</li> <li>• Reduction in demand for district heating caused by the rise in average temperatures</li> <li>• Extreme natural phenomena that may cause impacts on assets or the district heating network</li> <li>• Changes in the legislative/regulatory framework regarding incentives for energy efficiency measures</li> </ul> <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Growth opportunities in the energy efficiency sector</li> <li>• Evaluation of possible external growth lines in the renewables sector</li> <li>• Extensibility of district heating systems in new geographical areas</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets and sustainable finance instruments</li> <li>• ERM system (Operational Risk Policy and Climate Change Risk Policy)</li> <li>• Certified Management System (risk assessment, containment measures and third-party audits)</li> <li>• Procedures: Environmental analysis</li> <li>• Temperature monitoring</li> <li>• Adoption of state-of-the-art technologies</li> <li>• Maintenance plans, including predictive plans</li> <li>• Use of materials and components less subject to climate change</li> <li>• Medium- and/or long-term objectives for management</li> </ul>

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
<b>Innovation, smart city and sustainable mobility</b>  (F, A7)	<b>RISK FACTORS</b> <ul style="list-style-type: none"> <li>• Failure to achieve the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments</li> <li>• Delay in technological change</li> </ul> <b>OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>• Acceleration of digital transformation</li> <li>• Business opportunities related to energy and environmental transition and technological evolution</li> <li>• Participation in local systems to build resilient cities</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets and sustainable finance instruments</li> <li>• Group innovation plan and related investments</li> </ul>
<b>Protection of biodiversity</b>  (C1, C3, E2, G1, G3)	<b>RISK FACTORS</b> <ul style="list-style-type: none"> <li>• Natural/accidental event affecting minimum vital water flow mechanisms according to regulations</li> <li>• Possible gaps in monitoring the biodiversity impact of plants, activities or services</li> <li>• Accidental spills impacting biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plan</li> <li>• ERM system</li> <li>• Certified Management System (risk assessment, containment measures and third-party audits)</li> <li>• Biodiversity Policy</li> <li>• Procedures: Environmental analysis</li> <li>• Mapping of the Group's plants and networks for biodiversity impacts assessment (to be completed)</li> <li>• Plant equipment and monitoring systems to minimize possible impacts on biodiversity</li> <li>• Emergency plans</li> <li>• Collaboration with local protection agencies, institutions and associations</li> </ul>
<b>Economic development and value for local areas</b>  (F, A, B)	<b>RISK FACTORS</b> <ul style="list-style-type: none"> <li>• Failure to achieve the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational)</li> <li>• Reduction in value distributed to stakeholders</li> <li>• Negative ratings or downgrading in ratings</li> <li>• Loss of growth opportunities in business sectors</li> <li>• Ineffective performance communication</li> <li>• Failure to achieve quality of service</li> </ul> <b>OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>• Business opportunities related to energy and environmental transition and technological and digital evolution</li> <li>• Access to sustainable finance instruments</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets and sustainable finance instruments</li> <li>• ERM system (Financial Risk Policy, Credit Risk Policy)</li> <li>• Structured financial management for return on investment</li> <li>• Structured traditional investor relationship system and ESG</li> <li>• Adoption of sustainable finance instruments</li> <li>• Transparent performance communications</li> <li>• Medium- and/or long-term objectives for management</li> </ul>

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
<p>Development of local communities</p> <p>Sustainability education</p> <p>(A6, A7, F1, F4)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Disruption of relations with the representative subjects of the local areas with subsequent negative reputational impact</li> <li>• Negative perception by the community related to the presence of Group's plants or managed activities</li> <li>• Lack of perception of the Group's investments for the development/modernisation of regional infrastructures</li> </ul> <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• PNRR</li> <li>• Policy and legislative framework increasingly oriented towards sustainable development</li> <li>• Participation in national and international networks for sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plan and related investments for regional infrastructures</li> <li>• Structured communication plans on strategies, objectives, plants and services</li> <li>• Local Committees</li> <li>• Eduiren educational programme</li> <li>• Sustainability awareness programmes</li> <li>• Monitoring activities and definition of corrective actions in case of claims/complaints</li> <li>• Procedures: Sponsorship management, Media Relations management</li> <li>• Plants open to visitors</li> </ul>
<p>Efficient, reliable and safe management of processes and infrastructures</p> <p>(G1, G2, G3, G4, G5, G7, G8, E3, F4)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Failure to achieve the targets set out in the Business Plan and consequent negative impacts (operational, economic and reputational) also on accessibility to sustainable finance instruments</li> <li>• Malfunctions or business interruption of plants, networks and services</li> <li>• Emergency or crisis events that may result in the interruption of business processes</li> <li>• Damage to third-parties (persons and/or property) attributable to activities carried out by the Group</li> <li>• Accidental spills impacting on soil or water</li> <li>• Noise pollution related to the Group's activities</li> <li>• Odour emissions into the atmosphere</li> <li>• Generation of electromagnetic fields</li> <li>• Cyber risk or inadequacy of the ICT system</li> <li>• Non-compliance in the processing of personal data</li> <li>• Legal proceedings brought by consumers</li> <li>• Impairment of continuity and quality of service</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets and sustainable finance instruments</li> <li>• ERM system (Operational Risk Policy, Climate Change Risk Policy and Cyber Risk Policy)</li> <li>• Business Continuity Management (BCM) model: organisational and technological safeguards for the continuity of business processes</li> <li>• Service and plant monitoring tools, remotely controlled systems for the safety of networks and plants</li> <li>• Certified Management System (risk assessment, containment measures and third-party audits)</li> <li>• Adoption of best available technologies</li> <li>• Environmental authorisations</li> <li>• Business continuity plan</li> <li>• Emergency management planning</li> <li>• Annual customer satisfaction surveys and identification of improvement actions</li> <li>• Insurance plans</li> <li>• 27001 certification</li> <li>• Personal data processing management system</li> </ul>

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
<p><b>Service quality and customer orientation</b></p> <p>(G1, G6, E2, E3, F4, A4)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Loss of customers</li> <li>• Errors in service charges and credit management</li> <li>• Reduction in customer satisfaction levels</li> <li>• Delays/defaults by suppliers in the execution of outsourced activities</li> <li>• Commercial practices inconsistent with the existing legal/regulatory framework</li> <li>• Non-compliance with customer protection protocols and regulations</li> <li>• Failure or improper management of customer relations</li> <li>• Disputes with customers, Consumer Associations/Class action suits</li> <li>• Loss of ISO 9001 certification and the subsequent inability to participate in tenders</li> <li>• Ineffectiveness of business strategy</li> </ul> <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Market share development</li> </ul>	<ul style="list-style-type: none"> <li>• Business Plan and related investments for service quality</li> <li>• Code of Ethics</li> <li>• ARERA Code of Business Conduct</li> <li>• Certified Management System (risk assessment, containment measures and third-party audits)</li> <li>• ERM system</li> <li>• Multi-channel CRM and caring initiatives</li> <li>• Specific agreements with consumer organisations and constant monitoring of relations</li> <li>• Protocols and regulations concerning customer protection via specific processes and procedures</li> <li>• Annual customer satisfaction surveys and identification of improvement actions</li> <li>• Monitoring activities and definition of corrective actions in case of claims/complaints</li> <li>• Service charters and service specifications</li> <li>• Joint conciliation</li> <li>• Medium- and/or long-term objectives for management</li> </ul>
<p><b>Employment, development of human resources and welfare</b></p> <p>(E3, G4, F4)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Failure to achieve Business Plan targets</li> <li>• Loss of key skills/inadequate job profiles</li> <li>• Loss of talent</li> <li>• Slowdown/interruption of operations and/or impairment of service quality level due to lack of personnel</li> <li>• Outsourcing policies not adequately managed</li> <li>• Labour disputes</li> <li>• Sanctions and fines for non-compliance with labour laws</li> <li>• Lack of attention to employees' well-being</li> <li>• Poor work-life balance</li> </ul> <p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Improvement of the internal climate</li> <li>• Favourable legislative framework for better corporate welfare</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets</li> <li>• Code of Ethics</li> <li>• Certified Management System (risk assessment, containment measures and third-party audits)</li> <li>• Talent acquisition initiatives</li> <li>• Compensation &amp; benefits policies</li> <li>• Corporate retention and welfare programmes</li> <li>• Monitoring of labour law developments and specific audits on regulatory compliance</li> <li>• Procedures: Personnel recruitment and selection; Training and education</li> <li>• Guidelines: Definition of key resources; Management by objectives; Economic and professional development</li> <li>• Internal communication</li> <li>• Career planning and merit enhancement systems</li> <li>• Welfare plan</li> <li>• Medium- and/or long-term objectives for management</li> </ul>
<p><b>Industrial relations</b></p> <p>(G4, F4, A6)</p>	<p><b>RISK FACTORS</b></p> <ul style="list-style-type: none"> <li>• Disruption of relations with trade unions and the subsequent negative operational and reputational impact</li> <li>• Slowdown/interruption of operations due to workers' strikes (e.g. on the occasion of renewal of the collective agreement, business transformation, organizational changes, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>• Management of industrial relations articulated on 3 levels: Group, corporate, local areas</li> <li>• Studies for the renewal of the reference National Collective Labour Agreements and participation in their work at national level</li> </ul>

Priority topics (reference to the Group risk map)	Risk factors / Opportunities	Management methods
<b>Diversity and inclusion</b>  (G4, F4)	<b>RISK FACTORS</b> <ul style="list-style-type: none"> <li>• Failure to meet Business Plan targets</li> <li>• Collective/individual policies/behaviours that disregard the values of diversity and inclusion</li> <li>• Advertising content perceived as discriminatory</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets</li> <li>• Code of Ethics</li> <li>• Diversity management programmes and initiatives</li> <li>• "Futuro D" Project</li> <li>• Hiring of disadvantaged personnel</li> <li>• Medium- and/or long-term objectives for management</li> </ul>
<b>Occupational health and safety</b>  (G7, F4, E2, E3)	<b>RISK FACTORS</b> <ul style="list-style-type: none"> <li>• Occupational accidents and work-related illness of employees</li> <li>• Epidemic events affecting workers' health</li> <li>• Civil and/or criminal liability of persons covered by Legislative Decree 81/08</li> <li>• Loss of ISO 18001 certification and the subsequent loss of the INAIL award</li> <li>• Non-compliance with health and safety standards</li> <li>• Negative operational, economic and reputational impact related to the failure to protect the health and safety of workers</li> </ul> <b>OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>• Technological innovations that make operations safer</li> </ul>	<ul style="list-style-type: none"> <li>• Planning and monitoring of Business Plan targets</li> <li>• Code of Ethics</li> <li>• Prevention and protection service</li> <li>• Specific personnel training</li> <li>• ERM system</li> <li>• Certified Management System (risk assessment, containment measures and third-party audits)</li> <li>• 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</li> <li>• Emergency management planning</li> <li>• Health monitoring plans</li> <li>• Insurance plans</li> <li>• Organisational model 231 and information flows to the Health and Safety Supervisory Bodies</li> <li>• "Near miss" analysis and subsequent actions</li> <li>• Medium- and/or long-term objectives for management</li> </ul>
<b>Protection of human rights</b>  (G4, F4, E3)	<b>RISK FACTORS</b> <ul style="list-style-type: none"> <li>• Violation of conduct criteria of the Code of Ethics and current regulations by employees</li> <li>• Discriminatory actions against customers and employees</li> <li>• Violation of the rights of people with disabilities</li> <li>• Violation of the rights of employees and contractors in the supply chain</li> <li>• Negative operational, economic and reputational impacts of human rights violations</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• System for reporting to the Supervisory Bodies</li> <li>• National Collective Labour Agreements</li> <li>• Service charters</li> <li>• Removal of architectural barriers in Group buildings</li> <li>• Accessibility of services for people with disabilities</li> </ul>

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 about 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.

## Climate risks

The Climate Change Risk Policy of Iren Group carefully analyses and regulates the risk factors, both physical and transitional, the strategies towards these factors (exclusion, acceptance and management) and the guidelines for reporting, aimed at guaranteeing information transparency to all stakeholders. The Climate Change Risk Commission – made up of the Chief Risk Management Officer, the Chief Corporate Social Responsibility and Local Committees Officer, the CFO and the Business Units Chief Officers – periodically examines the Group's risk profile, defining and proposing to the CEO the updating of the management strategies of the risk classes and reporting to the Delegated Bodies any emerging criticalities.

The Risk Management Department considers these risks in its insurance programme.

A specific climate change risk assessment model was developed in 2021.

Among the effects of climate change there are extremes of atmospheric phenomena (acute physical risks) that can generate events such as droughts and fires, heat waves, cyclones, landslides, water bombs, floods; these events produce impacts on the hydrology of hydroelectric and aqueduct plants, with the related economic implications and are aspects of attention for the consequences they produce on the property assets (e.g. failures in the district heating network) and on margins (reduction due to damage to production facilities). These events also have an impact on the scheduling of the availability of thermoelectric generating units and the related scheduled maintenance.

Climate change trends lead to variations in temperature distributions (chronic physical hazards) that primarily impact the dynamics of district heating, gas, water and electricity consumption or changes in precipitation patterns with impacts on hydroelectric plants production and water resource scarcity for distribution.

Financial implications for the Group, in relation to climate change, also derive from the costs associated with the Emission Trading System and their variation depending on regulations (transition risks). Regulatory, market, technological and political developments may also produce possible risks and/or opportunities for the Group.

In the model of assessment of risks from climate change implemented by Iren Group, the analysis is based on the definition of some time horizons (2030, 2040, 2050), identified in line with the objectives of the Strategic and Sustainability Plan, and on the use of climate and socio-economic data series necessary to define scenarios of evolution of the main quantities underlying the analysis.

Climate data are based on two International Panel on Climate Change (IPCC) scenarios: CPR 2.6 and CPR 8.5 (see page 38).

The model also uses socio-economic data as inputs that are primarily based on scenarios published annually by the International Energy Agency (IEA) in the World Energy Outlook (WEO).

From a methodological point of view, the analysis carried out starts from the results of the implementation of specific models for some of the Group's key assets, in particular those that would potentially be more exposed to risks from climate change, and which make it possible to carry out a medium- and long-term scenario analysis, quantifying the change in economic and financial variables related to the operation of the assets taken into consideration.

The first analysis concerned the association of each risk factor, identified within the scope of the Group's Climate Change Risk Policy, with possible risks/opportunities mapped for the various Group businesses. KPIs, obtained from the simulations, were then analysed, providing a quantification of the impact of risk within the simulation model.

Application of the model has shown that actions introduced as part of the 2030 Business Plan, which also outlines asset-specific investments, have a mitigating effect on the impacts of climate change. Mitigation actions of a strategic nature, linked to investments, are flanked by others of an operational and insurance nature.

The table below provides a summary of the analysis carried out and shows the main risks identified for each business area with the relative quantification and the most significant mitigation actions implemented or planned by 2030.

## RISK ANALYSIS

Risk/scope/ time horizon <sup>1</sup>	Impact <sup>2</sup>	Mitigation actions and their effectiveness
<b>Acute physical risks</b>		
<p><b>Drought</b> Reduction in hydroelectric production due to changes in water resource availability</p> <p><b>Scope Impacted:</b> Hydroelectric plants</p> <p><b>Horizon:</b> </p>	<p>Reduced marginality relative to hydroelectric production due to drought resulting from increased temperatures (evapotranspiration from reservoirs) and precipitation regime.</p> <p><b>Level:</b> TBD<sup>3</sup></p>	<p>Analysis of the change in water source availability (primary energy) as well as hydraulic turbine efficiency. Monitoring the ratio of installed power to producible power that varies depending on the availability of the water source. If the ratio is slightly less than 1, the hydraulic turbine can be revamped to increase its efficiency.</p> <p><b>Efficacy:</b> TBD<sup>3</sup></p>
<p><b>Extreme events (floods, landslides, sea storm, water bombs, snowstorms...)</b> Damage to the infrastructures of the Group and its partners due to the occurrence of extreme weather events</p> <p><b>Scope Impacted:</b> Group</p> <p><b>Horizon:</b> </p>	<p>Direct and indirect damage to the Group with potential business interruption, consequent decrease in turnover and increased costs to carry out repair work.</p> <p><b>Level:</b><sup>4</sup> </p>	<p>Implementation of asset-specific analysis and risk assessment to analyse the vulnerability of buildings, machinery, goods, and supply chains to catastrophic natural events. Statistical monitoring of past events and conducting Business Impact Analysis. Some specific mitigation actions at the plant level are, for example, formalised emergency and evacuation plans with assignment of roles and responsibilities and the performance of periodic tests, maintaining distance from waterways, the implementation of earthquake-resistant infrastructure, the definition of a business continuity management plan, and the compartmentalisation of premises. Analysis, for all assets, of insurance strategy to verify adequacy of coverage.</p> <p><b>Efficacy:</b> high</p>

Risk/scope/ time horizon <sup>1</sup>	Impact <sup>2</sup>	Mitigation actions and their effectiveness
<b>Chronic physical risks</b>		
<p><b>Temperature increase</b> Inability to meet drinking water demand due to water stress situations</p> <p><b>Scope Impacted:</b> Aqueducts</p> <p><b>Horizon:</b> </p>	<p>Decrease in the margin of the aqueduct network due to the inability to meet the demand for drinking water in the areas served due to lack of availability of water resources in the supply sources, caused by changes in temperature and precipitation.</p> <p><b>Level:</b> TBD<sup>3</sup></p>	<p>Analysis of water source availability, district subdivision and routine maintenance of networks to reduce resource waste (water network leaks at 20% by 2030). Implementation of Water Safety Plans. The Strategic Plan foresees investments for the maintenance of the water network and the consequent efficiency with the reduction of leaks equal to about 1 billion Euro.</p> <p><b>Efficacy:</b> TBD<sup>3</sup></p>
<p><b>Temperature increase</b> Decrease in gas and thermal energy requirements for heating due to the increase in average temperatures, balanced by the increase in electrical consumption (use of air conditioning systems and greater spread of electric mobility)</p> <p><b>Scope Impacted:</b> Market</p> <p><b>Horizon:</b> </p>	<p>Decrease in EBITDA due to lower sales of natural gas for heating and heat for district heating, offset by increased EBITDA from higher sales of electricity.</p> <p><b>Level:</b> </p>	<p>Monitoring of the volumes of gas and heat sold and planning of a greater penetration of the cooling and electricity sales businesses both in terms of increased volumes and in terms of new customers acquired (especially in the household segment).</p> <p><b>Efficacy:</b> high</p>
<p><b>Temperature increase</b> Decrease in thermal energy demand for heating due to increase in average temperatures</p> <p><b>Scope Impacted:</b> District heating network</p> <p><b>Horizon:</b> </p>	<p>Reduction in the marginality of the district heating network related to the contraction of the demand for thermal energy per capita in correlation with the increase in average temperatures.</p> <p><b>Level:</b> </p>	<p>Annual monitoring of both the heating degree days (in the areas served by the network) and the thermal energy demand satisfied through the district heating network. Reductions in requirements can be offset by extensions of networks and district heating volumes. The Strategic Plan includes investments for the maintenance, development and extension of the district heating network with an increase in volumes (+30% to 2030) amounting to approximately 800 million Euro.</p> <p><b>Efficacy:</b> average</p>
<p><b>Temperature increase</b> Overloading of power grids and blackouts related to temperature increase</p> <p><b>Scope Impacted:</b> Electricity network</p> <p><b>Horizon:</b> </p>	<p>Reduced power distribution capacity of networks due to increased temperature and increased peak demand for electricity in the summer. Occurrence of blackouts resulting in extra costs to ensure service continuity and increased capital costs to replace damaged components.</p> <p><b>Level:</b> </p>	<p>Construction and refurbishment of stations and network renewal. The Strategic Plan allocates investments of around 800 million Euro to the efficiency of electricity distribution networks and plants. The implementation of the investments almost completely mitigates the negative effects and significantly reduces the impacts, bringing distribution capacity back to current values.</p> <p><b>Efficacy:</b> high</p>

Risk/scope/ time horizon <sup>1</sup>	Impact <sup>2</sup>	Mitigation actions and their effectiveness
<b>Transition Risks</b>		
<p><b>Political and legal</b> More penalising regulatory policies regarding water quality, sewerage system adequacy, and service interruption.</p> <p><b>Scope Impacted:</b> Purifiers</p> <p><b>Horizon:</b> </p>	<p>Increased operating costs to comply with more stringent rules and regulations with direct impact on levelized cost of treatment value.</p> <p>This is also reflected in an increase in any mandatory reporting on performance ratios.</p> <p><b>Level:</b> TBD<sup>3</sup></p>	<p>Analysis of incoming wastewater treatment efficiency to verify adequacy against more stringent environmental policies for chemical and physical parameters of treated wastewater. Technology scouting and appropriate planning of adaptation investments.</p> <p>The Strategic Plan foresees investments for the maintenance of the sewer networks and the renewal and expansion of the wastewater treatment system amounting to approximately 800 million Euro.</p> <p><b>Efficacy:</b> TBD<sup>3</sup></p>
<p><b>Political and legal</b> Tightening of the Emission Trading System Regulations</p> <p><b>Scope Impacted:</b> Thermoelectric power plants</p> <p><b>Horizon:</b> </p>	<p>Increased cost of emissions or extended applicability of a tightened ETS to new plants, resulting in decreased plant margins.</p> <p>Financial impacts, such as the increase in the levelized cost of energy, resulting from the possible transition to a carbon tax.</p> <p><b>Level:</b> </p>	<p>Monitoring of the CO<sub>2</sub> emissions of the assets and control of the evolution of the relevant environmental regulations.</p> <p>Evaluation of the introduction of technologies aimed at reducing CO<sub>2</sub> emissions into the atmosphere, as well as any revamping necessary to adapt assets to more stringent environmental regulations or the adoption of more sustainable technologies.</p> <p>Partial replacement of fuel gas with hydrogen blend.</p> <p>The Strategic Plan includes investments to improve the efficiency of thermoelectric power plants amounting to approximately 350 million Euro.</p> <p><b>Efficacy:</b> high</p>
<p><b>Political and legal</b> Stricter environmental regulations on waste-to-energy plants</p> <p><b>Scope Impacted:</b> WTE</p> <p><b>Horizon:</b> </p>	<p>Costs for revamping and upgrading facilities to more stringent environmental regulations on WTE plants, including with respect to the introduction of “zero-waste” policies and constraints on air emissions.</p> <p>Increased costs resulting from the introduction of taxation or inclusion of WTE in the ETS in the face of possible tightening of regulations about atmospheric emissions.</p> <p><b>Level:</b> </p>	<p>Monitoring of the CO<sub>2</sub> emissions of the assets and control of the evolution of the relevant environmental regulations.</p> <p>Assessment of the introduction of technologies to reduce CO<sub>2</sub> emissions, as well as any revamping required to bring assets into compliance with more stringent environmental regulations or adoption of more sustainable technologies, such as carbon capture &amp; storage systems.</p> <p>In a context of technological evolution with regard to the stages of CO<sub>2</sub> capture and storage, the Strategic Plan provides for a share of investment that will be adjusted over time according to the availability of new technologies.</p> <p><b>Efficacy:</b> average</p>

<sup>1</sup> Time Horizon: S=short-term, M=medium-term, L=long-term

<sup>2</sup> The rating scale refers to the impact on EBITDA expected in 2030 (downside for risks and upside for opportunities): <1%, medium between 1 and 5%, >5%

<sup>3</sup> It was decided not to provide a quantification as the valuation refers to a limited number of assets, as indicated below:

- Hydroelectric plants: analysed assets representing 25% of hydroelectric production, so the impact was low in both scenarios;
- Aqueducts: analysed assets representing 54% of the volumes of drinking water injected into the network, so the impact was low in the 4°C scenario and medium in the 1.5°C scenario;
- Wastewater treatment plants: analysed assets representing 8% of treated water volumes, so the impact was low in both scenarios.

As part of future developments, it is planned to significantly extend the scope of analysis.

Similarly, the effectiveness of the mitigation strategy will be made explicit once the assessment has achieved relevant coverage.

<sup>4</sup> The quantification is based on the impact of natural catastrophic events on the Group's main assets.

## OPPORTUNITIES ANALYSIS

Opportunity/scope/ time horizon <sup>1</sup>	Impact <sup>2</sup>	Strategy to realise the opportunity
<p><b>Products and services</b> Dissemination of new integrated solutions, e.g. for production and energy efficiency (increased incentives for energy efficiency interventions in buildings). Market penetration with an energy offering more aligned with changing consumption by end users.</p> <p><b>Scope Impacted:</b> Group</p> <p><b>Horizon:</b> </p>	<p>Increased revenues from:</p> <ul style="list-style-type: none"> <li>• favourable competitive positioning in the energy sector thanks to the dissemination and adoption of new technological solutions;</li> <li>• direct impact on the number of customers reached by the Group, thanks to the push towards electrification of consumption and the change in consumer preferences towards “green” energy;</li> <li>• increasing number of energy efficiency interventions on buildings.</li> </ul> <p><b>Level:</b> </p>	<p>Monitoring of the penetration rate of services offered and competitors’ offerings. Expansion of the portfolio of integrated services provided. Increased offerings of electricity produced exclusively from renewable sources. Dedicated campaigns to respond to changes in consumer preference. The Strategic Plan provides for investments related to the deployment of new integrated solutions, such as the installation of public charging stations for electric vehicles, energy communities, e-buses, energy efficiency products/services, new smart cities services amounting to approximately 1.6 billion Euro.</p>
<p><b>Market</b> Access to finance through diversification of financial instruments</p> <p><b>Scope Impacted:</b> Group</p> <p><b>Horizon:</b> </p>	<p>Increased opportunities to access capital through sustainable finance instruments such as Green Bond, EIB loans, Sustainable Loan for Hydro, Sustainability linked revolving credit facility</p>	<p>Establishment of the Sustainable Finance Committee, third-party reviews of projects financed with sustainable finance instruments, monitoring of regulations, relations with financial markets.</p>
<p><b>Resource efficiency</b> Circular economy</p> <p><b>Scope Impacted:</b> Waste treatment plants</p> <p><b>Horizon:</b> </p>	<p>Increase in revenue related to:</p> <ul style="list-style-type: none"> <li>• consolidation of regulatory frameworks that regulate and incentivise material recovery and the production of biogas and biomethane from waste;</li> <li>• increased volumes handled by current plants;</li> <li>• acquisitions of companies in the sector;</li> <li>• development of plants and technologies for material recovery and production of biomethane, biogas.</li> </ul> <p><b>Level:</b> </p>	<p>Monitoring of regulations and development of an investment plan mainly aimed at the development of plants for the recovery of waste materials. The Strategic Plan includes investments in the circular economy of approximately 1.6 billion Euro.</p>

<sup>1</sup> Time Horizon: S=short-term, M=medium-term, L=long-term

<sup>2</sup> The rating scale refers to the impact on EBITDA expected in 2030 (downside for risks and upside for opportunities): <1%, medium between 1 and 5%, >5%

# Governance tools

[GRI 102-16, 102-17, 102-34, 205-1, 205-2, 205-3]

The governance of economic, environmental and social factors is 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 Legislative Decree 231/2001, including the offence of corruption.

The Code of Ethics also focuses on the concept of 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 is committed to disseminate and promote awareness of the Code of Ethics to its employees and everyone who works for the Group. To this end, 400 employees were involved in training activities on the Code in 2021 and, following the update of the Code at the end of 2020, dissemination activity is ensured for all recipients, through the widest channels available, including the websites of Group Companies, the Intranet, notice boards and the suppliers' portal.

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 fundamental for the smooth operation, reliability and reputation of the Group.

Managers of corporate departments and units are committed 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 from any type of retaliation, as well as promptly reporting any reports received, 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 Iren Group company that calls 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 undertake 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 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 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 2021, five reports were made to some Supervisory Bodies of Iren Group, relating to possible violations of Model 231, which could also involve violations of the Code of Ethics. The checks carried out did not reveal any relevance of the reports, which were therefore archived.

## Organisational model 231

Iren and the Group's main companies have adopted Organisation, Management and Control Models pursuant to 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 Legislative Decree 231/2001, listed below:

Predicate crimes (Legislative Decree 231/2001)	Applicability to Iren
<b>Offences related to relations with the Public Administration</b> , such as corruption, incitement to corruption, undue induction to give or promise benefits, extortion, embezzlement to the detriment of the State, undue receipt of funds to the detriment of the State, fraud to the detriment of the State, aggravated fraud to obtain public funds and computer fraud to the detriment of the State	
<b>Cybercrimes and unlawful processing of data</b>	
<b>Offences of organised crime, both on a transnational and national scale</b> , such as, for example, criminal association, mafia-type association, also foreign, kidnapping for the purpose of extortion, induction to not make statements or to make false statements to the judicial authorities, personal aiding and abetting	
<b>Crimes against public faith</b> such as forgery of money, public credit cards and revenue stamps, and instruments or signs of recognition	
<b>Crimes against industry and commerce</b> such as disturbance of the freedom of industry or trade and fraud in the exercise of trade	
<b>Corporate offences</b> such as, for example, false corporate communications, obstruction of control, unlawful distribution of profits and reserves, unlawful transactions on shares or quotas of the company or of the parent company, transactions to the detriment of creditors, failure to communicate conflicts of interest, bribery among private individuals, instigation of bribery among private individuals, unlawful influence on the meeting, market rigging, obstruction the exercise of the functions of public supervisory authorities	

Predicate crimes (Legislative Decree 231/2001)	Applicability to Iren
<b>Crimes for the purpose of terrorism and subversion of democratic order</b> provided for by the Penal Code and special laws	
<b>Offence of female genital mutilation practices</b>	
<b>Crimes against the person</b> such as trafficking in persons, reduction and maintenance in slavery and illicit intermediation and exploitation of labour	
<b>Market abuse</b> insider dealing and market manipulation	
<b>Crimes relating to health and safety in the workplace</b> such as manslaughter and grievous bodily harm	
<b>Crimes of receiving stolen goods, money laundering, utilisation of money, good or benefits of unlawful origin, as well as self-laundering</b>	
<b>Copyright infringement crimes</b>	
<b>Crimes of induction to not make statements or to make false statements to the judicial authority</b>	
<b>Environmental offences</b> such as environmental pollution, environmental disaster, negligent offences against the environment, trafficking and abandonment of highly radioactive material, offences against protected animal or plant species, destruction or deterioration of habitats within protected sites, offences relating to atmospheric emissions, management of wastewater discharges, waste management, activities organised for the illegal trafficking of waste	
<b>Crimes of employing third country citizens staying illegally</b>	
<b>Corruption and incitement to corruption between private individuals</b>	
<b>Racism and xenophobia</b>	
<b>Fraud in sports competitions, abusive exercise of gambling or betting and games of chance exercised by means of prohibited devices</b>	
<b>Tax offences</b> such as fraudulent declaration through the use of invoices or other documents for non-existent transactions	

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.

In 2021, the process of revising and updating the 231 Model of some Group companies continued in order to ensure its constant consistency over time with the organisational changes that have taken place and its effectiveness in relation to the introduction of new criminal offences by the legislator. The revision of the Models is carried out according to the risk self-assessment methodology, which consists in the identification by management (risk owner) of the processes, sub-processes or company activities at risk of 231 crime, with assessment of the potential risk, of the level control and any actions for the improvement of the same. 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.

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 (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”-“Report whistleblowing” IT tool) in compliance with the confidentiality of the whistleblower’s identity and the principles and provisions of the Organisational Model 231. Through internal and external training and information, the Group promotes the discipline of whistleblowing also in order to develop a correct 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 2021, five reports were made to some Supervisory Bodies of Iren Group. The reports were 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. The checks carried out did not reveal the relevance of the reports, which were therefore deemed to be filed.

### Supervisory bodies

Iren and the main Group companies established, with a resolution of the Board of Directors, the Supervisory Body (SB) according to Legislative Decree 231/2001, with the task of 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 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 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 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 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 the crimes relevant under the Decree itself, including the crime of corruption. 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 the company’s activities.

The 231 Model of the parent company identifies, within the activities carried out by the Company, the company processes and areas that are “sensitive” to the potential risk of the offences indicated in the Decree being committed. 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 and 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. By way of example, in 2021, checks were carried out on the following processes: management of sponsorships, purchase of gas, direct contracts, funded training, reimbursement of expenses to members of corporate bodies.

With regard to communication and training on the offences of the 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 and the Departments and Business Units Chief Officers in specific classroom sessions.

The training for managers, 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 1,696 hours of training provided to 346 employees and will continue in 2022.

Training on anti-corruption policies and procedures	2021		2020		2019	
<b>Total trained employees</b>	<b>346</b>		<b>535</b>		<b>22</b>	
of which	no.	%	no.	%	no.	%
<i>Managers</i>	2	2.0	7	7.6	16	16.7
<i>Junior managers</i>	14	4.1	26	8.4	1	0.3
<i>White collars</i>	301	7.9	490	13.8	5	0.1
<i>Blue collars*</i>	29	0.6	12	0.3	N/A	N/A

\* Staff who have voluntarily taken advantage of the training opportunities in the Group catalogue on anti-corruption issues.

In 2021, in fact, the writing of the storyboard was completed for the creation of a new e-learning course with updated content compared to the models issued, to be distributed to all employees (excluding blue collar workers) of the Group's consolidated Companies for asynchronous distance learning. The course also includes a section dedicated to the 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 adopted 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 2021, no confirmed instances of corruption were reported within Group companies.

## Remuneration policies

[GRI 102-35, 102-36]

Iren Shareholders' Meeting decides, upon appointment and for the entire duration of the 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.

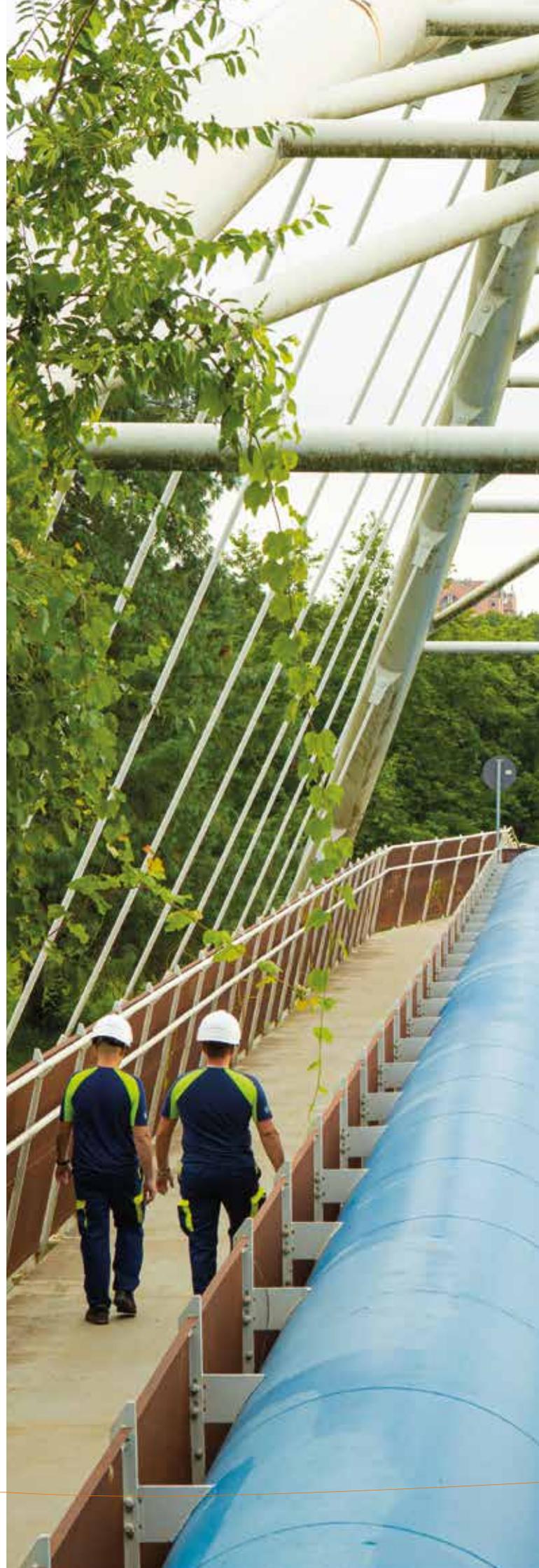
The BoD defines, upon proposal of the RAC and having consulted the Board of Statutory Auditors, the structure and the remuneration for the Directors holding specific offices (Chairperson, Deputy Chairperson and CEO) and the remuneration for the participation of Board Directors, as well as the policy for the remuneration of the BoD and of the Senior Managers with strategic responsibilities, subject to the RAC assessment, carried out in agreement with the Control, Risk and Sustainability Committee, with regard to the risk and sustainability profiles. The BoD, subject to the RAC assessment, also defines the objectives that determine the variable annual short- and long-term component of the remuneration of the Chief Executive Officer and General Manager.

Considering the provisions of the remuneration policy, the Chief Executive Officer determines the remuneration of Senior Managers with strategic responsibilities and defines the objectives to which the short- and long-term annual variable component of the same is related, involving the RAC in the process, in order to obtain the relevant opinion in advance.

The remuneration of Non-Executive Directors is not linked to the results achieved, but it is 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 General Manager (CEO/GM) as well as for Senior Managers with strategic responsibilities (SESR) the **variable portion of the remuneration** is divided into two parts, the short-term and the long-term.

The **short-term variable remuneration** – which reaches an average of 37.5% of the fixed remuneration upon achievement of all objectives – is based on an MbO (management by objectives) system, which takes into consideration the main objectives for the Group relating to economic, financial and operating performance, the main strategic projects and ESG objectives through the introduction – for all Senior Managers with strategic responsibilities – of a performance indicator relating to the relationship with stakeholders and ESG objectives (such as, for example, improvement of environmental performance, reduction of accident frequency index, development of gender diversity, etc.), which impacts by 20% the total variable remuneration. The system provides, with the aim of avoiding the disbursement of incentives for decidedly unsatisfactory results, a “gate” condition linked to the maintenance of the rating on investment grade by a leading rating agency. To make the incentives scheme more challenging 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. Also in 2021, at Group level (or at the Networks Business Unit, in line with the functional unbundling forecasts), a corrective factor of individual results was maintained to take into account and incentivise the creation of value by the Group with respect to planned targets. EBITDA and Operating Cash Flow levered (OCF levered) have been selected as the economic/financial indicators which best represent the correlation between development and creation of value. The corrective factor (multiplier or demultiplier of the percentage value obtained for the individual objective sections) is the weighted average of the two indicators, with weights and metrics defined in advance. Thus, the maximum amount attainable as short-term variable compensation can be up to 120% of the target amount.

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 MbO system used for managers and junior managers, to whom they are assigned via cascading.

**Long-term variable compensation** (introduced in 2015) is cash-based, with amounts on an annual basis of up to 25% of fixed compensation upon achievement of all objectives. The objectives of the Long-Term Incentive (LTI) Plan, which expires on 31 December 2021, are linked to the achievement of three economic objectives (EBITDA, Operating Cash Flow – OCF-levered and cumulative capital expenditure) set out in the Group's Business Plan for the period 2019-2021, at the end of which disbursement may take place. The LTI Plan also envisages an incremental mechanism in the event of significant exceedance of the OCF target and a sustainability correction, linked to any failure to achieve ESG objectives, which may produce a decrease of up to 10% on the bonus accrued. The ESG objectives, calculated in an on/off logic, considered are:

- gender diversity (a compound indicator that includes the percentage of women out of total employees, the percentage of women hires out of total hires, the percentage of women managers and junior managers out of the total managers and junior managers and the percentage of women participating in training courses out of the total of the participants);
- circular economy (recoverable waste processed in Group plants);
- water resources (water network leaks);
- resilient cities (district heated volumes).

The indicators are identified in agreement with the Corporate Social Responsibility and Local Committees Department from among those set by the Board of Directors in the Business Plan.

Given the expiry of the LTI Plan at the end of 2021, a new long-term incentive plan is expected to be defined shortly.

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

Iren Group does not use specific bonuses or incentives at the time of appointment/assumption of the role, except to offset amounts that are lost as a result of hiring from the external market. The severance indemnity and supplementary pensions for Senior Managers with strategic responsibilities are established by law and by the national collective labour agreement.

## Protection of human rights

[GRI 406-1, 412-1, 412-2, 412-3]

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)<sup>5</sup> and the Earth Charter drawn up by the Earth Council, along with the principles of the UN Global Compact that Iren adopts, 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.

<sup>5</sup> Particular reference is made to the Conventions ILO C1, C29, C87, C95, C98, C100, C102, C103/183, C105, C111, C115, C118, C120, C122, C130, C131, C132, C135, C138, C142, C148, C154, C155, C158, C159, C162, C170, C171, C174, C175, C182, C187, C190.

These principles – set out in the Code of Ethics, in the Policy on Diversity and Inclusion and in the Policy on dealing with violence, harassment and bullying in the workplace, adopted in 2021 (see page 245) – are aimed at fighting any violation of human rights, result in the refusal of any form of forced labour or employment of irregular personnel, to enter into negotiations or to confer positions that may offend or which are contrary to the fundamental principles underlying respect for human dignity and commitment not to collaborate with partners who violate these principles, with particular reference to the exploitation of child labour and the protection of the primary guarantees of each worker.

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.

The principles, the policies pursued, and the conduct adopted, ensured that in 2021, Iren Group did not record any violations for discriminatory practices.

Also in 2021 in the extraordinary transactions aimed at acquiring companies/shareholdings, 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 workplace safety regulations provided for by Italian legislation, and the existence of any disputes on the subject, the adoption of a Model 231 and a Code of Ethics, and the identification of any risks linked to the non-application of these regulations and management models with the adoption of the appropriate actions, such as, for example, the inclusion of conditions precedent and penalties in transactions deemed at risk.

In order to spread good practice and ensure compliance with ethical values and principles of conduct by the supply chain, the Group has prepared, in addition to the Code of Ethics, specific social standards on human rights and working conditions, which must be signed by all suppliers (see page 266).

In 2021, 136 hours of training were provided to I.Blu staff on human rights, as part of the commitments made with SA8000 Certification, which is based on the principles of social responsibility inherent in the prohibition of child, forced and compulsory labour, the prohibition of discrimination against workers and disciplinary practices involving physical or psychological punishment, the promotion of the health and safety of workers, freedom of association and the right to collective bargaining, the regulation of working hours and fair pay.

In 2021, the annual analysis was carried out on suppliers through a questionnaire also aimed at detecting the human rights policies adopted by companies that hold active contracts with the Group (see page 264).

Of the 1,332 supplier companies that responded (26% of the total), 56% have human rights policies in place that fall, in order of priority, into the following areas:

- equal opportunities and equal treatment, regardless 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;
- checking of the age of employees during the hiring process, including by recruitment companies;
- formal reporting systems that allow workers to report human rights breaches, ensuring the protection of the reporter's identity;
- 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, 20% 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, responding providers received two instances of human rights-related complaints, while no complaints or lawsuits for discriminatory practices have been recorded.

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

## QSE Certified Integrated Management System

Iren Group is committed 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 certified management 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:



## Main certifications

	ISO 9001 (Quality)	ISO 45001 (Safety)	ISO 14001 (Environment)	ISO 27001 (Information Security)	EMAS	UNI 11352 (ESCo)	ISO 50001 (Energy efficiency)	ISO 17025 (Lab)
Iren	•	•	•	•				
Iren Ambiente	•	•	•		• (5 sites)			
Acam Ambiente	•	•	•					
Amiat	•	•	•					•
Bonifica Autocisterne	•							
Futura	•		•					
I.Blu	•	•	•					
Manduriamente			•					
Produrre pulito	•		•					
ReCos	•	•	•					
San Germano	•	•	•					
Scarlino Energia			•					
TB		•	•				•	
Territorio e Risorse	•		•					
TRM	•	•	•		• (1 site)			
UHA	•	•	•					
Uniproject	•		•					
Iren Energia	•	•	•		• (4 sites)	•	•	
Bosch Energy and Building Solutions Italy	•	•	•			•	•	
Iren Smart Solutions	•	•	•			•	•	
Studio Alfa	•	•	•					•
Iren Mercato	•	•						
Salerno Energia Vendite	•							
Ireti	•	•	•					
Acam Acque	•	•	•					
ASM Vercelli	•	•	•					
Atena Trading	•	•						
Iren Acqua	•	•	•					
Iren Acqua Tigullio	•	•	•					
Iren Laboratori	•	•	•					•
<b>% coverage<sup>1</sup></b>	<b>99%</b>	<b>98%</b>	<b>93%</b>	<b>12%</b>	<b>3%<sup>2</sup></b>	<b>10%</b>	<b>10%</b>	<b>20%</b>

<sup>1</sup> The % coverage is calculated as the ratio between the sum of the number of employees of the companies subject to certification and the total number of employees of the Group.

<sup>2</sup> The % coverage is calculated as the ratio between the number of employees at certified sites and the total number of employees in the Group.

The Group's focus on customers and process quality is also confirmed by the possession of the following additional certifications:

- F-GAS certification of Iren Smart Solutions and Bosch Energy and Building Solutions Italy;
- UNI EN ISO 18295-1 certification (service requirements for customer contact centres) of Bosch Energy and Building Solutions Italy;
- ISO 18295-2 certification (requirements for organizations using external contact centres) acquired in 2021 by Iren Mercato;
- Iren Mercato certification in compliance with the Certiquality 66 Technical Document relating to the sale of green energy;
- Certification of Iren Mercato in compliance with ST TRAC\_EE 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;
- Multi-site Accreditation of Iren Laboratori;
- SA 8000 certification (corporate social responsibility) of I.Blu;
- IQNet SR 10 (Social Responsibility Management Systems) certification of Studio Alfa.

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

All the audits carried out by the Certification Bodies at the Group Companies in 2021 were concluded with a positive outcome and confirmed the maintenance of the Certifications held. During the year, the actions planned to achieve the defined objectives were also implemented:

- maintenance of the certifications held by all Group Companies;
- extension of Iren Ambiente ISO 14001 certification to the multi-purpose plants of AMA, GHEO and Sereco;
- acquisition, transfer to Iren Ambiente and maintenance of the EMAS registrations of the GHEO and Sereco plants;
- acquisition and maintenance of the ISO 9001 and ISO 14001 Certified System of Territory and Resources.

The achievement and maintenance of voluntary certificates evidence Iren Group's commitment to sustainability, particularly through the protection of the environment, the rational use of natural resources and energy, 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 or high-efficiency sources 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:

- review and update of the Environmental Analysis of sites, plants and processes at all Group companies with ISO 14001 certification;
- mapping of environmental obligations for Group companies;

- definition of the Environment Model which, starting from the Mapping of obligations, has led to the definition of procedures aimed at giving uniformity to the management of environmental issues, providing indications on the management and control tools of these issues, including the monitoring of legislative compliance;
- monitoring environmental performance through the use of indicators for significant environmental aspects;
- analytically control of impacts 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;
- compliance with 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 regulatory framework, at least quarterly. 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 Bodies 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** – tariff regulation of the urban waste service (collection and treatment), regulation of transparency and quality (contractual and technical) of the urban waste sector, support for incentives for renewable sources and biomethane, monitoring of the reference regulatory framework at national level (PNRR, Decrees transposing EU directives on the circular economy – with particular attention to waste assimilation criteria, shared responsibility of the producer, reform of the consortium system, reorganisation of responsibilities and the National Waste Management Programme – and on the promotion of the use of energy from renewable sources) and at regional level (governance and planning of waste management), tenders for the award of the service;
- **networks business** (water, gas and electricity distribution) tariff regulation for cost coverage and technical and commercial/contractual quality regulation, smart meters and their technological evolutions, resilience, non-payment, safety obligations, tenders for service assignment; specifically for electricity and gas distribution: smart grid, network code and national equalisation.

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

In addition, the Legal Affairs function monitors the legislation and, upon request, provides support in its interpretation, provides legal assistance and advice to all the structures of the Parent Company and to the Business Units and participates in working groups on issues involving the Parent Company or the Business Units.

## Codes of Conduct

[GRI 102-12]

Iren adheres to the recommendations of the Code of Corporate Governance (January 2020 edition), drawn up by the Italian Committee for Corporate Governance and has approved a document that

highlights the governance solutions adopted with reference to the provisions of the Code. The Company discloses to the market its adherence to the Code in the annual 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 of ARERA (the Regulatory Authority for Energy, Networks and Environment). Furthermore, the Service Charters regulate the activities 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

Iren has signed, already in 2017, with 19 National Consumer Associations, the Joint Conciliation protocol on behalf of Iren Mercato, Ireti, Iren Acqua, Iren Acqua Tigullio. The Iren Joint Conciliation Body was recognized, in 2018, by ARERA as an ADR (Alternative Dispute Resolution Body) and was extended to the customers of Atena Trading and Acam Acque. In 2021, 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.

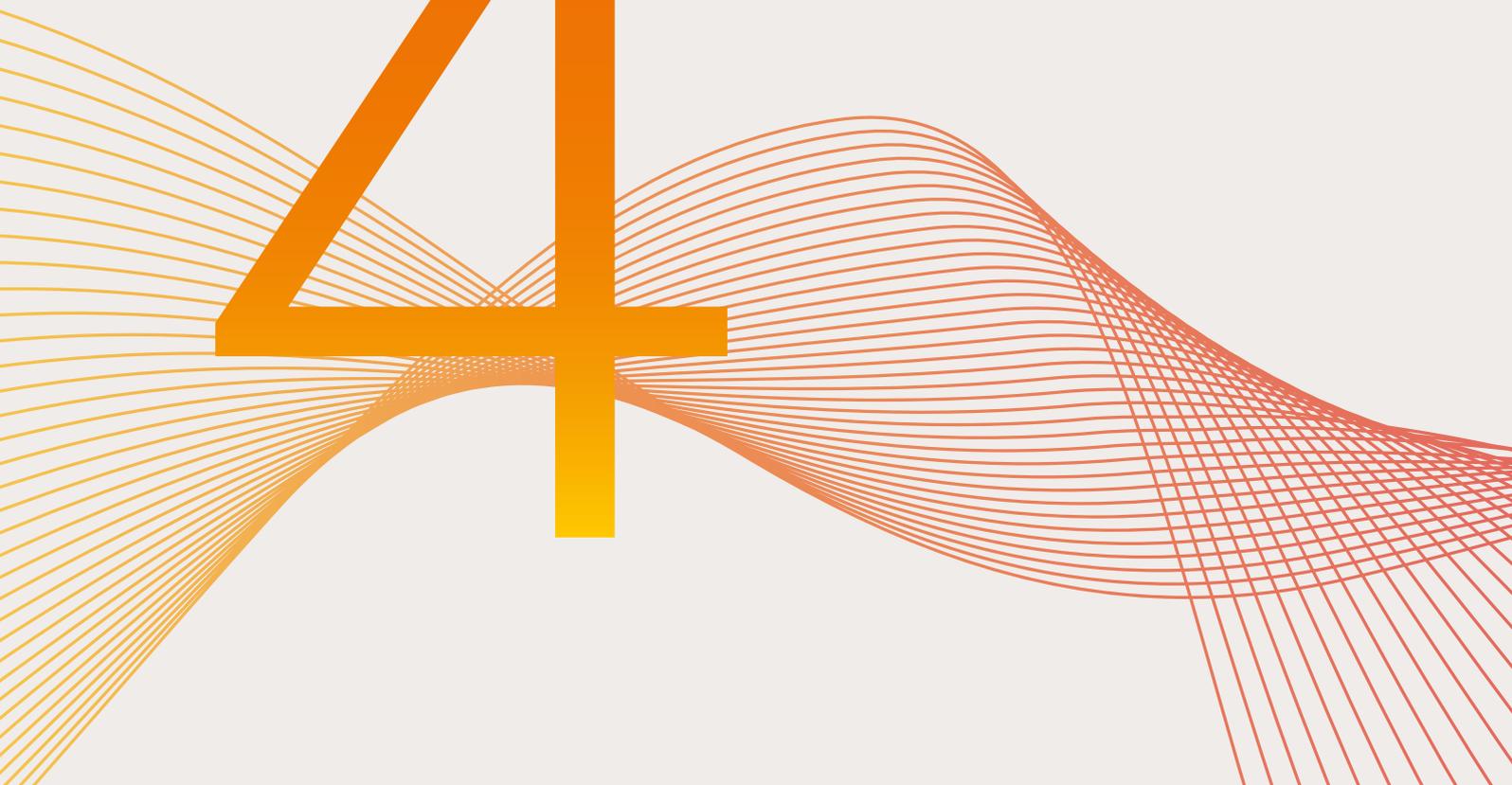
As regards the ARERA conciliation service at the Single Buyer, which is compulsory from July 2019 for Ireti, it was confirmed in 2021 the readiness of most of the Group's other water operators (Iren Acqua, Iren Acqua Tigullio, Acam Acque) to adhere to all conciliation requests received through the service.

Lastly, activities also continued, relating to the service activated by Iren Mercato and dedicated to reports from Consumer Associations, 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.

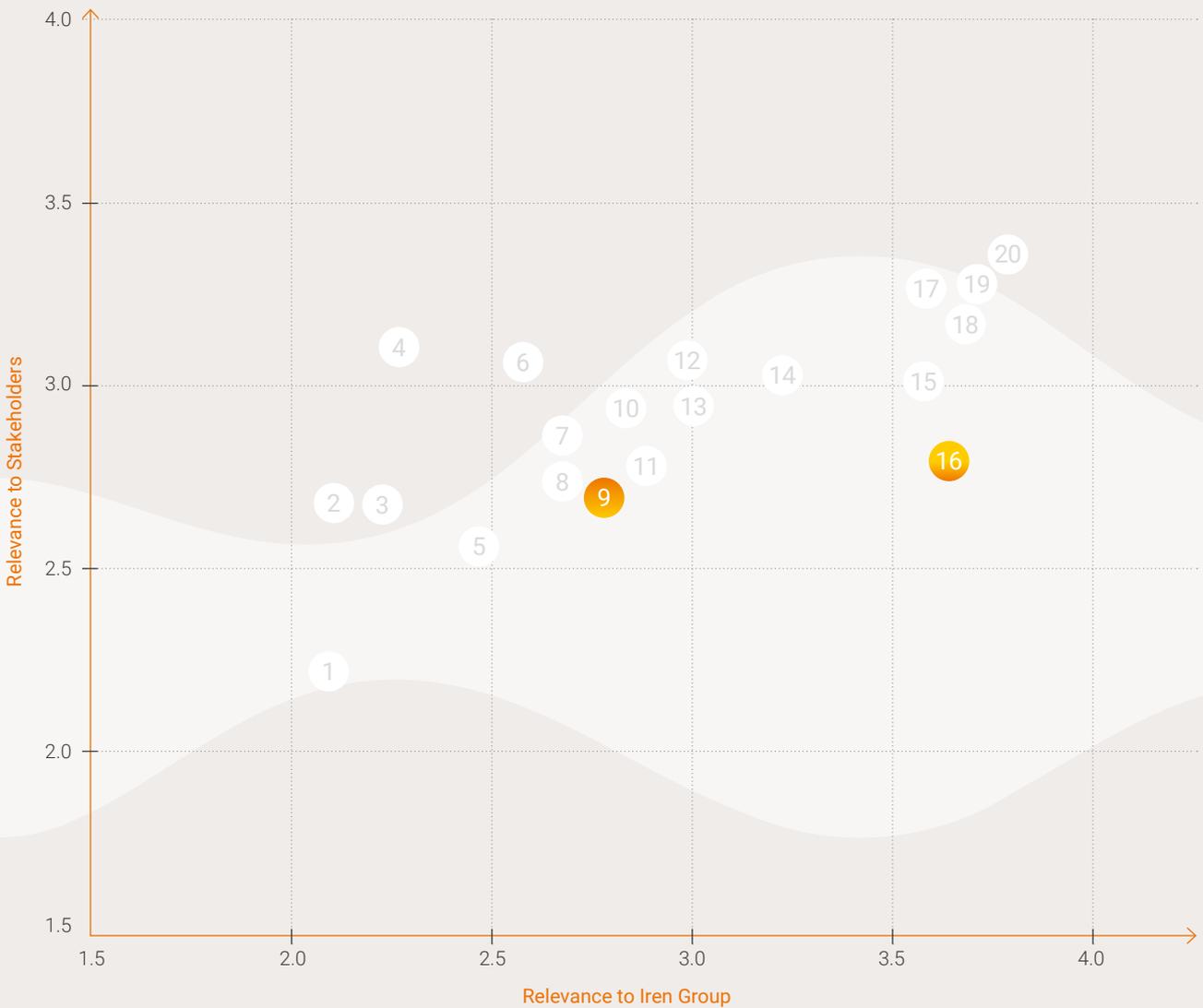


# Stakeholder and value creation

4



# Priority topics



**9** Effective and transparent dialogue and communication with stakeholders



**16** Economic development and value for local areas



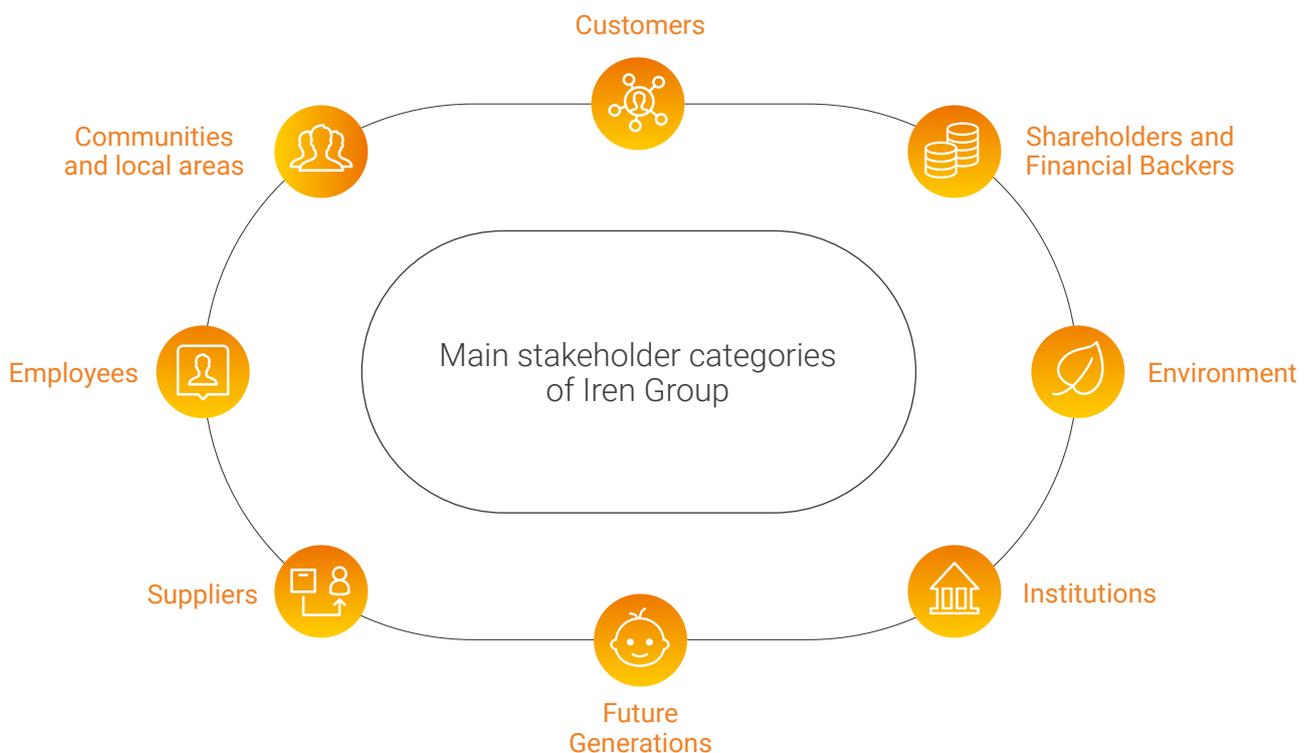
# Stakeholder engagement

[GRI 102-13, 102-21, 102-32, 102-34, 102-40, 102-42, 102-43, 102-44, 415-1, 419-1]

Iren Group is committed to creating, strengthening and expanding its relationships with its stakeholders to guarantee them the widest possible scope for listening 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 inclusivity, materiality and responsiveness 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 from 01 January 2021, is also based on the relationship established with stakeholders. In this perspective, Iren Group ensures the widest and most timely circulation of information to shareholders, institutional investors, intermediaries operating on the financial market and all stakeholders, to guarantee broad knowledge and transparency.

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.



Stakeholder engagement activities through 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 Local Committees

The Group's sustainable development strategy is also managed through the Local Committees, bodies which have been established to strengthen relationships with the local areas, analyse 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 stakeholder engagement.

Iren Local Committees were 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 environmental and social sustainability, innovation and the quality of the services provided by the Group.

The Committees are also a tool to collect, through the participatory planning platform [Irencollabora.it](https://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, with the aim of generating concrete and tangible projects (see page 176). The information flow produced by the platform is also a source that inspires Iren to adopt innovative service strategies and anticipate the needs of the local areas.

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](https://irencollabora.it). In 2021, despite the difficult situation caused by the pandemic, 71 meetings of Committees and working groups were held, mostly remotely, and in December 2021, the platform [Irencollabora.it](https://irencollabora.it) counted 2,009 registered profiles and 110 proposed projects.

Through Local Committees, stakeholders can also submit issues to the Group's attention to issues concerning the services rendered, as well as environmental and social sustainability topics.

The Iren Deputy Chairperson, 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.

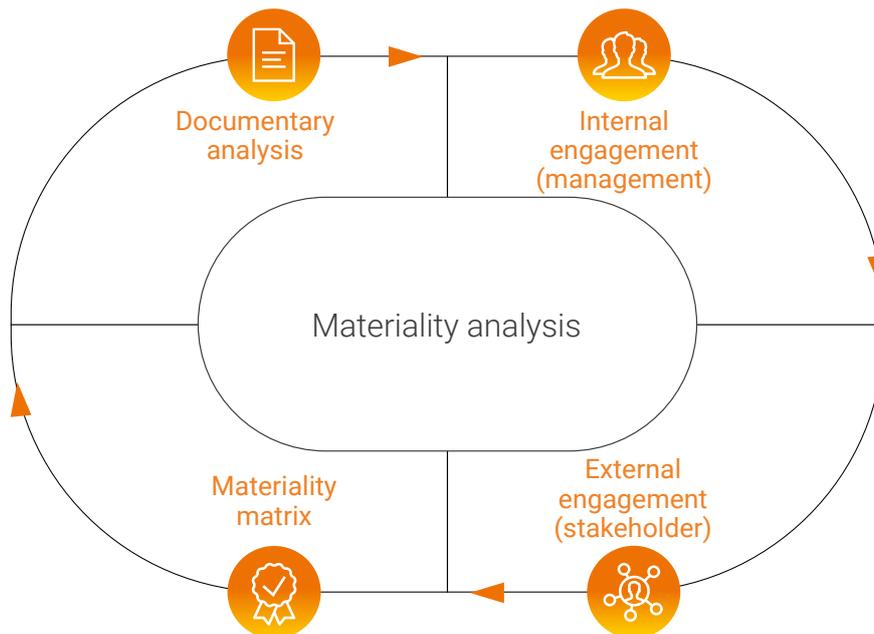
## Identification of material topics

Iren has consolidated a process involving stakeholders present in the Local Committees in the materiality analysis (see page 42) to share and assess the priority topics for the Group's strategic development and report its performance.



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

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.



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

- **documentary analysis:** identification of the universe of potentially significant topics through the analysis of 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 peer and competitor sustainability topics;
- **internal engagement:** sharing and assessing potentially significant topics by the first line of the Group 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 topics for stakeholders. The 98 Associations/Institutions that participate in the Local Committees represent 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;
- development of the **materiality matrix** (see page 43), which defines the priority topics, and approval of the results of the materiality analysis by the Board of Directors on 20 January 2022.

## Stakeholder engagement initiatives

In order to maintain a continuous dialogue with stakeholders on sustainability issues, in 2021, Iren continued to manage the activities of the Local Committees, held in-depth meetings, participated in seminars and conferences, and produced specific publications.

To ensure broad and transparent information, every year the Sustainability Report is presented to stakeholders and published on the Group's website. Also in 2021, Iren managed internal and external communication activities to explore the commitment put in place to ensure environmental, social and economic sustainability in planning and management. Stakeholder engagement activities have also generated projects to improve environmental and social performance, which are reported in this Sustainability Report.

Stakeholders	Key topics	Engagement initiatives
<b>Shareholders and Financial Backers</b>	<ul style="list-style-type: none"> <li>• Corporate Governance</li> <li>• Sustainable growth strategies</li> <li>• Transparent communications</li> <li>• Share performance</li> <li>• Bond issues</li> <li>• M&amp;A transactions</li> <li>• Economic/financial results</li> <li>• Rating</li> </ul>	<ul style="list-style-type: none"> <li>• 2030 Business Plan presentation</li> <li>• Roadshows and webcasting</li> <li>• Communication of results and possible future risks</li> <li>• Adoption of disclosure policies</li> <li>• Inclusion in ethical indexes</li> <li>• ESG Rating</li> <li>• Sustainable Finance Committee</li> <li>• Shareholders' Meeting</li> <li>• Calendar of corporate events</li> <li>• Participations in round tables and events</li> <li>• Code of Ethics</li> <li>• Materiality analysis</li> <li>• Local Committees</li> </ul>
<b>Customers</b> (retail and business customers, Public Administrations and consumer associations)	<ul style="list-style-type: none"> <li>• Quality and reliability of services</li> <li>• Online and mobile services</li> <li>• Innovative services</li> <li>• Transparent communications</li> <li>• Tariffs</li> <li>• Credit management</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Front offices and call centres</li> <li>• Transparent billing</li> <li>• Website, app, social media</li> <li>• Customer satisfaction surveys</li> <li>• Security initiatives</li> <li>• Innovative services and sustainable use of resources</li> <li>• Meetings and framework agreements with Associations</li> <li>• Credit management protocols</li> <li>• Social tariffs</li> <li>• Joint conciliation protocols</li> <li>• Replacement of electricity meters with 2G smart meter devices</li> <li>• Guides on how to interpret utility bills</li> <li>• Code of Ethics</li> <li>• Materiality analysis</li> <li>• Iren Local Committees</li> </ul>
<b>Environment</b>	<ul style="list-style-type: none"> <li>• Water network leaks</li> <li>• Quality and efficiency of wastewater treatment systems</li> <li>• Gas distribution network efficiency</li> <li>• Energy generation</li> <li>• Emissions</li> <li>• Energy saving</li> <li>• Sustainable mobility</li> <li>• Waste management</li> <li>• Environmental, social and economic sustainability</li> </ul>	<ul style="list-style-type: none"> <li>• Development of renewable sources</li> <li>• Energy savings and efficiency projects/services</li> <li>• District heating development</li> <li>• Systems to increase sorted waste collection</li> <li>• Material recovery from waste</li> <li>• Increase in the capacity to dispose of special waste</li> <li>• Participation in environmental clean-up initiatives and hazardous waste collection activities in collaboration with local entities and organisations</li> <li>• Reduction of water and gas network leaks</li> <li>• Reduction of atmospheric emissions</li> <li>• IrenGo, Iren Plus, Iren Smart Solutions</li> <li>• Climate Change Risk Policy</li> <li>• Awareness raising on environmental issues</li> <li>• Biodiversity Policy</li> <li>• Participation in European and national research projects</li> <li>• Self-funded internal research activities (new vectors, energy, decarbonization, material recovery from waste)</li> <li>• Code of Ethics</li> <li>• Materiality analysis</li> <li>• Local Committees</li> </ul>

Stakeholders	Key topics	Engagement initiatives	
<b>People</b> (employees, collaborators and Trade Unions)	<ul style="list-style-type: none"> <li>• Health and Safety</li> <li>• Enhancement of skills</li> <li>• Remuneration</li> <li>• Training</li> <li>• Internal communication</li> <li>• Welfare</li> <li>• Diversity and inclusion</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Technical and soft skills assessment, training and development</li> <li>• Reward &amp; Performance Management</li> <li>• "Iren4Digital" project</li> <li>• Internal mobility</li> <li>• "Irenfutura" Portal</li> <li>• Work Life Balance</li> <li>• Corporate Welfare programme</li> <li>• Initiatives for employees' children</li> <li>• Employee health and wellness initiatives "Al cuore della salute", "Gympass", "Telemedicina"</li> <li>• Initiatives to promote gender and cultural diversity</li> <li>• On-boarding programme for new hires: "App pre-onboarding ReadyTolren", "Welcome Webinar", "Learning Meeting", "Induction"</li> </ul>	<ul style="list-style-type: none"> <li>• "Melagioco" Leadership Development Programme</li> <li>• Smart Working</li> <li>• Incentivised termination of employment</li> <li>• Industrial relations and trade union agreements</li> <li>• Corporate Covid-19 vaccination campaign</li> <li>• Accessibility to the "Gamma Sicurezza" app</li> <li>• Constant information through push and pull channels</li> <li>• Employee Events</li> <li>• Enhancement of employees' professionalism through video storytelling</li> <li>• Code of Ethics</li> <li>• Materiality analysis</li> <li>• Iren Local Committees</li> </ul>
<b>Suppliers</b> (individuals, supplier categories and trade associations)	<ul style="list-style-type: none"> <li>• Supply chain management</li> <li>• Transparent communications</li> <li>• Contractual conditions</li> <li>• Payments</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement portal and Supplier Register</li> <li>• Training/information for third-party companies</li> <li>• Corporate social responsibility survey for suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Code of Ethics</li> <li>• Materiality analysis</li> <li>• Iren Local Committees</li> </ul>
<b>Institutions, Local Areas and the Community</b> (citizens, associations, NGOs, Local and Governmental Authorities, Regulatory Authorities and Bodies)	<ul style="list-style-type: none"> <li>• Attention to the local area</li> <li>• Smart City</li> <li>• Dialogue and involvement</li> <li>• Creation of value for the local areas</li> <li>• Transparent communications</li> <li>• Investments and support for local initiatives</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Participation in meetings with Institutions</li> <li>• Collaboration in projects by Institutions</li> <li>• Surveys and questionnaires</li> <li>• Conferences, seminars and workshops</li> <li>• Subsidy plans for communities affected by emergencies</li> </ul>	<ul style="list-style-type: none"> <li>• Plant visits (virtual tours)</li> <li>• Transmission of opinions and documents</li> <li>• Local Committees and "Irencollabora.it" platform</li> <li>• Code of Ethics</li> <li>• Materiality analysis</li> </ul>
<b>Future Generations</b> (school/university, research centres, incubators)	<ul style="list-style-type: none"> <li>• Smart City</li> <li>• Circular Economy</li> <li>• Decarbonization of production processes</li> <li>• Innovative services</li> <li>• Reduction of impacts</li> <li>• Climate change</li> <li>• Sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>• Educational programmes in schools (Eduiren) and Universities</li> <li>• Guided tours (virtual tours)</li> <li>• Partnerships, projects and investments in research and innovation</li> <li>• Iren Up</li> <li>• Framework agreements with Universities and research centres</li> </ul>	<ul style="list-style-type: none"> <li>• Training and recruitment agreements with Universities and Business Schools</li> <li>• Activation of apprenticeship and recruitment paths with Technical Institutes</li> <li>• Materiality analysis</li> <li>• Local Committees</li> </ul>

## Relations with shareholders and investors

The objective of sustainable success, introduced by the Code of Corporate Governance for Listed Companies to which Iren adheres, is also based on a solid and transparent relationship with shareholders and investors. In order to improve interactions with these stakeholders, in 2021, Iren's Board of Directors approved the Policy for managing the dialogue with General Shareholders and Investors (published on the Group's website), which regulates the extra-assembly dialogue between the Board of Directors and the representatives of shareholders and investors on issues within the Board's competence and defines the principles, rules and methods for conducting this dialogue, identifying the recipients, the interlocutors, the topics of discussion, the timing and channels of interaction. The Policy is based on the principles of transparency, correctness, punctuality and timeliness of information, equal treatment of shareholders, effectiveness, compliance with regulatory provisions – including those concerning market abuse -, internal governance rules and procedures, always ensuring cooperation and transparency to supervisory authorities, regulators and competent administrations.

The Investor Relations Department is responsible for managing relations with shareholders and the financial market in general, and among other things discloses important information about the Group through the website in an objective and transparent manner. The Director of Administration, Finance and Control, who is in charge, among other things, of the Investor Relations function, is identified as the point of contact for the purposes of the Policy for managing the dialogue with General Shareholders and Investors. Moreover, pursuant to the Consolidated Law on Finance, shareholders can ask questions on the items on the agenda of the Shareholders' Meeting (by e-mail, fax or filling in the form available on the Group's website), even before the meeting itself.

Iren Group carries 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 strong interest of the market in the Group is confirmed by the intensification of relations and opportunities for contact with analysts, also following the positive performances recorded, supported by the Business Plan to 2030, the first ten-year plan in Iren's history. In addition to this, there is the positive effect of the optimisation of the financial profile, through greater recourse to the bond market, compared to the banking channel, confirmed by the issue in 2021 of a Green Bond for 200 million Euro, which contributes to strengthening the strategic vision oriented to sustainability.

In 2021, seven brokers covering the bond were confirmed with periodic reports: Equita, Exane (sponsored research), Intermonte, Intesa Sanpaolo, KeplerCheuvreux, Mediobanca, Stifel.

The increased interest shown by investors towards the Group has required greater communication intensity. As in the past, the roadshow, organised from time to time by different brokers, remained the main tool for introducing the Group to Italian and foreign institutional investors. In 2021, 16 virtual roadshows and conferences were held in the major European financial markets (London, Paris, Geneva, Brussels, Luxembourg and Frankfurt). More than 100 investment funds were met during the year, with a total of 140 fund managers or analysts. The direct day-to-day contact with managers of institutional funds and financial analysts that oversee the bond is of particular significance.

In addition to the roadshows, the Group has maintained a constantly communication with the market using different channels, including quarterly conference calls for the presentation of the results for the period. The most important event during the year was the presentation of the Business Plan to 2030, held on 11 November, during which top management illustrated the Group's new strategy and investment plan to the financial community.

Investors are paying increasing attention to environmental, social and governance (ESG) issues both through direct contact with the Group and through ratings issued by specialist rating agencies. Iren has established a transparent and timely dialogue with ESG investors, taking part in roadshows and conferences on these topics, actively contributing to analyses and surveys of ESG rating companies, periodically reviewing the investors section of the website to make information more accessible and developing, every year, its own specific analyses aimed at identifying possible areas of improvement.

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

## Iren share performance

In 2021, the main world stock exchange indices showed upward trends, thanks in particular to the actions taken against the spread of Covid-19 and the consequent expectations of economic recovery supported, among other things, by the European Next Generation plan and the maintenance of expansive monetary policies by the major international central banks. The year was marked by extreme volatility in the energy scenario and a higher-than-expected inflation rate, phenomena attributable to the evolution of the pandemic emergency, which had a negative impact on the markets, especially in the last quarter. Nonetheless, the FTSE Italia All-Share (the main index of the Italian Stock Exchange) grew by 23.7% and multi-utilities also posted rising performances, benefiting from expectations of a positive impact of European and national plans for economic recovery and infrastructure development. At 30 December 2021 (last day of trading), the price of Iren stock stood at 2.654 Euro per share, up 24.8% compared to the price at the beginning of the year, with average volumes traded during the period amounting to approximately 1.88 million units per day. The average price was 2.483 Euro per share, which reached the highest level of the year (2.884 Euro per share) on 10 November 2021 and its minimum level (2.028 Euro per share) on 21 January 2021.

## 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 a strategic element for the Group. On 09 December 2021, the Standard & Poor's agency assigned, for the first time to Iren Group, its long-term credit rating at the "BBB-" level with a "positive" outlook. The same rating is also given to senior unsecured debt. The "Investment Grade" rating from a second agency, after Fitch, expresses the Group's solid positioning in Italy, with a wide diversification of activities especially

in regulated sectors and a significant territorial presence. The investments envisaged in the new Business Plan, primarily targeting organic growth and energy transition, combined with an expected continued improvement in credit metrics, support the "positive" outlook. From a financial point of view, the rating level assigned also expresses the Group's good liquidity profile. On the basis of these assumptions, and in particular with reference to the investments planned in the Business Plan in relation to the financial structure, on 22 December, the agency Fitch confirmed its "BBB" rating for Iren with a "stable" outlook. The business portfolio consisting mainly of regulated and semi-regulated activities, the value creation and the stability guaranteed by the integration of the various businesses are, together with the Group's liquidity profile, elements considered positive by Fitch.

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

## 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.

The control of relations with institutional subjects is defined by an organisational model that assigns competences and responsibilities to the reference company structures. In particular, the Public Affairs Department oversees top-level relations at an institutional level, especially with international, national and local entities, in order to represent the Group's needs and proposals, in agreement with the relevant Departments and Business Units. The Regulatory Affairs Department manages relations with the Regulatory Authorities and the associations to which the Group belongs, in close coordination with the Business Units. The Corporate Affairs Department handles communications with the market supervisory Authorities (Stock Exchange and Consob). The Business Units supervise, with the support of the parent company, the technical and specialised aspects of the services, also interacting with administrative, regulatory and control bodies.

## Relations with local sector authorities

In 2021, our constant discussion with Public Administrations and Local Sector 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), Emilia (Parma, Piacenza and Reggio Emilia) and Piedmont (Vercelli) regions;
- districts division of the water network in Liguria, Emilia and Piedmont regions, with monitoring and control of network leaks to progressively reduce them;
- adaptation of the wastewater treatment plants of the Metropolitan City of Genoa (conclusion of the authorisation procedure for the Sestri Levante plant, continuation of the procedure for the Chiavari plant, construction of plants of Arenzano-Cogoleto, Torriglia and Central Area of Genoa) to the Directive 91/271 EEC on the treatment of wastewater;
- inauguration of a new wastewater treatment plant in Villa Minozzo (RE) that provides the village of Gozzano with an important infrastructure for the protection of water resources;
- conclusion of the authorisation process for the realization, in the province of Vercelli, of a plant for the transformation of the recovered wood into new final or semi-finished products;
- conclusion of the authorisation process for the construction of a biodigestion plant for biodegradable waste in the province of La Spezia;
- application of the tariff method and quality regulation approved by ARERA for the integrated water service and the waste management service. Constant relations with the Local Sector Authorities and – in the case of waste – the Public Administrations 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;
- multi-year plan to replace electricity meters, which began in November 2021 in the cities of Parma and Turin. The plan, which calls for the commissioning of more than 700,000 new 2G smart meters, has been shared and approved by ARERA;
- operation of the 79 dispensers that supply zero kilometre water to thousands of residents in the provinces of Parma, Piacenza and Reggio Emilia with less plastic bottles to be used and, consequently, less waste to be produced;
- institutional visits to the Group's main plants which represent – in terms of size and technologies adopted – excellence at national level in the energy, water and waste sectors. In particular, the Mancasale (Reggio Emilia) plant for the reuse of purified water, which makes it possible to recover millions of cubic metres of water resources, was also visited during the Festival of the Green Economy held in Parma;
- projects for the efficient use of water resources, the prevention of waste production, the development of sorted waste collection and in general the awareness of local communities towards good practices of environmental sustainability.

## Contributions to political institutions and parties

The Group's Code of Ethics explicitly states, in paragraph 7.5, that: *"Iren does not make contributions, either directly or indirectly and in any form, to parties, movements, committees and political and trade union organisations, or to their representatives and candidates, except for those due under specific regulations"*.

The Group collaborates 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.

## Associations and networks of which the Group is a member

Iren Group has chosen the path of associative participation, which aims to put experience and knowledge at the service of companies and organisations that share a common path of sustainability and responsibility. Participation in networks and associations is focused on continuous updating, on the dissemination of publications, studies and research, on information and comparison meetings, on the involvement of institutions and social forces to promote strategic issues, stimulating targeted and incisive intervention proposals and policies.

The monitoring, analysis and comparison of emerging trends and regulatory issues are of great importance for the most correct and up-to-date understanding of the reference framework in which the Group operates. In particular, membership of associations and networks at national level, in line with objective 17 of the United Nations Agenda 2030 "to promote partnerships for sustainable development", is of great importance to the Group, both in terms of attention to sustainability policies and in terms of regulatory and technological updates.

Association / Network	Description
<b>UN Global Compact</b>	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 adherence to a set of principles that promote the values of sustainability in the long-term 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.
<b>Global Compact Network Italia Foundation</b>	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 ten 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 ten principles of the Global Compact and the SDGs in their core business and in reporting on sustainability.
<b>Utilitalia</b>	a federation that brings together public service Companies that operate in the 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.
<b>Confservizi (at a national and regional level)</b>	a trade association that represents, promotes and protects companies and bodies that manage public utility services such as water, gas, electricity, environmental health and local transport.
<b>Confindustria (GE, PR, PC, RE SP, TO and VC Valsesia)</b>	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.
<b>Assonime</b>	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.
<b>Anfida</b>	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.
<b>AIRU (Associazione Italiana Riscaldamento Urbano)</b>	the Italian Urban Heating Association, which represents sector operators with the aim of promoting and disseminating plant engineering innovation and its application.
<b>EHP – EuroHeat and Power</b>	an international association that represents the district heating and cooling sector and cogeneration sector in Europe.
<b>Elettricità Futura</b>	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.
<b>Federazione Italiana per l'uso Razionale dell'Energia (FIRE)</b>	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.

Association / Network	Description
<b>Comitato Italiano Gas (CIG)</b>	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, National, European and International Bodies and Associations; carries out training and information activities.
<b>Sustainable Development Foundation</b>	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.
<b>Sustainability Makers</b>	brings together the professionals who are dedicated to the definition and implementation of strategies and sustainability projects in business and other organisations: it works to qualify and promote these professionals with the aim of increasing their competence and authority, through training and networking, studies and research, conferences, workshops and webinars. Founded in 2006 as the CSR Manager Network, it changed its name to Sustainability Makers in 2021.
<b>Kyoto Club</b>	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.
<b>Corporate Forum for Sustainable Finance</b>	an international network of Companies committed to supporting and developing sustainable finance as a tool to fight climate change and promote a more sustainable and responsible society.
<b>Valore D</b>	first association of companies in Italy – over 270 to date, for more than two million employees and an aggregate turnover of over 500 billion Euro – which has been committed to gender balance and inclusive culture in organisations and our country for ten years.

## Media relations

In 2021, the Group recorded the growth of its presence in the media, both traditional and innovative, with a proactive model of relations with the media and timely support for the values and growth and development plans of the Group. A great deal of space was dedicated to the themes of renewable energies, decarbonization, circular economy and related plant development, as well as diversity and inclusion activities carried out by the Group. These results have been achieved also thanks to the consolidation of the structural reorganisation of Iren's media relations and the redesign of its activities with the aim of giving stakeholders greater knowledge and visibility on the Group's investments and objectives.

In 2021, the content factory and news making activities continued, both in support of the Group's economic, environmental, social and industrial strategies and to reinforce the commercial actions undertaken towards the various target customers. The media relations activity was then developed in synergy with the Investor Relations function for the numerous financial communication actions launched during the year and operated in support of the institutional policies of the Group and its top management in harmony with the Public Affairs Department. Moreover, media coverage of new territorial and business areas was guaranteed, as a result of the change in the Group's scope following structural growth and M&A operations.

The extensive commitment in the management of media relations is also demonstrated by the certification BIC - Best in Media Communication, obtained by Iren in 2021, created by Fortune Italia and Eikon Strategic Consulting with the aim of scientifically measuring the impact of the company's communication through its positioning in the media and the quality of its relations with the different editorial offices.

# Creating value

[GRI 201-1, 201-2, 201-4, 202-2, 203-1, 203-2, 207-1, 207-2, 207-3, G4-EU10]

The economic results of Iren Group show, compared to 2020, an increase in revenues of 33%, due to the growth in energy demand linked to the economic recovery and the increase in commodity prices, against a significant increase in the gross operating profit (Ebitda) of 9.6% and Group profit (+26.8%).

Economic indicators	u.m.	2021	2020 <sup>1</sup>
Revenue	€/mln	4,956	3,726
Gross Operating Profit (EBITDA)	€/mln	1,016	927
Operating profit (EBIT)	€/mln	454	415
Profit attributable to the Group	€/mln	303	239
Total capitalisation	€/mln	3,405	2,737
Dividend per share	€	0.105 <sup>2</sup>	0.095

<sup>1</sup> The 2020 figures have been restated in accordance with IAS standards.

<sup>2</sup> Dividend proposed by the Board of Directors.

Net financial debt at 31/12/2021 amounted to 2,906 million Euro, down from the 2,948 million Euro at 31/12/2020, despite the consolidation of the new companies acquired by the Group and the significant increase in investments made that, during the year, amounted to approximately 758 million Euro (+10.6% compared to 2020) intended for development interventions in the various sectors of activity, with a prevalence of interventions with connotations of environmental sustainability and circular economy, ensuring an important contribution to local communities.

## Investments

Technical investments (millions of Euro)	2021	2020
Generation and district heating	169.5	171.6
Networks (electricity, gas, water cycle)	307.7	293.9
Market	64.6	50.6
Waste management services	164.3	116.3
Others	51.7	52.8
<b>Total</b>	<b>757.8</b>	<b>685.2</b>

The economic-financial performance for 2021 confirms – through 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 mainly regulated business

profile has ensured the Group's high resilience to the Covid-19 emergency and the volatility of the energy scenario that characterised the second half of the year (for more details see the Consolidated Financial Statements). Furthermore, as defined also in the Business Plan to 2030 perspective, particular attention is confirmed to environmental sustainability, to the improvement of the quality of the service, digital transformation, and innovation in synergy with the companies and institutions of the reference areas. By hiring 886 new employees (612 in 2020), the Group continued an important generational turnover and development process, focused on acquiring the skills needed for digital transformation and growth also in new business lines.

The strategic guidelines, focused on sustainability profiles, guide the planning of the multi-year investments to be made. 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 increasing the Group'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 in the energy field**, the Group considers the medium-term scenarios referred to the electricity and gas markets, the evolution of the Capacity Market, the price of CO<sub>2</sub> and Energy Efficiency Certificates. Development investments in district heating networks and regulatory scenarios favouring renewable energies' growth are also taken into account. Maintenance programmes aim to maintain efficiency and prevent breakdowns and are planned to minimise the impact of unavailability on the Group's results.

The energy production facilities of Iren Group are efficient and appropriate in terms of size, thanks to the significant investments in new production capacity and in increasing the efficiency of the existent one. The production capacity planned to 2030, thanks to the investments included in the Business Plan, will be guaranteed for about 67% by plants producing energy from renewable sources (hydroelectric, photovoltaic, wind).

In order to ensure that adequate production and reliability standards are maintained, the Group adopts advanced management and maintenance policies (predictive and preventive) and 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 and realisation of photovoltaic plants). In this context, an electrical storage system has been installed at the Turin North power station and electrical storage systems are being built at the Moncalieri and Turbigo power stations, which 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: 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 sewer 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 wastewater discharged from treatment plants.

As far as **waste management** is concerned, at plant level, the production capacities of the Group's plants are assessed and planned in relation to the needs and production of each region. Investment planning is aimed at optimising waste management and closing the cycle, aiming at the maximum valorisation of waste in terms of material and energy.

In order to guarantee the reliability of its **electricity distribution networks**, the Group has adopted a planning tool (medium voltage distribution network master plan) that defines the renovation, upgrading and extension rules and methods, for the main high-to-medium voltage transformer plants and networks. The renovation and upgrading 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. 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 carried out are assessed in relation to the performance of the service quality indicators established by the Authority for Electricity, Gas and the Water System (ARERA).

In **gas distribution**, the plan aims to contain leaks, which is the main objective for the safety, quality, efficiency and continuity of service and protection of the environment. Regular ordinary and unscheduled maintenance and the renovation of plants and networks, scheduled searching for leaks, 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.

During the planning phase, the Group also analyses the impact of **climate change** scenarios: changes in temperature distributions (chronic physical risks) – which impact the dynamics of gas and heat consumption of



district heating, water and electricity – and extremes of weather phenomena (acute physical risks) such as droughts, heat waves, water bombs, floods, cyclones, landslides. In particular, the latter have repercussions on the hydrology of hydroelectric and aqueduct plants, with the related economic implications, and represent aspects of attention due to the consequences that they may have on the Group's assets (for example, breakdowns of the district heating network), on margins (due to damage caused to production plants), on the availability planning and scheduled maintenance of thermoelectric production plants (for further details on climate risk management, see page 80).

The financial or strategic impacts are primarily analysed in the Group's risk map, which is periodically updated and identifies and quantifies all significant impacts on the business (see page 69).

## Creation of added value

Iren Group produces added value with respect to the external resources employed, thanks to the effective use of production factors, and contributes to the economic growth of the social and environmental context, producing important effects on the territories in which it operates, in particular, in view of the



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

investments made, the employment generated and the induced activities it carries out.

The investments improve the social and environmental context by intervening on basic infrastructures (electricity, gas, sewerage and water networks, wastewater treatment plants) and essential services (waste collection and disposal). Moreover, all 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 quality of 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.



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

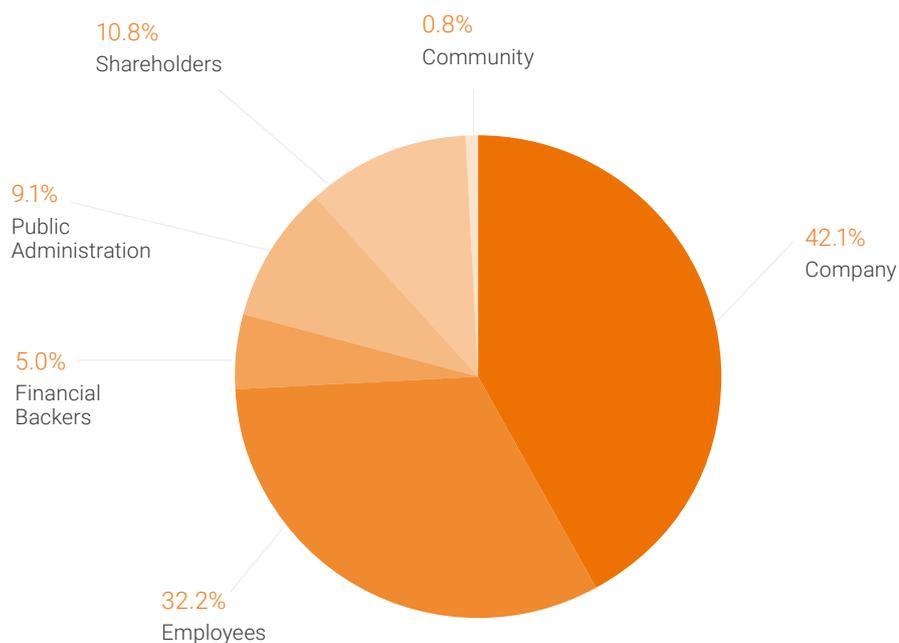
The Group has no specific local recruitment policy; nevertheless, given the specificity of the Italian labour market, there is a high coincidence between the provinces of residence of employees and their assigned place of work: 78% of executives reside in the same region as their place of work.

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

In 2021, Iren Group generated a total gross Added Value of over 1,534 million Euro, distributed as follows:

- **42.1% to the Company** (approximately 646 million Euro) as wealth retained within the Group, including depreciation and amortisation and retained earnings;
- **32.2% to Employees** (over 495 million Euro) in terms of wages and salaries, charges and other personnel costs;
- **9.1% to the Public Administration** (approximately 140 million Euro) in the form of direct and indirect taxes, net of operating subsidies received;
- **5.0% to Financial Backers** (approximately 76 million Euro) in terms of financial expenses incurred in relation to all creditors;
- **10.8% to Shareholders** (approximately 165 million Euro) as dividend;
- **0.8% to the Community** (almost 12 million Euro) in terms of contributions to social, environmental, cultural and sports events.

## Total gross added value distributed



Determination of Added Value (thousands of Euro)	2021	2020 <sup>1</sup>
Revenues from sales and services	4,828,351	3,534,601
Change in work in progress, semi-finished products, finished products and goods	45,698	-14,159
Other revenue	128,074	149,434
<b>Production revenue</b>	<b>5,002,123</b>	<b>3,669,876</b>
Costs for raw materials, consumables, supplies and goods	-2,035,769	-1,007,514
Cost for services	-1,377,920	-1,254,346
Other expenses	-39,468	-20,677
Capitalised expenses for internal work	45,256	38,891
Provisions for risks	-83,841	-70,651
<b>Intermediate production costs</b>	<b>-3,491,742</b>	<b>-2,314,297</b>
<b>Gross Added Value</b>	<b>1,510,381</b>	<b>1,355,579</b>
Non-core and non-recurring items	24,011	64,739
Net profit from discontinued operations	0	0
<b>Total gross Added Value</b>	<b>1,534,392</b>	<b>1,420,318</b>

<sup>1</sup> The 2020 figures have been restated in accordance with IAS standards.

## 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, the 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 on the website [gruppooiren.it/strategia-fiscale](http://gruppooiren.it/strategia-fiscale) and is promptly updated whenever changes occur in the essential elements regulated. 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. Consistently 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 face of transactions likely to generate interpretative uncertainties.

The Board of Directors also established the **Tax Risk Management Committee**, which has four permanent members: Chief Risk Management Officer, 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. **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 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 86).

In order to improve communication and collaboration with the Tax Authorities, Iren Group decided to adhere to the "Collaborative Compliance Regime" (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 and admitted to the "Collaborative compliance regime" in December 2021 are Iren and Iren Energia.

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 2021 amount to over 90 million Euro (-9.7% compared to 2020). The effective tax rate is 21.32%.

In 2021, the Group received around 30.4 million Euro in benefits and grants from Public Administration, of which 5.8 million Euro in capital investments.

Taxes and duties paid (millions of Euro)	2021	2020 <sup>1</sup>
Government and Region	90.33	100.00
<b>Total direct taxes and duties</b>	<b>90.33</b>	<b>100.00</b>
ATO concession fees	2.29	2.54
Other concession fees	23.88	23.87
Derivation, taxes and licenses (derivation fees and surtaxes)	20.55	18.91
Taxes and duties	21.78	25.16
<b>Total indirect taxes and duties</b>	<b>68.50</b>	<b>70.48</b>
<b>TOTAL</b>	<b>158.83</b>	<b>170.48</b>

<sup>1</sup> The 2020 figures have been restated in accordance with IAS standards.

# Sustainable finance

The financial market has seen strong growth in recent years in sustainable and responsible investments and financing instruments that consider sustainability impacts, including offering more affordable rates based on the achievement of defined and measured goals.

The European Union has given an important impetus in this direction with the adoption, in 2018, of the Action Plan for Sustainable Finance, which outlines strategies and measures for the realisation of a financial system capable of promoting sustainable development, contributing to the implementation of the Paris Agreement on climate change and the goals the United Nations 2030 Agenda. The Plan recommends ten actions to be taken at European level to encourage the channelling of financial investment towards a more sustainable economy, consider sustainability in risk management procedures, and strengthen transparency and long-term investment.

Sustainable finance represents a very significant lever to support the investment plan envisaged in Iren Group's strategic plan to achieve the planned ESG objectives.

## European Taxonomy

The Green Deal is Europe's strategy to become a carbon-neutral society by 2050, protect the health and well-being of its citizens, and conserve and enhance natural capital and biodiversity. This challenge requires not only public funds (such as those from Next Generation EU), but also private funds. For this reason, as part of the Action Plan for Sustainable Finance, the European Commission has defined the Taxonomy (EU Regulation 2020/852), a single system of classification of economic activities that defines the criteria for assessing environmental sustainability, encouraging companies to make their models more environmentally sustainable, implementing investments in this direction, and to provide disclosure of information related to the environment and climate.

The Taxonomy determines **six environmental objectives** to identify sustainable economic activities: climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

**An economic activity is aligned with the Taxonomy**, and therefore considered sustainable, if it meets three basic principles:

- substantially contribute to at least one of the six environmental objectives by meeting activity-specific technical screening criteria (substantially contribute);
- Do Not Significant Harm (DNSH) to any of the environmental objectives;
- comply with the minimum safeguards set out in the OECD Guidelines for Multinational Enterprises<sup>1</sup> and the United Nations Guiding Principles on Business and Human<sup>2</sup> (UNGPs) (comply with minimum safeguards).

Companies required to publish the Non-Financial Statement (NFS) must report three indicators (KPIs): revenue, operating expenses (OpEx) and capital expenditures (CapEx), related to activities aligned with the Taxonomy.

<sup>1</sup> OECD Guidelines for Multinational Enterprises – aimed at multinational enterprises operating in Organisation for Economic Cooperation and Development (OECD) member countries – provide non-binding principles and standards for responsible business conduct based on applicable laws and internationally recognised standards.

<sup>2</sup> United Nations Guiding Principles on Business and Human Rights (UNGPs) are a tool, consisting of 31 principles, that implement the United Nations' "Protect, Respect and Remedy" framework for human rights in business.

On 09 December 2021, the EU Delegated Regulation (2021/2139) – the so-called Climate Delegated Act – was published in the Official Journal, defining the technical criteria for the first two objectives (mitigation and adaptation to climate change), and the Delegated Acts for the other four objectives are expected to be published during 2022.

Iren Group, sharing the aims of the Taxonomy as a tool for the homogenisation, security and transparency of information towards all stakeholders, actively participated in the various consultation processes, providing input through the sector associations and the Corporate Forum on Sustainable Finance (CFSF) in which the Group participates.

### Adoption of the European Taxonomy

The Taxonomy envisages that for the first year of application (2022) only the share of economic activities eligible and non-eligible for the Taxonomy itself in terms of turnover, capital expenditure and operating expenditure will be reported in relation to the previous year (2021) (EU Delegated Regulation 2021/2178), while from 2023 the reporting will have to cover the KPIs relating to the activities aligned with the Taxonomy. An **economic activity eligible** for the Taxonomy is defined as an activity described in the Climate Delegation Act, regardless of whether it meets the technical screening criteria established for it. Eligible activities, therefore, constitute the basic universe of activities that have the potential to align with the technical screening criteria. Conversely, a **non-eligible economic activity** is defined as an activity not described in the Climate Delegation Act.

In order to implement the European Taxonomy in its own monitoring and reporting system, at the beginning of 2021, Iren Group launched a process and a cross-functional work team (Business Units, Corporate Social Responsibility and Local Committees, Management Control, Regulatory Affairs, Corporate Affairs, Finance and ICT Departments) that carried out the analysis of all economic activities managed, verified their consistency with the Taxonomy, in the extension in force to date, and identified **eligible activities** and **non-eligible activities**. It is important to note that two different types of non-eligible activities are actually included:

- activities that are not included in the Delegated Acts adopted to date, bearing in mind that the expected evolution and dynamism of the Taxonomy should, in particular by including other environmental objectives, broaden the scope of eligible activities (e.g. energy production from natural gas, waste management in a circular economy perspective);
- **activities excluded** because they are not considered to produce significant impacts on the environmental objectives considered by the Taxonomy. For example, one of the excluded activities is the sale of electricity to end customers, which, according to Iren Group's evaluations, could contribute significantly to the mitigation of climate change in a logic of progressive electrification of consumption, oriented towards the sale of electricity produced 100% from renewable sources.

Following the analysis of the activities, an account coding system was defined, in order to calculate the KPIs required by the Taxonomy, and the verification of the alignment of the activities was undertaken, according to the technical screening criteria and DNSH.

In the process of implementing the Taxonomy, also in view of the need to define homogeneous interpretative criteria, it was essential to compare notes with other players in the sector, both directly and through association working groups (e.g. Utilitalia, Assonime).

### Portions of activities Taxonomy-eligible and non-eligible

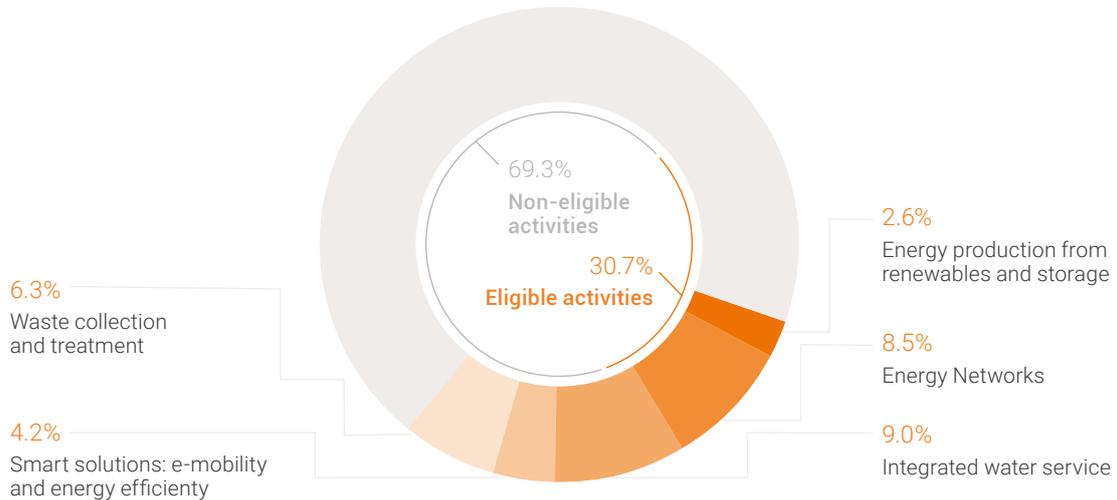
The portions of eligible and non-eligible activities related to the three KPIs required by the Taxonomy are represented below.

It should be noted that the development of the Delegated Acts for the four environmental objectives relating to sustainable use and protection of water and marine resources, transition to circular economy, prevention and control of pollution, protection and restoration of biodiversity and ecosystems, should strengthen the adherence of Iren Group's business model to the Taxonomy, considering that the current analysis only covers the objectives of climate change mitigation and climate change adaptation.

More detailed information on eligible and non-eligible activities, as well as the criteria for calculating the relative share of turnover, operating expenditures and capital expenditures, can be found in the table on page 296.

## Turnover

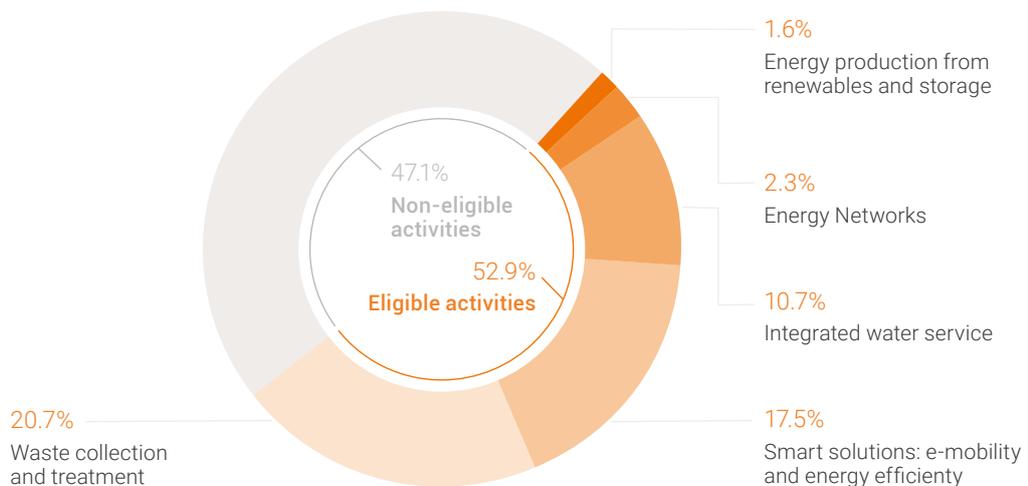
The total turnover assumed to define the indicator (denominator) are those reported in the Consolidated Financial Statements, in compliance with International Accounting Standards, with the neutralisation of the effects deriving from assets under concession (IFRIC 12). In calculating the indicator, only revenues from external sales were considered in the numerator. By adopting said criteria, the share of turnover relating to Taxonomy-eligible activities, for the objectives of climate change mitigation and climate change adaptation, stands at **30.7% of turnover** in 2021 equal to over 1,450 million Euro, mainly relating to the areas of energy networks, integrated water service and waste collection and treatment in material recovery plants.



It should be pointed out that the taxonomy does not include activities that are of considerable importance for the Group, such as, for example, the sale of commodities (around 38% of consolidated turnover), which could, in fact, have a positive impact on climate change mitigation if geared towards the sale of electricity from renewable sources or low carbon gas. By neutralising the effects of this activity, the proportion of turnover related to green activities would be 50%.

## Operating Expenditures (OpEx)

In line with the interpretations provided by the European Commission<sup>3</sup>, the operating expenditures considered for the purposes of calculating the indicator do not include the following expenses: overheads, raw materials, personnel for the management of activities, management of research and development projects, electricity, fluids or reagents necessary for the operation of property, plant and equipment.

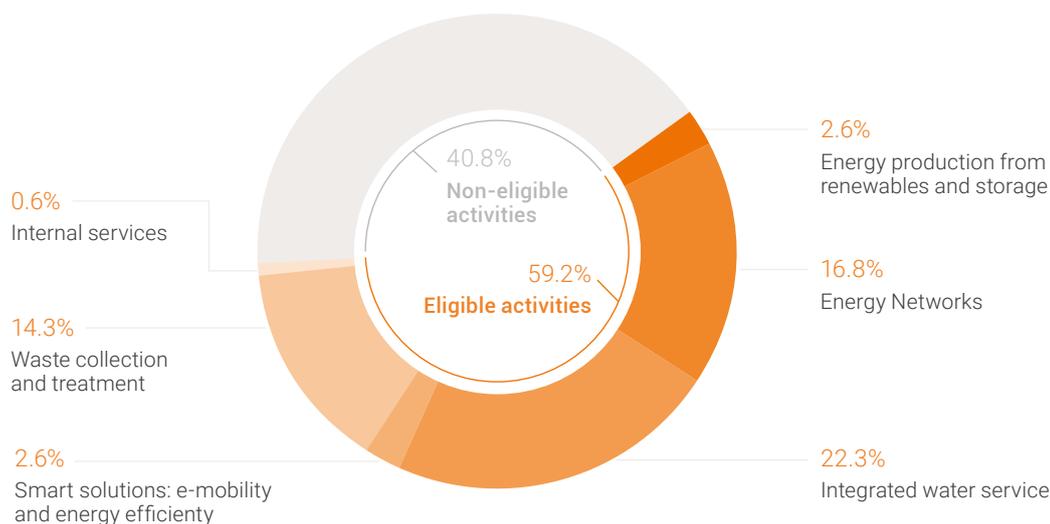


<sup>3</sup> Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Art. 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets' 2/2/2022.

**52.9% of operating expenditures** (OpEx) in 2021, or approximately 472 million Euro, relate to eligible-activities for climate change mitigation and adaptation objectives. These expenditures mainly refer to the areas of waste collection and treatment in material recovery plants, smart solutions and integrated water service.

### Capital Expenditure (CapEx)

The capital expenditure used to define the indicator includes, at the denominator, increases in tangible and intangible assets before depreciation, amortisation, impairment and any revaluation, including also increases resulting from business combinations and capitalised long-term leases (IFRS 16).



**59.2 percent of capital expenditures** (CapEx) in 2021, or more than 508 million Euro, relate to eligible activities for climate change mitigation and adaptation goals. The largest share of this percentage relates to the areas of integrated water service, energy networks, district heating, electricity and gas distribution and waste collection and treatment in material recovery plants.

## Sustainable finance instruments

In 2021, the Group obtained new loans, in particular to support investment plans, which confirm the confidence of the financial system in planned development initiatives and make it possible to maintain an adequate balance between short- and long-term financial exposure. The Group's focus is increasingly on **sustainable finance instruments, which account for 64% of source** of funding: Green Bonds, EIB (European Investment Bank) and CEB (Council of Europe Development Bank) financing that support specific projects and meet particular sustainability requirements.

As part of its Euro Medium Term Notes (EMTN) Programme of 4 billion, on 07 October 2021 Iren successfully concluded the issuance of a new Green Bond for **200 million Euro** (Tap Issue) which is part of the reopening of the Green Bond of 300 million Euro issued on 10 December 2020, making it the first Italian multi-utility for the number of instruments issued in this format: 4 Green Bonds for a total of 2 billion Euro. The new issue, with a Fitch BBB rating, is listed on the regulated market of the Irish Stock Exchange, and on the ExtraMOT market of the Italian Stock Exchange in the segment dedicated to green instruments. As for the previous Green Bonds, the list of projects refinanced by the Green Bond was defined by Iren's Sustainable Financing Committee and its correspondence to precise environmental criteria is ensured by an external body (DNV GL). The issue was earmarked for the financing and refinancing of projects in the following categories: energy efficiency, renewable sources, waste management efficiency and recycling, wastewater treatment, efficiency improvement in water services, e-mobility.

The bonds of the new Green Bond (Tap GB4), placed at an issue price of 94.954%, reflect the characteristics of the Green Bond issued in December 2020: they have a minimum unit denomination of 100,000 Euro, pay an annual gross coupon of 0.25% and mature on 17 January 2031. The effective rate of return at maturity is 0.818%, corresponding to a yield of 67 basis points above the mid-swap rate. This issue received the market's appreciation of the Group's sustainability strategy, and its ability to achieve the objectives set, which outlines an ever-increasing ambition embodied in the 2030 Business Plan and the adoption of procedures dedicated to green financial instruments to ensure the necessary transparency for investors.

Iren Group has also focused its attention on identifying further innovative sustainable finance instruments, through relations with the EIB and CEB, which finance projects that meet particular sustainability requirements. In particular, in March 2021, the technical investigation with CEB was concluded for a loan of 80 million Euro to integrate a loan signed in 2020 with EIB, relating to the development projects of the district heating network in the Turin area for a total amount of 197 million Euro. These are projects that can be classified by EIB as "efficient district heating and cooling", according to directive 2012/27/EU, which therefore fall within the provisions of the EU bank's new energy lending policy.

#### Iren Green Bonds in circulation at 31/12/2021

Bond	Iren code	ISIN code	Bond amount (€/000)	Ann. coupon (%)	Maturity at issue (years)	Maturity date	Issue price (%)	Rating
Tap Issue Green Bond 2031	Tap GB4	XS2275029085	200,000	0.250%	10	17/01/2031	94.954	BBB
Green Bond 2031	GB4	XS2275029085	300,000	0.250%	10	17/01/2031	99.030	BBB
Green Bond 2029	GB3	XS2065601937	500,000	0.875%	10	14/10/2029	99.345	BBB
Green Bond 2025	GB2	XS1881533563	500,000	1.950%	7	19/09/2025	99.129	BBB
Green Bond 2027	GB1	XS1704789590	500,000	1.500%	10	24/10/2027	98.356	BBB
<b>Total</b>			<b>2,000,000</b>					

#### Allocation of Green Bond funds

The funds of the Green Bond issued on 7 October 2021 (Tap GB4) were allocated to 15 projects, identified by Iren, whose correspondence to specific environmental criteria was ensured by an external certification body. Starting from the date of issue and until the complete allocation of the net amount of 189,908,000 Euro, within the maximum period of 24 months, the use of liquid funds allocated to the refinancing/financing of the selected projects is monitored. An amount equal to 76% of the net proceeds (144,571,350 Euro) was used for refinancing and/or financing investments covered by previous bank lines and bonds, while the remaining part of 24% (45,336,650 Euro) will be allocated within 24 months of issue and is included in the liquidity balance as at 31 December 2021, with an allocation constraint to the refinancing/financing Eligible Projects.

For the Green Bonds issued in 2019 and 2020 (GB3 and GB4), full allocation of the cash collected within the required allocation terms occurred during 2021. The investments related to all Green Bonds issued at the end of 2021, shown in the table below, are all confirmed and present in the Group's assets as at 31 December 2021.

Allocation of income from Green Bonds as at 31/12/2021<sup>1</sup>

Project categories	Tap Green Bond 2031 (Tap GB4)		Green Bond 2031 (GB4)		Green Bond 2029 (GB3)		Green Bond 2025 (GB2)		Green Bond 2027 (GB1)	
	Investments (€)	Proj. (no.)	Investments (€)	Proj. (no.)	Investments (€)	Proj. (no.)	Investments (€)	Proj. (no.)	Investments (€)	Proj. (no.)
Energy efficiency	104,196,535	7	196,784,859	6	387,503,236	11	247,991,764	4	232,587,446	6
Renewable sources	9,075,639	1	33,360,992	5	4,263,000	1	134,658,410	5	161,002,995	7
Waste management efficiency and recycling	52,719,803	4	47,450,547	6	35,388,104	3	7,265,347	1	42,123,504	1
Wastewater treatment	18,817,532	2	8,393,602	3	61,594,858	4	100,438,533	1	56,066,055	4
Water service efficiency	-	-	-	-	4,677,908	1	-	-	-	-
E-mobility	5,098,491	1	-	-	3,297,894	1	5,290,946	1	-	-
<b>Total allocated</b>	<b>189,908,000</b>	<b>15</b>	<b>285,990,000</b>	<b>20</b>	<b>496,725,000</b>	<b>21</b>	<b>495,645,000</b>	<b>12</b>	<b>491,780,000</b>	<b>18</b>
Issue discount	10,092,000		2,910,000		3,275,000		4,355,000		8,220,000	
Residual to be funded by 2022			11,100,000							
<b>Total issue</b>	<b>200,000,000</b>	<b>15</b>	<b>300,000,000</b>	<b>20</b>	<b>500,000,000</b>	<b>21</b>	<b>500,000,000</b>	<b>12</b>	<b>500,000,000</b>	<b>18</b>

<sup>1</sup> The 86 projects indicated in the table include projects common to the 5 Green Bond issues for different years (46 projects not including common projects).

The positive environmental impacts generated by the projects funded by the 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 Sustainable Finance section of the [gruppore.it](http://gruppore.it) website.

Project category and main indicators	u.m.	2021	2020	2019	2018	2017
<b>Energy efficiency</b>						
Electricity produced	MWh	3,847,662	3,486,789	3,833,955	3,887,199	3,884,511
Electricity produced from renewables <sup>1</sup>	MWh	878	0	657	46	25
Primary energy saved	MWh	1,838,393	1,532,645	1,808,508	2,200,496	2,281,239
CO <sub>2</sub> emissions avoided by non-fossil sources	t	578,080	492,287	616,258	636,478	724,744
Thermal energy produced <sup>1</sup>	MWh	1,996,062	1,660,701	1,592,436	1,684,507	1,770,005
Electricity input to the grid <sup>1</sup>	MWh	3,585,171	3,505,548	3,790,141	3,803,936	4,222,786
Network leaks (electricity) <sup>1</sup>	MWh	87,791	94,613	154,570	166,866	158,921
Electricity and gas smart meters installed	no.	1,418,954	1,385,339	1,330,716	1,188,480	966,569
<b>Renewable sources</b>						
Primary energy saved	MWh	2,497,041	2,101,596	2,827,848	3,254,066	3,663,699
Electricity produced from renewables	MWh	713,362	765,174	777,269	904,438	761,335
Thermal energy distributed <sup>2</sup>	MWh	3,144,036	2,856,932	2,779,773	2,816,307	2,956,143
CO <sub>2</sub> emissions avoided by non-fossil sources	t	1,057,353	1,074,207	1,320,889	1,371,073	1,581,848
<b>Waste management efficiency and recycling</b>						
Refuse Derived Fuel (RDF)	t	8,461	9,429	16,523	2,585	7,886
Sorted waste collected	t	856,682	825,674	813,804	788,313	711,910
Unsorted waste treated	t	366,570	371,735	415,905	445,411	464,837
Door-to-door collection services – residents served	no.	1,817,913	1,656,415	1,590,536	1,473,268	1,391,087
Plastic sent for recovery	t	221,783	59,635	-	-	-
Blupolymer product	t	19,137	7,054	-	-	-
Bluair product	t	8,538	6,648	-	-	-
Biomethane produced	scm	1,778,145	-	-	-	-
Emissions of CO <sub>2</sub> avoided	t	367,637	102,162	-	-	-
<b>Wastewater treatment</b>						
Equivalent residents served (potential) <sup>1</sup>	no.	628,878	625,806	531,528	515,650	295,650
Volumes of water for reuse/Volumes of treated water	%	32	31	32	30	30
Wastewater treatment plants	no.	1,291	1,310	1,293	1,278	1,122
Sewer networks	km	10,842	10,739	10,662	10,606	9,924
<b>Water service efficiency</b>						
Smart meters installed	no.	127,046	96,965	51,742	-	-
<b>E-mobility</b>						
CO <sub>2</sub> emissions avoided by non-fossil sources <sup>2</sup>	t	1,420	1,069	789	52	-

<sup>1</sup> The years prior to 2021 have undergone a restatement.

<sup>2</sup> The year 2020 has undergone a restatement.

## ESG indices and ratings

Iren Group's choice to place sustainability at the core of its development is confirmed in the 2030 Business Plan: circular economy, water resources, resilient cities, decarbonization and people will be at the heart of the Group's agenda for the next decade. 80% of the total organic investments, or more than 8.7 billion Euro, will be earmarked for sustainable projects to achieve commitments made consistently with the United Nations 2030 targets. 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.

**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 businesses with sustainable approaches to environmental, social and governance issues outperform their competitors in the long-term. In 2021, Iren's stock was included in the Euronext MIB ESG Index, the first ESG index designed by Euronext to identify large Italian listed issuers with ESG best practices. Iren is also included in several ESG indices issued by FTSE Russell, Euronext, Bloomberg and STOXX.

**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 2021 assesses transparency and reporting on strategies, governance, goals related to environmental performance, and management of risks and opportunities associated with the effects of climate change. Iren achieves A-level, plus Supplier Engagement Leader Rating (SER) obtained for the involvement of its suppliers in the fight against climate change.

### MSCI

MSCI assesses the exposure and ability to manage risks and opportunities related to ESG factors, across several topics: CO<sub>2</sub> emissions, water stress, opportunities in renewables, other pollutant emissions and waste, human capital, corporate governance and corporate conduct. In this rating, Iren obtains A out of 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 obtains a rating of 29.6.

### ISS ESG

ISS ESG – which assesses ESG performance on the basis of around 100 indicators divided into 6 macro-areas – gives Iren a B- rating.

### Vigeo Eiris

In the ESG Rating by Vigeo Eiris, Europe's leading social, environmental and governance rating agency, the Group obtains a rating of 56 (robust) out of a total of 100.

### Bloomberg Gender Profile

Bloomberg's Gender-Equality Index (GEI), which assesses corporate disclosure and performance on: female leadership, equal pay and gender equity, inclusive culture, anti-sexual harassment policies, and inclusive branding, gives Iren a rating of 72.63 out of a total of 100.

### Other ratings

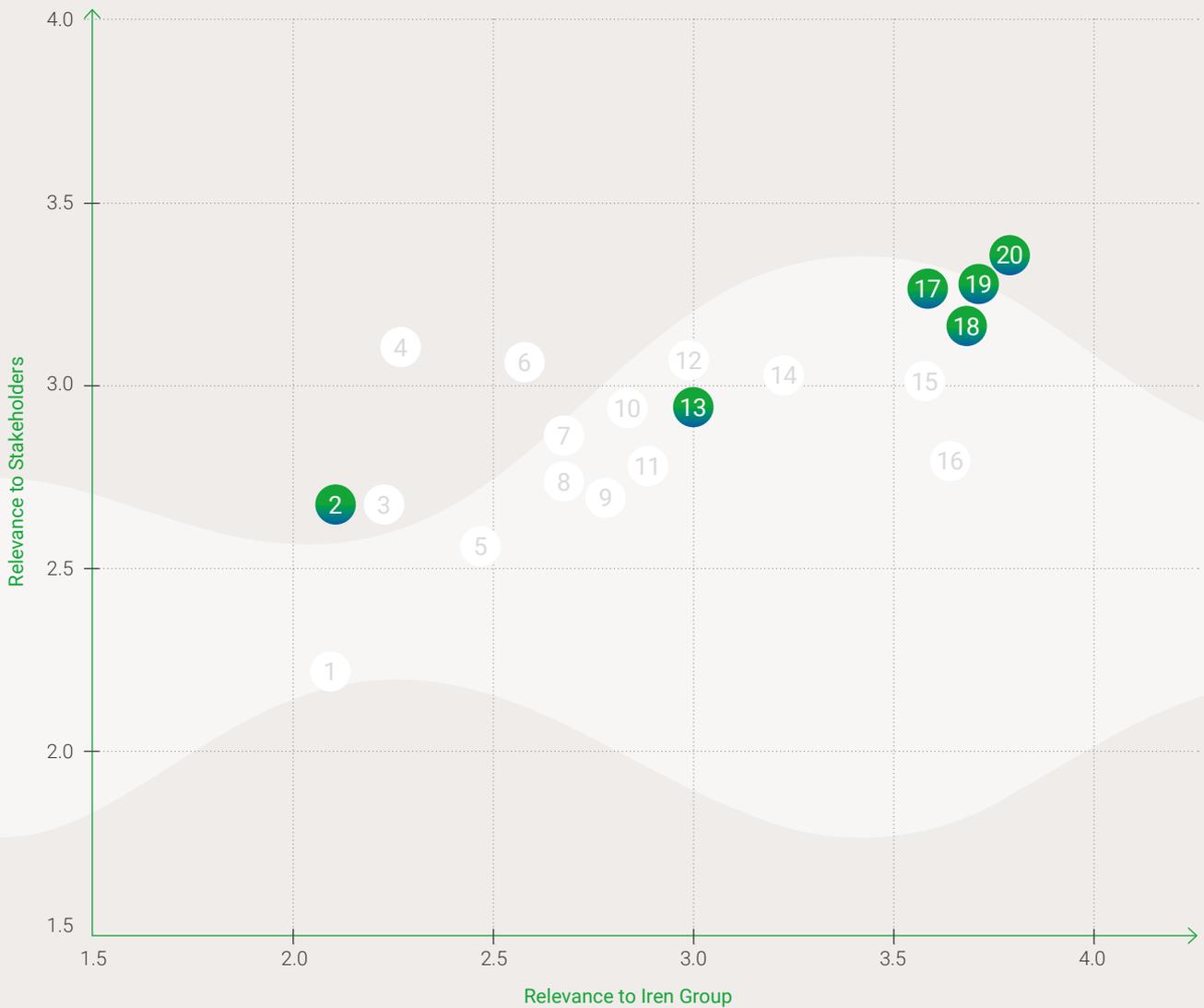
In addition, Iren is assessed in other ratings such as IGI (70.3/100, fifth position) and Corporate Knights (88/200 clean economy revenues).



# Green transition



# Priority topics



**19** Decarbonization and reduction of emissions



**17** Energy efficiency, renewable sources and district heating



**18** Circular waste management



**2** Protection of biodiversity



**20** Sustainable use of water resources



**13** Innovation, smart city and sustainable mobility



# Policies for the environment

[GRI 102-15]

Sustainable development, also in its connotation of protection of the quality of the environment and rational use of natural resources, is at the centre of Iren Group's attention and is embodied in its business model, mission and growth strategy.

This commitment is also expressed in the Group's Integrated System Policy (Quality, Environment and Safety), which is implemented in full compliance with all applicable environmental regulations, in the optimisation of company processes and in investments in research and innovation, and in activities to sensitize and create awareness of environmental issues among its stakeholders. In particular, the involvement and conscious participation of employees, through information and training activities, is a necessary condition for the implementation of any program of prevention and dissemination of the culture of sustainability and environmental protection.

In order to guarantee the lowest environmental impact of the processes and to implement an adequate operational control, Iren has adopted a structured Environmental Management System (ISO 14001, ISO 50001, UNI CEI 11352, F-GAS certifications and EMAS registrations) (see page 94).

The commitment to environmental protection is made even more concrete by the goals of the 2030 Business Plan, which places **green transition** among its three pillars of future growth, to be implemented through:

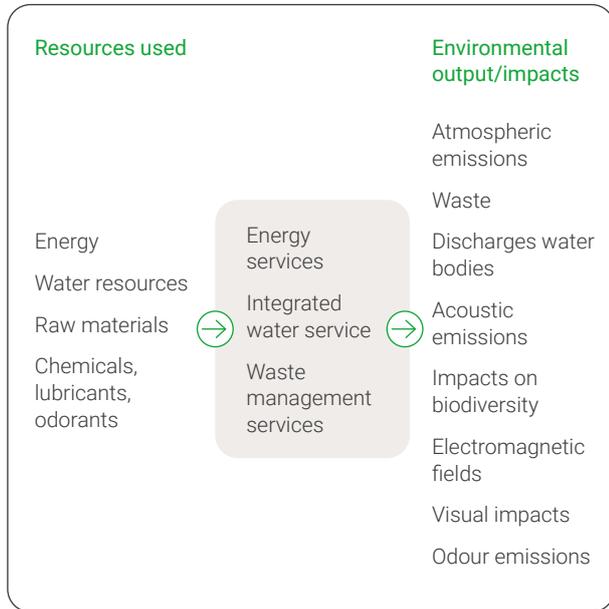
- progressive **decarbonization of all activities** through the growth of energy production from renewable sources, innovation of technologies and processes in district heating management, preparation of gas networks for hydrogen transport and reduction of the power generation carbon intensity to achieve the targets validated by Science Based Target Initiative (SBTi) and carbon neutrality by 2040;
- strengthening of the **leadership in the circular economy** through the continuous increase in sorted waste collection, the transfer of the Group's best practices to newly acquired areas, the investment in automation and digitalisation and the development of new plants in the material recovery chain that will also allow the production of biomethane from the organic fraction of waste;
- the **efficiency of the integrated water service**, significantly reducing network leaks, with a consequent reduction in the consumption of water and energy resources, increasing the wastewater treatment capacity and reuse of purified water.

## Production processes and environmental impacts

Iren Group activities that lead to environmental impacts include:

- **production of energy**, hydroelectric and thermoelectric (cogeneration and traditional plants, integration and reserve plants);
- 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, 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.



## Investments for the environment

[GRI 203-1]

The expenses and investments incurred in 2021 for environmental protection amount to approximately 600 million Euro, allocated as follows:

- 53% to the construction of new wastewater treatment plants, to the efficiency of water supply networks, to the cathodic protection of gas networks, to smart metering and to the strengthening of substations and plants of the electricity distribution networks;
- 33% to the optimisation of sorted waste collection systems in order to pursue the waste recovery objectives defined in the local area plans;
- 10% to the development of energy production from renewable sources, electrical and thermal storage, district heating networks, the efficiency of production plants through flexibility interventions;
- 4% to the implementation of services and products with positive environmental impacts for customers.



# Decarbonization and process efficiency

[GRI 302-1, 302-2, 302-4, 302-5, 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7, G4-EU1, EU2]

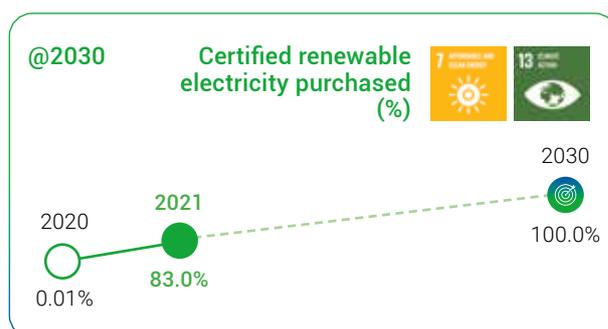
## Direct and indirect energy consumption

The **direct energy consumption** of the Group concerns the use of fuels for the production of electricity and heat (cogeneration plants, thermal plants, boilers, waste-to-energy plants and landfills), and the non-renewable primary energy flows not directly associated with the production of energy (i.e. site heating, fuel for the vehicle fleet, etc.), used in carrying out its activities. Energy consumption decreased slightly compared to 2021, despite the expansion of scope of consolidation.

**Indirect energy consumption** refers to the electricity purchased and consumed by the Group, both for its offices and production plants. The electricity used by the energy production plants is self-generated and can be partly purchased from third parties, if the needs exceed self-generation. In 2021, indirect energy consumption is 402 GWh, equivalent to 75,250 TOE

(3,149,964 GJ), an increase of 19% compared to 2020 mainly due to the expansion of the corporate scope.

In its Business Plan, the Group has set a target of 100% of electricity certified from renewable sources purchased by 2030, with intermediate targets of 2024 (90%) and 2026 (95%). To this end, at the beginning of 2021, existing contracts were renegotiated and electricity from renewable sources was purchased, certified through Guarantee of Origin (GO), covering 83% of the total purchased.



Direct energy consumption by energy source	u.m.	2021	2020	2019
Natural gas	scm/000	1,689,348	1,723,470	1,779,273
	TOE	1,412,295	1,440,821	1,487,472
Diesel fuel <sup>1</sup>	t	62	44	36
	TOE	63	45	37
Biogas from landfills, treatment plants and biodigesters	m <sup>3</sup> /000	32,152	30,443	28,399
	TOE	11,984	11,497	10,475
Fuel for motor vehicles	t	11,849	10,643	11,481
	TOE	12,137	10,900	11,759
<b>Total</b>	<b>TOE</b>	<b>1,436,479</b>	<b>1,463,262</b>	<b>1,509,743</b>
	<b>GJ<sup>2</sup></b>	<b>60,142,518</b>	<b>61,252,146</b>	<b>63,197,819</b>

<sup>1</sup> The 2021 figure shows an increase due to extraordinary maintenance at waste-to-energy plants.

<sup>2</sup> Conversion to GJ is done using the conversion factor 1 TOE = 41.868 GJ.

## Atmospheric emissions

The emissions of greenhouse gases (GHG) are produced by Iren Group directly in the production processes (scope 1) and indirectly both through the possible supply of electricity from third-parties (scope 2) and along the value chain (scope 3).

In this report they are considered and counted as CO<sub>2</sub> equivalent emissions:

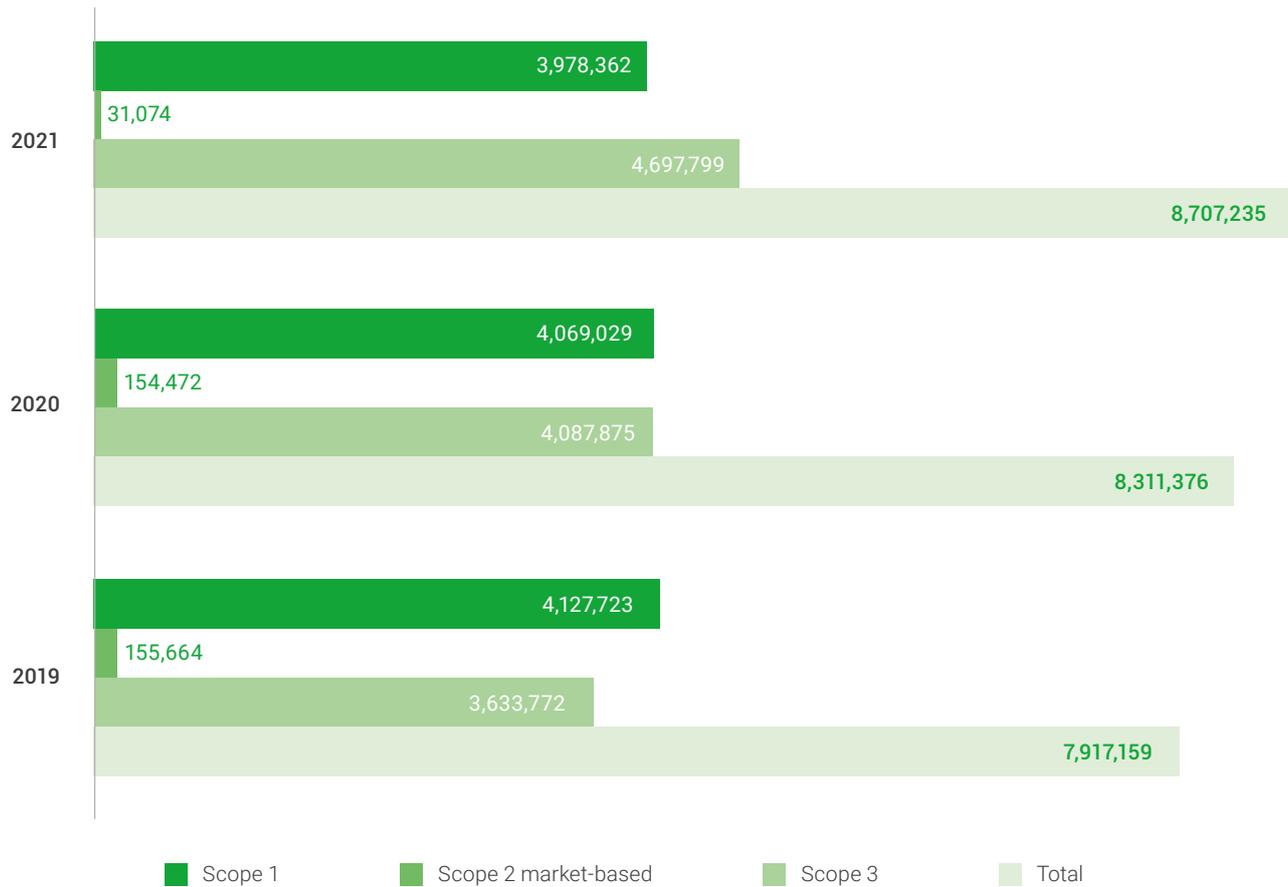
- **scope 1:** all direct emissions produced by sources owned by the Group, i.e. the CO<sub>2</sub> emissions generated by the combustion of fuels and waste for the production of energy and heat, those originating from the fleet of company vehicles, fugitive methane emissions from gas distribution networks and landfills, those related to fluorinated gases and those deriving from the consumption of fuels for heating the buildings of the various offices and for other activities to support production;
- **scope 2:** CO<sub>2</sub> emissions deriving from the Group's indirect consumption, i.e. the emissions generated by electricity purchased from third-party suppliers and consumed both in the Group's plants and offices;
- **scope 3:** all emissions which, although connected to core and business activities, are not directly controlled by the Group but are produced in Iren's value chain, both upstream and downstream.

In 2021, a further timely and in-depth review of the GHG emissions inventory was carried out in order to consolidate the mapping of the Group's emission sources, also with the aim of submitting emission reduction targets to Science Based Target Initiative (SBTi) validation. By virtue of this revision, the following have been incorporated into the inventory:

- **fugitive emissions** related to the dispersion of methane gas into the atmosphere in the gas distribution service. To reduce this type of emissions and guarantee the safety of the service, the Group adopts distributed monitoring systems (remote controls), anti-intrusion systems, the continuous planned search for leaks and the ordinary and extraordinary maintenance of networks and substations;
- emissions related to **methane leaks** into the atmosphere produced by the decomposition processes of organic waste disposed of in landfills;
- **emissions of fluorinated gases**, reported under other direct emissions, which include SF<sub>6</sub> (sulphur hexafluoride), an insulating gas used in electricity distribution infrastructure, and refrigerant gases, normally contained in air conditioning/refrigeration systems serving company premises.



## Total GHG emissions (tCO<sub>2eq</sub>)



The decarbonization strategy adopted by the Group has led to the definition, in the Strategic Plan to 2030, of significant targets for the reduction of GHG emissions that affect production processes, procurement and commercial policies:

- the reduction of the carbon intensity of energy production (scope 1);
- the zeroing of scope 2 emissions, calculated according to the market-based method of the GHG Protocol, which takes into account the type of electricity purchased by the Group (e.g. certified from renewable sources through Guarantee of Origin);
- the reduction of scope 3 emissions related to the use of products sold (category 11 of the GHG Protocol) and scope 3 emissions related to energy purchases (category 3 of the GHG Protocol).



## Scope 1 emissions

Direct GHG emissions - Scope 1 (tCO <sub>2eq</sub> )	2021	2020	2019
Production plants <sup>1</sup>	3,764,218	3,856,284	3,917,267
<i>of which cogeneration, thermal and thermoelectric power plants</i>	3,333,617	3,418,020	3,484,516
<i>of which waste-to-energy plants (non-biogenic portion)</i>	430,573	438,232	432,720
<i>of which combustion reactions for process uses or services</i>	28	32	31
Company vehicles <sup>2,3</sup>	19,978	18,555	20,517
Gas distribution network <sup>4</sup>	22,699	21,039	21,438
Landfills <sup>5</sup>	163,106	166,025	161,367
Other emissions (heating, air conditioning, and other production support activities) <sup>2,6,7,8</sup>	8,361	7,126	7,134
<b>Total</b>	<b>3,978,362</b>	<b>4,069,029</b>	<b>4,127,723</b>

<sup>1</sup> The fuel emission coefficients published in the 2021 National Standard Parameter Table of the Ministry of the Environment and the Protection of the Land and Sea were used.

<sup>2</sup> The data for 2020 has been restated.

<sup>3</sup> INEMAR - ARPA Lombardia (2018) emission coefficients were used.

<sup>4</sup> A gas leakage rate value of 0.1% and methane GWP of 28 were assumed.

<sup>5</sup> Methane GWP of 28 was used.

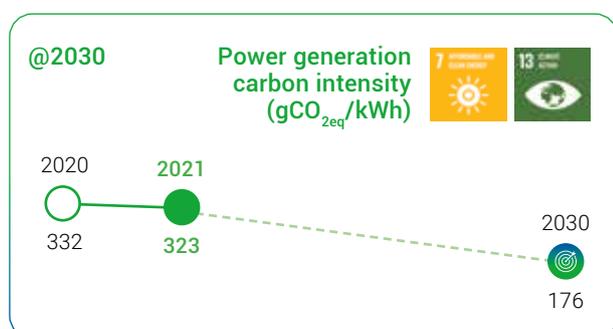
<sup>6</sup> The data for 2019 has been restated.

<sup>7</sup> Fuel emission coefficients published in the 2021 National Standard Parameters Table and specific GWPs for individual fluorinated gases were used.

<sup>8</sup> Emissions of ozone-depleting substances, expressed as tCO<sub>2eq</sub>, are included.

Direct biogenic CO <sub>2</sub> emissions (tCO <sub>2eq</sub> )	2021	2020	2019
Waste-to-energy plants	448,147	456,119	450,383
Landfills and wastewater treatment plants	32,796	24,915	21,444
<b>Total</b>	<b>480,943</b>	<b>481,034</b>	<b>471,827</b>

Power generation carbon intensity stands at 323 gCO<sub>2eq</sub>/kWh in 2021 (the index is calculated according to the methods provided by SBTi considering all scope 1 emissions from energy production plants, related to the total electricity and heat produced), an improvement of 3% compared to 2020, mainly due to lower thermoelectric production, which had recorded an exceptional increase in 2020, and the increase in energy generated by cogeneration plants and waste-to-energy plants.



The objective set out in the Group's Business Plan is to reduce the power generation carbon intensity to 176 gCO<sub>2eq</sub>/kWh in 2030. The path, defined for the achievement of this objective, includes several variables: industrial, such as the development or acquisition of renewable sources for energy production, of scenario, such as the availability of hydrogen and renewable gases that allow the use of fuel blends to replace natural gas alone, and technological, such as the capture and storage of CO<sub>2</sub> emitted by plants.

## Scope 2 emissions

GHG emissions - Scope 2 (tCO <sub>2eq</sub> )	2021	2020	2019
Location-based methodology <sup>1</sup>	111,869	99,720	105,583
Market-based methodology <sup>2</sup>	31,074	154,472	155,664

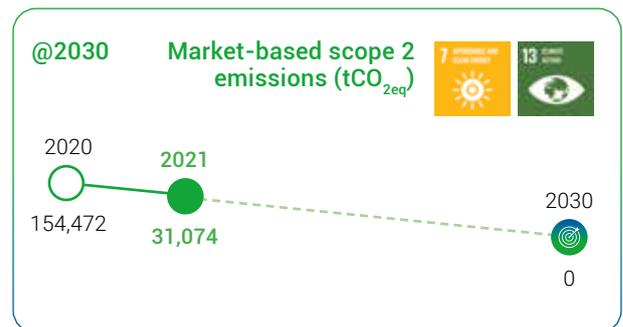
<sup>1</sup> The location-based methodology considers the average emission intensity of the networks where energy consumption occurs (using primarily network average emission factor data). Emissions are therefore obtained by multiplying the electricity purchased from third-parties by the emission factor of the national electricity mix, which for 2021 is equal to 278 kgCO<sub>2</sub>/MWh, for 2020 it is equal to 296 kgCO<sub>2</sub>/MWh and for 2019 is 316 kgCO<sub>2</sub>/MWh (Source: Italian National Inventory Report 2021, ISPRA). This factor accounts for the mix of various production sources for the purchased electricity.

<sup>2</sup> The market-based methodology considers the emissions of the type of electricity the company has chosen to purchase. The emissions are, therefore, obtained by setting at zero emissions the share of purchased electricity from renewable sources certified by Guarantee of Origin and multiplying the share of purchased electricity from non-renewable sources by the emission factor that refers to the national residual mix, which for 2021 is considered to be equal to the value for 2020 (pending publication of the updated value) i.e. 458.57 kgCO<sub>2</sub>/MWh, and for 2019 is 465.89 kgCO<sub>2</sub>/MWh (Source: European Residual Mixes, AIB). This factor considers the residual mix of the various sources of production of the purchased electricity, net of the portion certified by the Guarantee of Origin.

Compared to the prior year, 2021 shows a 12% increase in scope 2 location-based emissions related to the increase in purchased electricity by the Group under the scope expansion. The strong reduction in scope 2 market-based emissions reflects the Group's strategy to increase the purchase of electricity from renewable sources certified by Guarantees of Origin (GO), with the aim of reaching 100% by 2030, thus bringing the value of scope 2 market-based emissions to zero.



The Group has set a target of zero scope 2 market-based emissions by 2030 by purchasing 100% green energy



## Scope 3 emissions

The Group is indirectly responsible for emissions produced by its suppliers and customers and by the entire value chain. This is why it is committed to constantly refining the scope 3 emissions reporting scope.

Overall, in 2021, scope 3 emissions are up on 2020 due to the increase in total order by approximately 23%, also due to the expansion of the Group's scope, and the refinement of calculation methodologies in the GHG inventory review.

GHG emissions – Scope 3 (tCO <sub>2eq</sub> )	2021	2020	2019
Purchased goods and services <sup>1,2</sup>	993,814	765,777	549,970
Capital goods (plants and machinery) <sup>1</sup>	7,190	3,256	38
Fuel- and energy-related activities not included in Scope 1 or 2 <sup>3</sup>	629,999	480,459	499,719
Upstream transport and distribution <sup>1,2</sup>	107,164	35,389	636
Waste generated in operations <sup>2,4</sup>	57,759	75,379	1,492
Business travel <sup>5</sup>	220	137	52
Employee commuting <sup>6</sup>	12,750	12,750	12,750
Use of products sold <sup>7</sup>	2,673,920	2,464,655	2,519,909
Downstream leased assets <sup>8</sup>	9,268	8,602	7,806
Investments <sup>2,9</sup>	205,715	241,472	41,400
<b>Total</b>	<b>4,697,799</b>	<b>4,087,876</b>	<b>3,633,772</b>

<sup>1</sup> All orders placed with suppliers during the year are analysed and emissions related to each type of goods, services and capital equipment purchased are estimated using the GHG Protocol's Quantis Scope 3 Evaluator tool.

<sup>2</sup> The data for 2020 has been restated.

<sup>3</sup> Emissions are calculated using Well-to-Tank (WTT) UK Government GHG Conversion Factors for Company Reporting, which quantify emissions associated with the extraction, processing, and transportation of purchased fuels and electricity.

<sup>4</sup> Emissions generated by the disposal of waste produced by the Group have been estimated, using emission factors from the Ecoinvent 3.7.1 database reprocessed using Simapro software.

<sup>5</sup> Emissions from business travel are calculated through the Group's travel agency (which handles all employee travel), which performs the environmental impact analysis. For the calculation of CO<sub>2eq</sub> emissions, all services booked through the travel agency portal (plane, train, rentals, hotel) are considered.

<sup>6</sup> Estimated on the basis of the average number of employees (range of 5,000 to 10,000) using the GHG Protocol's Quantis Scope 3 Evaluator tool.

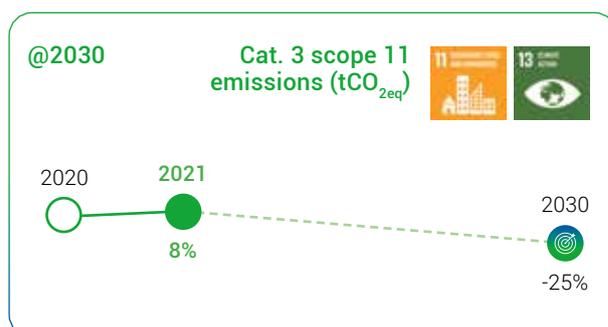
<sup>7</sup> Volumes of gas delivered to end customers multiplied by the emission factor related to the combustion of the gas are considered.

<sup>8</sup> Calculated based on the value of rental and lease income earned using the GHG Protocol's Quantis Scope 3 Evaluator tool.

<sup>9</sup> Estimated for investee companies not consolidated on a line-by-line basis using the GHG Protocol's Quantis Scope 3 Evaluator tool. The estimate is based on the annual revenues of the companies and the proportional share of Iren Group's investment in each company.

The Business Plan targets include a 25% reduction in scope 3 emissions related to the use of sold products (category 11) and a 13% reduction in scope 3 emissions related to fuel- and energy-related activities not included in scope 1 or 2 emissions (category 3).

Emissions related to the use of sold products refer to those due to combustion, by the end user, of the natural gas distributed in the Group's networks.



The reduction, foreseen by 2030, takes into account scenario analyses that consider aspects such as: the progressive electrification of consumption, the reduction in demand for natural gas for heating due to the rise in average temperatures, the market penetration of hydrogen and renewable gases. The item related to the purchase of fuels and electricity quantifies the emissions produced to extract, process and transport the fuels and electricity purchased by the Group. This type of emission is also expected to decrease as a result of both a reduction in the Group's consumption, thanks to activities planned to minimise the power generation carbon intensity, and changes in emission factors.

Other atmospheric emissions from production plants concern sulphur oxides (SO<sub>x</sub>), nitrogen oxides (NO<sub>x</sub>), and particulates.

Atmospheric emissions (t)	2021	2020	2019
SO <sub>x</sub> <sup>1</sup>	43	63	25
NO <sub>x</sub>	969	1,030	996
Particulates	10	11	10

<sup>1</sup> 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.



Nearly 2.8 million tons of CO<sub>2eq</sub> avoided by eco-friendly energy production, sorted waste collection, material recovery and numerous other initiatives

## Emissions avoided by processes

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) of the Group's thermoelectric plants significantly contributes to containing specific greenhouse gas emissions.

All power generation plants are fuelled by renewable energy sources, waste or natural gas and adopt low-emission and pollutant-reducing combustion technologies (catalysts to reduce CO and NO<sub>x</sub>). 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 I.P.P.C. environmental legislation and relevant IEAs, it is mandatory for power plants with a capacity exceeding 50 MW to continually improve waste management services, by updating to the best available technology in order to continually reduce the pollution for the different environmental matrices, including atmospheric emissions.

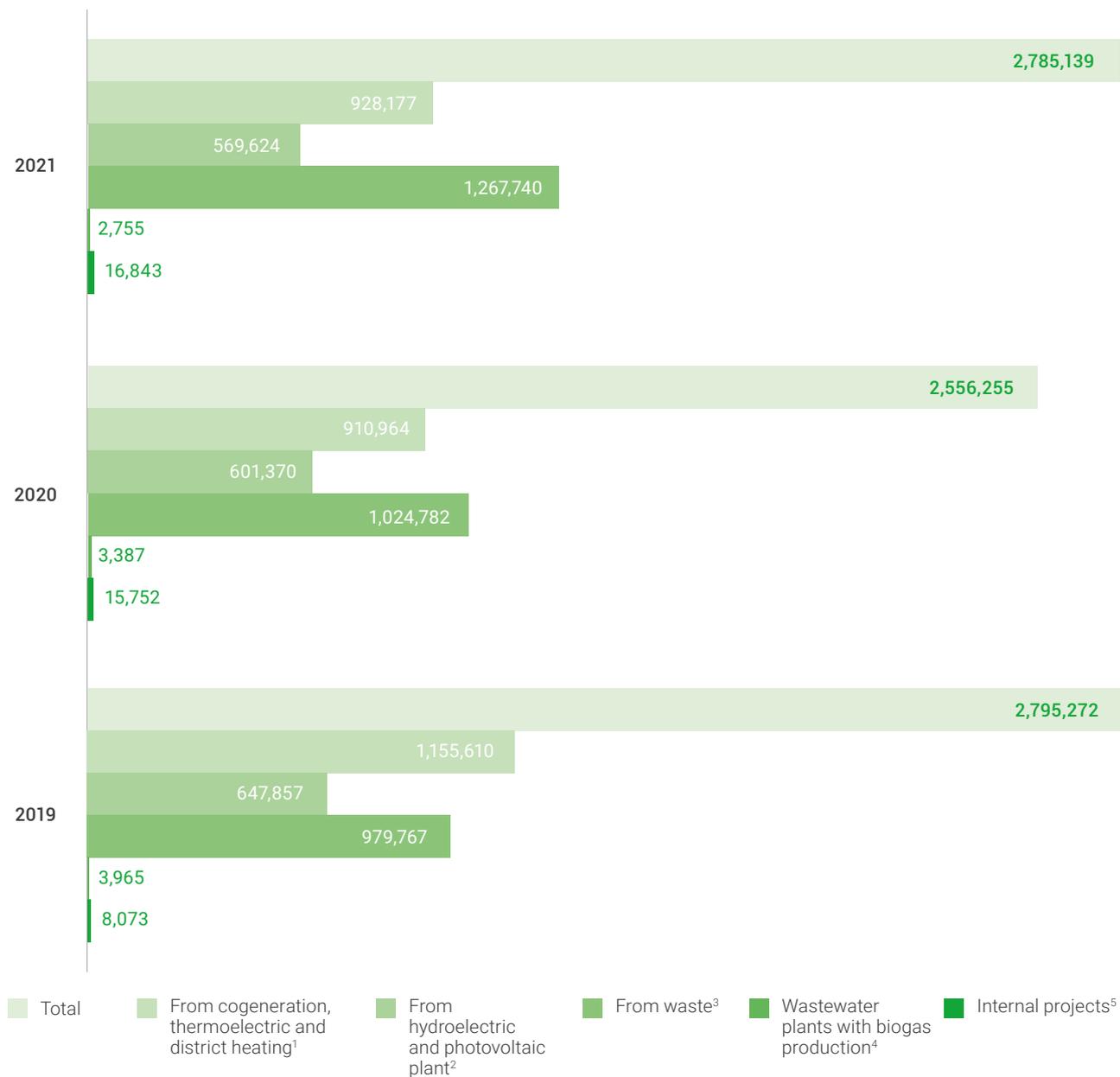
The combustion of the biogas produced in landfills produces the maximum reduction of methane and other greenhouse gas emissions, although its conversion into CO<sub>2</sub> has a potential greenhouse effect 28 times lower than methane.

In addition to monitoring and limiting emissions of power plants, Iren Group is increasingly contributing to reducing CO<sub>2</sub> emissions through specific investments and projects, such as:

- **heat storage systems** that absorb the production capacity of plants during periods of low demand and reuse it to efficiently manage peak demand;
- **district heating** that uses heat produced in cogeneration, replacing traditional condominium boilers and reducing the natural gas consumption;
- **sorted collection** and **material recovery from waste** which allow to avoid emissions that the materials would have produced if sent for disposal and generate a positive impact on the environment, for example, through the reuse of plastics, including as a substitute for fossil fuels, 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.

Total emissions avoided in 2021 by adopting the listed initiatives are summarized in the graph below:

CO<sub>2</sub> emissions avoided (tCO<sub>2eq</sub>)



<sup>1</sup> The calculation considers as a benchmark the emissions of the national thermoelectric system equal to 452.268 kgCO<sub>2</sub>/MWh in 2021, 457.059 kgCO<sub>2</sub>/MWh in 2020 and 479.01 kgCO<sub>2</sub>/MWh in 2019 (Terna and PNA data). Data also include emission reductions from heat storage systems.

<sup>2</sup> The calculation considers emission reductions from hydroelectric and photovoltaic plants, compared with the conventional thermoelectric mix.

<sup>3</sup> CO<sub>2</sub> avoided from waste takes into account: – production from biogenic sources: electricity produced from biogas (landfills and biodigesters), electricity and heat produced by WTE, assuming 51% of the total production of WTE as a renewable source (Source: GSE) and, in the event that there is also production of thermal energy, converting thermal energy into electrical energy according to specific factors (for PAI = 1/6.88, for TRM = 1/4.5, for Piacenza = 1/6) and applying the national reference parameter (see note 1); – sorted waste collection: correlation between the most significant tons of recycled waste (paper and cardboard, plastic, organic and green, wood, iron, glass) and the tons of CO<sub>2</sub> 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, *bluair*).

<sup>4</sup> The calculation takes into account the amount of biogas from the wastewater treatment plants from which electricity was produced.

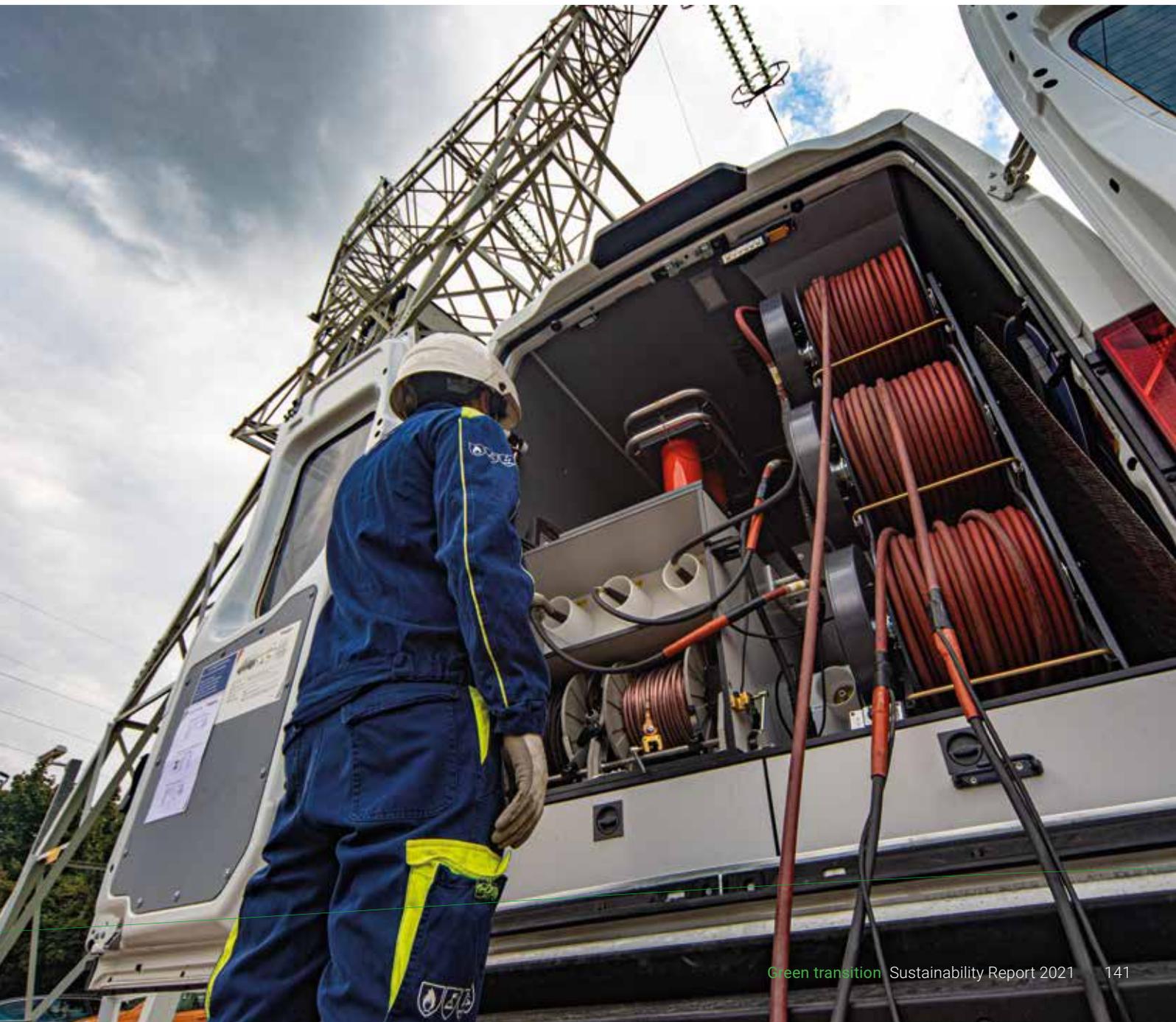
<sup>5</sup> Internal Group initiatives were considered (e.g. energy efficiency of plants/processes, electric mobility).

In the Business Plan to 2030, the Group expects to avoid almost 2.3 million tons of CO<sub>2eq</sub> emissions thanks to sorted collection and recovery of materials and energy from waste.



NO <sub>x</sub> and SO <sub>x</sub> emissions avoided <sup>1</sup> (t)	2021	2020	2019
Nitrogen oxides (NO <sub>x</sub> )	546	467	690
Sulphur oxides (SO <sub>x</sub> )	229	271	435

<sup>1</sup> 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.



## Energy production

The Group's power production plants consist mainly of hydroelectric and photovoltaic plants that use renewable sources and combined cycle cogeneration thermoelectric plants, 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.

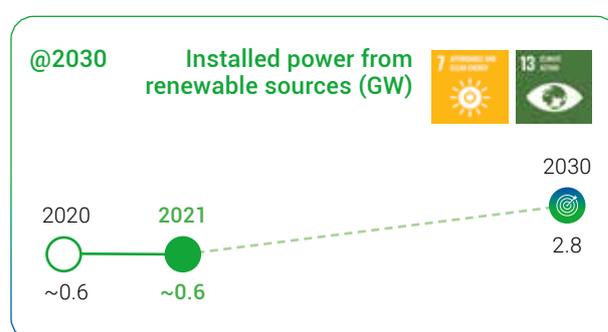
In 2021, Iren Group produced 9,823 GWh of electricity, more than 76% from renewable sources (water, solar, biomass or waste) and high efficiency cogeneration.

The significant change in terms of electricity production compared to 2020 is recorded in the contraction of production from thermoelectric power, i.e. from the Turbigo plant, which had recorded exceptional production in 2020. On the thermal energy side, the overall growth of 13% over 2021 is due to increased production from cogeneration plants and waste-to-energy plants.



## Producing energy from hydroelectric, photovoltaic and cogeneration plants reduces environmental impact

The objectives of the Strategic Plan to 2030 provide for an increase in installed capacity from renewable sources in order to reach a total capacity of 2.8 GW. To increase the installed power of the hydroelectric plants, the projects for the reactivation of the Noasca (TO) and Giffoni (SA) plants and for the installation of the generator unit at the San Mauro (TO) dam cross-section.



Net energy output	Installed power (MW)	Electricity production (GWhe)			
		2021	2020	2019	
Hydroelectric plants	604	1,239	1,295	1,331	
Photovoltaic plants	20	21	21	21	
Thermoelectric plants	855	2,337	2,706	2,471	
Cogeneration plants <sup>1</sup>	1,263	5,611	5,454	5,919	
Waste-to-energy plants <sup>1</sup>	95	578	598	601	
Landfills	7	31	29	32	
Biogas plants	1	5	7	4	
Other renewables	1	1	0	1	
<b>Total</b>	<b>2,846</b>	<b>9,823</b>	<b>10,110</b>	<b>10,380</b>	
		Thermal energy production (GWht)			
Cogeneration plants	874	2,564	2,230	2,381	
Boilers	1,516	480	533	472	
Waste-to-energy plants	191	285	180	142	
Biomass	0.4	0.3	0.3	0.0	
<b>Total</b>	<b>2,581</b>	<b>3,329</b>	<b>2,943</b>	<b>2,995</b>	

<sup>1</sup> The capacity of the cogeneration plants and waste-to-energy plants refers to the electrical set-up; the capacity of these plants in cogeneration set-up is 1,092 MWe and 62 MWe, respectively.

## Energy savings in processes

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 2021 stood at about 740,000 TOE (equal to about 31 million GJ), with contributions from various areas of operation.

Energy savings in processes <sup>1</sup> (TOE/000)	2021	2020	2019
<b>Energy production plants</b>			
Cogeneration plants <sup>2</sup>	233	213	225
Hydroelectric plants <sup>3</sup>	215	225	231
Waste-to-energy plants <sup>4</sup>	60	60	59
Thermoelectric plants <sup>2</sup>	31	30	29
Landfills <sup>4</sup>	6	5	6
Photovoltaic plants <sup>3</sup>	4	4	4
Boilers <sup>2</sup>	5	10	1
Biogas plants <sup>5</sup>	2	3	2
<b>Sorted waste collection<sup>6</sup></b>	97	92	93
<b>Material recovery<sup>6</sup></b>	69	17	1
<b>Heat accumulators<sup>7</sup></b>	9	5	7
<b>Other internal projects<sup>8</sup></b>	9	8	5
<b>Total</b>	<b>740</b>	<b>672</b>	<b>663</b>

<sup>1</sup> Values are calculated in accordance with the criteria indicated in the notes to each table item. 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 a change in the specific consumptions used for calculations;

<sup>2</sup> 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 thermal energy;

<sup>3</sup> 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;

<sup>4</sup> Sum of electric and thermal energy production converted to electric, according to specific factors (PAI=1/6.88, Piacenza=1/6, TRM=1/4.5), multiplied by the coefficient for electric energy (187 TOE/GWh);

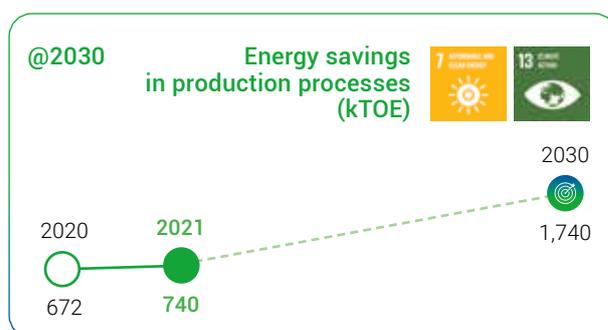
<sup>5</sup> Cubic metres of natural gas produced (60% of biogas) multiplied by the scm/TOE conversion factor 0.836;

<sup>6</sup> Energy consumption avoided for the primary production of the main materials collected separately and recovered in the Group's plants;

<sup>7</sup> Fuel not consumed in the production of the stored heat;

<sup>8</sup> This includes savings obtained from activities of energy efficiency of production processes, from the district division of networks, from water houses, from projects to reduce the impacts related to the mobility of employees (IrenGo, Ecoviaggio, smart working and teleworking).

The goals of the Strategic Plan to 2030 include increasing energy savings from manufacturing processes to 1,740,000 TOE over the plan period. For this reason, Iren Group invests in internal projects and initiatives which, in 2021, concerned the waste-to-energy plants of Parma and Piacenza, with a saving of around 2,500 TOE, and the interventions planned as part of the ISO 50001 Certification for energy production plants, with a saving of around 2,300 TOE.



## Energy efficiency certificates (EECS) and incentives

Thanks to the high efficiency cogeneration plant of Torino Nord, 107,817 Energy Efficiency Certificates (EECs) were obtained in 2021, equivalent to an equal amount of TOE of energy savings.

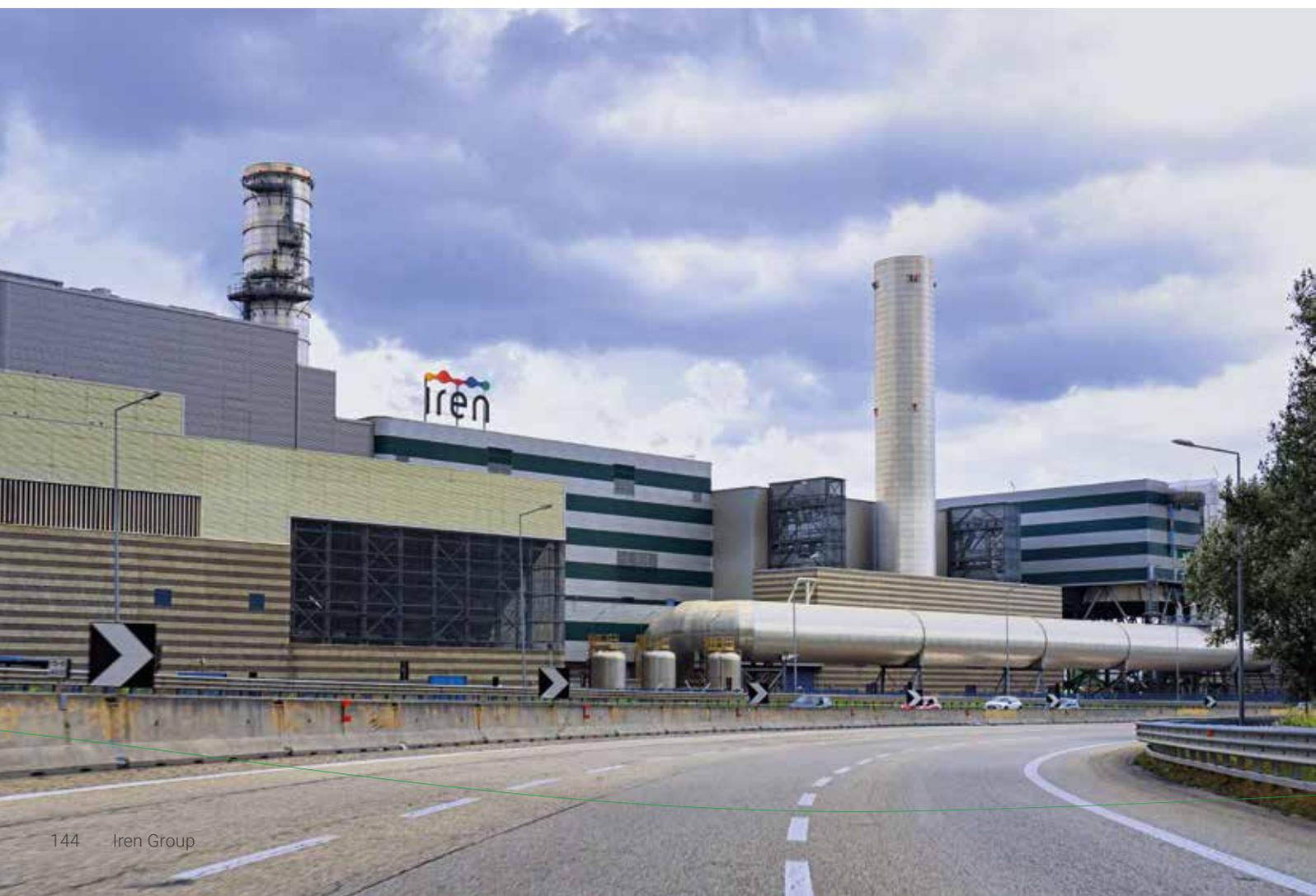
The requirement to produce (or purchase on the market) and supply Energy Efficiency Certificates to the GSE (Electricity Services Provider) is the sole responsibility of Ireti (as distributor) and is valid for 2021 (with maturity 31 May 2022).

Approximately 86 EECs were thus purchased at the average price of 256 Euro/EEC to fulfil the cancellation obligation provided annually for the distributor.

During the year, around 3,205,000 CO<sub>2</sub> allowances (EU Allowances) were purchased in order to comply the obligations provided for in the Emissions Trading System (ETS) legislation related to emissions generated by Iren Group's plants.

Green Certificates were replaced by equivalent incentives which, in 2021, the Group matured in the volumes below:

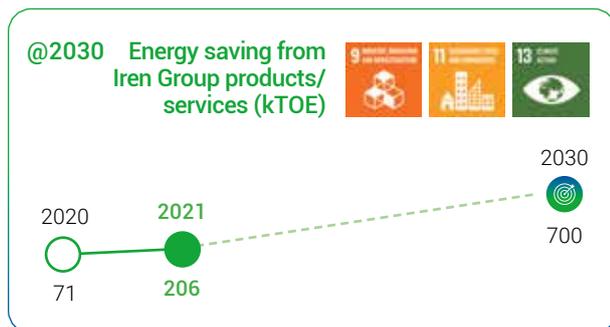
Incentives by plant (no.)	2021
<b>Hydroelectric plants</b>	<b>226,247</b>
Bardonetto	14,725
Valsoera, Telesio, Eugio, Ceresole, Rosone	165,078
Tanagro	24,341
Canate	22,103
<b>Waste-to-energy plants (TRM)</b>	<b>264,874</b>
<b>Total</b>	<b>491,121</b>



# Energy efficiency, renewable sources and district heating

[GRI 102-7, 302-5]

The Strategic Plan sets a target of 700,000 TOE of energy saved by 2030 for resilient cities, through the provision of products and services to communities and citizens that reduce environmental impacts. For 2021, the savings deriving from this business segment are equal to 206,000 TOE and can be attributed to the energy efficiency and rebuilding interventions carried out by Iren Smart Solutions, to the offer of low carbon products and services of the Iren Plus portfolio, as well as to the sale of green electricity.



## Rebuilding and energy efficiency interventions

Iren Group contributes to the reduction of environmental impacts by customers, through energy efficiency and rebuilding interventions that in 2021 concerned:

- **energy requalification of buildings** with the start of numerous interventions of requalification and recovery of building facades, including several social housing buildings mainly in Genoa, Reggio Emilia and Savona;
- **efficient city public lighting**, thanks to the replacement of traditional lamps with LED fixtures that guarantee a reduction in energy consumption of more than 50%. The main project concerns the City of Turin, in addition to the activities carried out in the Municipalities of Alba, Asti, Biella, Fidenza, Vercelli and other small municipalities. In 2022,

management is expected to be extended to the cities of Cuneo and Tizzano Val Parma;

- **upgrading of heating plants in municipal buildings**, with the continuation of work (revamping 2 and 3) on the heating plants of numerous buildings in the City of Turin;
- **installation of thermostatic valves and heat dividers** in condominium contexts, which allow the reduction of consumption in individual apartments. Savings are calculated on the basis of the historical data of the apartment buildings, comparing the consumption before and after the intervention;
- **heat management for private buildings** with the replacement of diesel and traditional boilers with energy efficient condensing boilers. 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.

At the end of 2021, Iren Group acquired Bosch Energy and Building Solutions Italy, expanding the services provided in the energy efficiency sector, also as ESCo (Energy Service Company), in the design, construction and management of integrated heating systems, air conditioning and cogeneration for public and private customers.

## Energy communities

In 2021 the line of activities for the development of energy communities and collective self-consumption systems was consolidated, in order to promote the diffusion of renewable source plants to condominiums, Public Administrations and small- and medium-sized businesses. Through energy communities, multiple users can share the electricity produced by one or more photovoltaic systems. The objective, therefore, is to encourage the installation of photovoltaic systems in contexts where the sharing of energy between several parties can generate economic and environmental benefits, while ensuring

an important contribution to the competitiveness of companies involved and, more broadly, the development of distributed generation as an enabling tool for energy transition. The first pilot project was launched in Parma, adopting a management system that, based on the instantaneous consumption of condominium users, automatically manages the energy produced by the photovoltaic system, maximising energy self-consumption.

New development opportunities are emerging in this area, i.e. urban regeneration projects that allow for the return to the community of large brownfield sites redeveloped and designed to be low environmental impact or positive energy balance.

## Green products and services

Iren Group offers a range of low carbon products and services (Iren Plus portfolio) that allow customers to obtain important results from the point of view of rationalising energy consumption:

- **turnkey photovoltaic systems**, from design to installation, for the production of clean and sustainable energy that can be stored thanks to the storage system and used only when needed. Energy savings are calculated estimating the kWh produced by the photovoltaic plants sold;
- latest generation **heat pumps** that allow to manage gas better and save up to 40% compared to current consumption;
- high-performance **windows and doors** to improve the energy efficiency of homes. The energy saved is calculated considering the difference in transmittance between the frames/windows replaced with the new ones;
- **smart thermostats** for energy efficiency that ensure the boiler is switched on for the minimum time necessary to maintain the desired temperature. Energy savings are calculated by estimating average gas consumption per household and applying a

25% reduction in consumption from the use of the thermostat;

- latest generation **condensing boilers** that allow saving up to 25% in consumption. Thanks to the recovery of part of the latent heat of the fumes and, consequently, to the lower use of fuel, the boilers produce, in addition to savings, less environmental pollution.

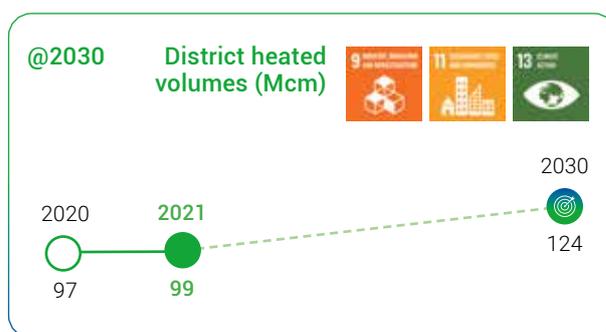
In addition to these products and services, the Group has consolidated its portfolio with the promotion of **green offers** both for the supply of **electricity** produced entirely from renewable sources, and through the first pilot projects aimed at offsetting CO<sub>2</sub> emissions related to the **supply of natural gas**. The solution envisaged for the latter is represented by certified carbon credits that attest to the offsetting or absorption of the CO<sub>2</sub> emitted into the atmosphere by the combustion of the gas. Carbon credits are generated from the development of environmental protection projects, accredited by major international standards.

Among the goals of the Strategic Plan is a steady increase in green electricity sales, to reach 3,500 GWh in 2030.



## District heating

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 areas. The progress of this expansion is linked to the 2030 target set out in the Group's Business Plan.



In 2021, commercial development activities continued in Turin and adjacent areas, both in the new network extension areas and in the areas already served, while in the Emilia-Romagna area, activities continued to consolidate and increase the number of connected volumes and the marketing campaign in Piacenza.

Project	Project objectives	Progress in 2021
Saturation of the Turin network	extension of the connections to bring the Turin area to a volume of 67 million m <sup>3</sup> and saturation of the district heating system's capacity, without the construction of new production sites	new volumes connected for approximately 0.9 million m <sup>3</sup> and laying of 8.3 km of network, reaching the progressive value of approximately 66 million m <sup>3</sup>
Torino Nord extension phase 1	approximately 5 million m <sup>3</sup> of new district heating volumes to saturate the residual capacity of the system by optimising the storage systems	new volumes connected for 570,000 m <sup>3</sup> (progressive value reached of 1.9 million) and laying of 7.8 km of network
Torino San Salvario	extension of the district heated volumes (about 2.5 million m <sup>3</sup> ) and construction of a new storage system entirely concealed by a system of green surfaces and trees ( <i>Giardino del Calore</i> – "Heat Garden")	new volumes connected for approximately 620,000 m <sup>3</sup> (progressive value reached of 0.7 million) and laying of approximately 5.7 km of network
Turin waste-to-energy plant	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	connection of the network of Beinasco and Turin with connection to the storage system of Mirafiori Nord that will be completed in 2022, laying of 1.6 km of network in Grugliasco
Piacenza waste-to-energy plant	the district heating network's connection with the Piacenza waste-to-energy plant increases the volume of district heating by about 1 million m <sup>3</sup>	new volumes connected for about 125,000 m <sup>3</sup> and laying of 230 meters of network

# Sustainable use of water resources

[GRI 102-7, 303-1, 303-2, 303-3, 303-4, 303-5]

## Water withdrawals

The commitment to reducing environmental impacts is also reflected in the conscious and sustainable use of water resources in all the Group's processes and services, in terms of both withdrawals and consumption and releases and discharges.

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 municipal water.

In 2021, the Group's water withdrawals decreased by approximately 7% compared to the previous year, despite increases from the change in scope, which were more than offset by lower energy production. There was an increase in seawater withdrawals, used solely at the Genoa Sampierdarena cogeneration plant, which more than doubled its energy production in 2021 compared to 2020.

### Water withdrawal by source (m<sup>3</sup>/000)<sup>1</sup>

Sources	2021	2020	2019
Municipal water	2,787	2,450	2,843
Surface water	493,418	535,074	557,655
Seawater	13,810	9,751	10,872
Groundwater	6,737	7,417	6,485
<b>Total</b>	<b>516,752</b>	<b>554,692</b>	<b>577,855</b>

<sup>1</sup> All withdrawal sources (except seawater) are composed of freshwater ( $\leq 1,000$  mg/L of total dissolved solids). Water withdrawals for the production of hydroelectric energy are not included, as they are through water, withdrawn from surface water bodies (rivers, streams) and returned to them downstream of the plants, without changing their chemical and physical characteristics. For the integrated water service, withdrawals for industrial use in water treatment and purification activities are considered, and throughputs feeding local community waterworks are excluded.

Most Group companies have implemented a certified environmental management system (ISO 14001) and the main production sites have EMAS registrations; therefore, they have 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 type and purpose;
- treatments and qualitative modifications of the resource water made for any reason;
- water discharges of any nature, purpose and origin, discharging on soil, subsoil, in 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 **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.

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

## Water discharges

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

- industrial discharges (including water used for the cooling of plants);
- integrated water service (process water from wastewater treatment and potable systems that 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 7% lower than in 2020.

### Water discharges (m<sup>3</sup>/000)<sup>1</sup>

Destinations	2021	2020	2019
Surface water	494,744	536,634	558,470
Groundwater	231	151	188
Seawater	13,810	9,768	10,889
Sewerage	6,500	6,481	6,838
<b>Total</b>	<b>515,285</b>	<b>553,034</b>	<b>576,385</b>

<sup>1</sup> All discharges (except seawater) are composed of freshwater ( $\leq 1,000$  mg/L of total dissolved solids). For wastewater treatment plants, only process water is considered and not treated wastewater serving communities (see page 151).

The water withdrawn is almost totally returned to the environment: about 0.3% of withdrawals, equal to 1.5 million m<sup>3</sup>, is consumed in industrial processes. Predominantly water evaporated during production processes (WTE and thermoelectric plants) and used for the district heating networks.

# Management of the integrated water service

## Water production and distribution

The supply of water for the distribution of drinking water to the communities 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.

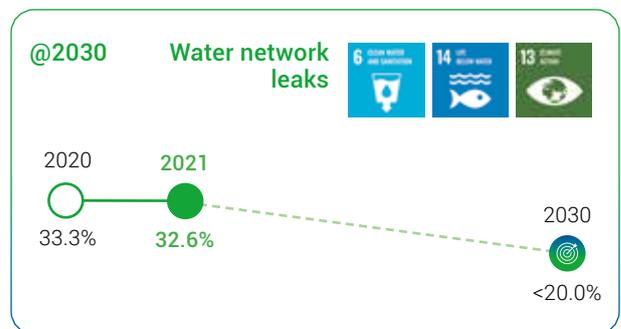
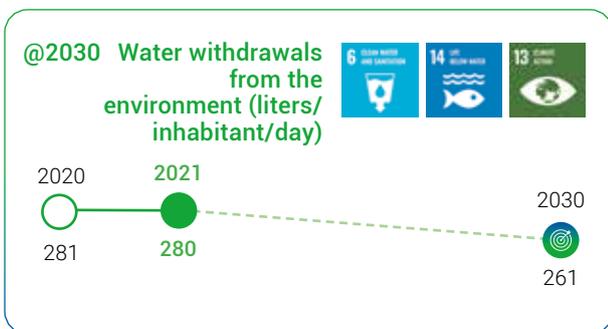
Modern automation and remote control equipment ensure the water catchment, purification, and lifting systems' best operation.

The total volume of water fed into the network in 2021 is in reduction compared to last year.

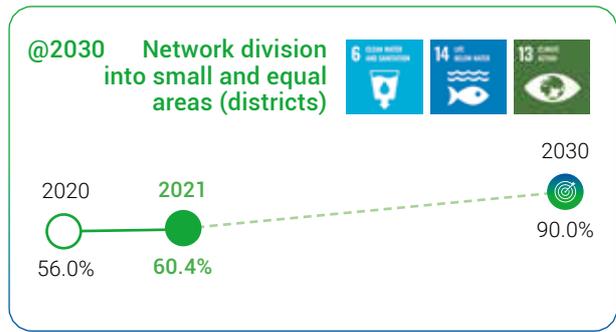
Water injected into the network (m <sup>3</sup> /000)	2021	2020	2019
Piacenza	32,608	31,041	32,239
Parma	37,645	38,095	38,156
Reggio Emilia	44,936	45,818	46,159
Vercelli	8,614	8,916	8,744
Genoa	87,725	90,605	95,719
Savona	19,540	19,093	19,057
Imperia	3,108	3,080	3,462
La Spezia	39,800	38,002	40,296
Other provinces	3,941	4,956	6,638
<b>Total</b>	<b>277,917</b>	<b>279,606</b>	<b>290,470</b>

The commitment of Iren Group in the valorisation and protection of the water resource is expressed in the constant activity of research and reduction of network leaks and in the awareness of customers and citizens to the reduction of waste. In fact, in the 2030 Business Plan, the Group has planned significant investments to make the water distribution service increasingly efficient, with the aim of reducing water withdrawals from the environment and significantly reducing network leaks.

The percentage of network leaks stood at 32.6%, down compared to 2020 (33.3%) and significantly lower than the national average of 42% (ISTAT data).



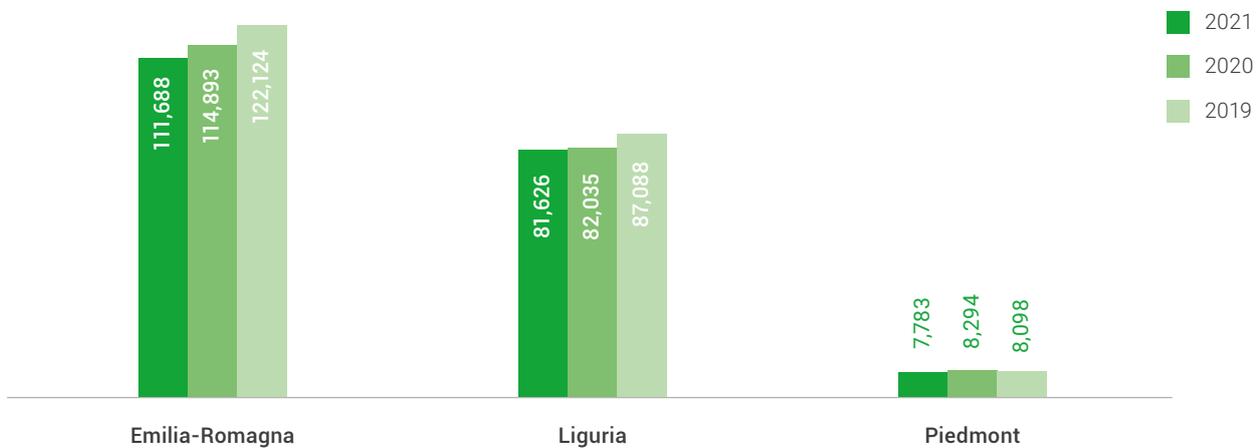
Initiatives for the reduction water network leaks include the districts division: a technique that involves dividing the networks into small homogeneous areas, the so-called districts, which allow daily monitoring and constant analysis of hydraulic parameters. In this way, the instrumental leak detection campaigns are punctual and targeted only to the districts on which the monitoring has detected hidden leaks. Currently 60% of the total managed network is divided into districts, in line with the 2030 target of 90% of managed networks. The district division also produces a benefit in terms of reduction of energy consumption which, in 2021, amounted to around 140 TOE



### Sewerage and treatment quality

Urban wastewater from public sewers is treated at 1,337 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 and with chemical and biological dephosphating systems. 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 wastewater treatment plants (surface flow systems).

### Treated wastewater (m<sup>3</sup>/000)<sup>1</sup>



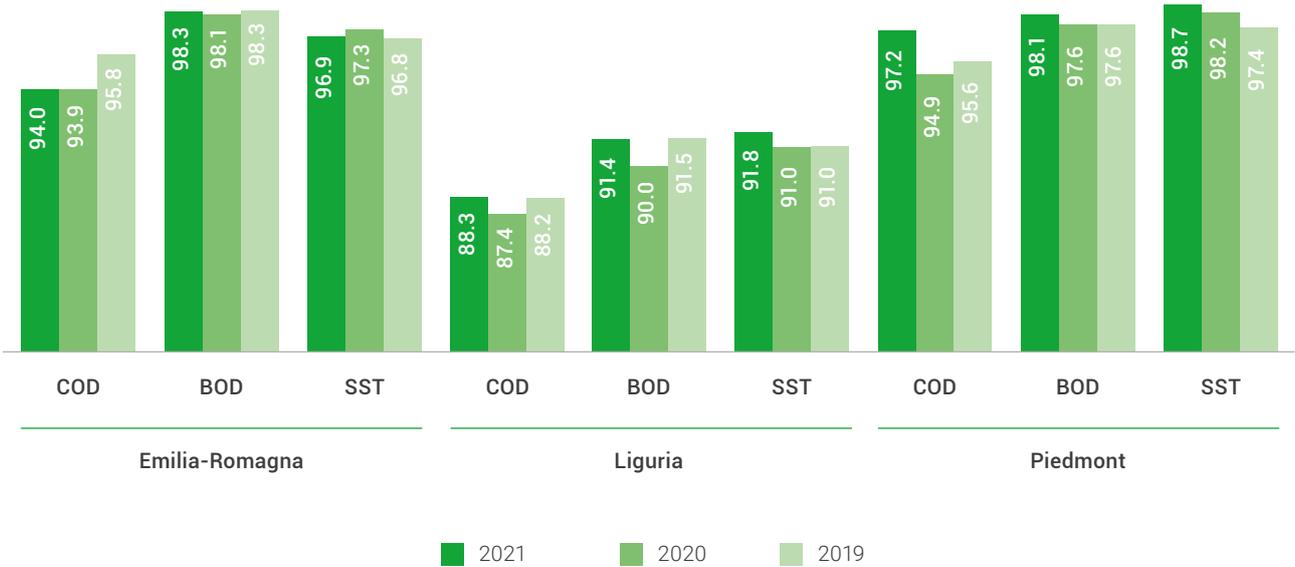
<sup>1</sup> For the volumes of water treated, all the Group's wastewater treatment plants with a capacity of more than 2,000 residents equivalent are considered. In Liguria, the Group does not manage the sewerage and treatment service in the Savona and Imperia areas.

Purified water quality is measured by the percentage of abatement of the main pollutants leaving the plants compared to the quantities entering: BOD (Biochemical Oxyge Demand), COD (Chemical Oxyge Demand), SST (Total Suspended Solids).

The group's goal is to have the following percentages of abatement in the purified water: cod greater than 90%, bod greater than 94%, and sst greater than 93%.

Overall, the following average results were obtained in 2021: 90.8% for COD, 94.4% for BOD, and 93.7% for SST. The chart details the reduction by geographic area.

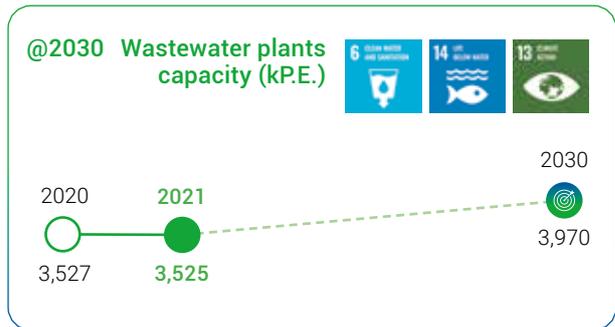
**Pollutant reduction – geographical area (%)<sup>1</sup>**



<sup>1</sup> For the calculation of pollutant reduction, all the Group's treatment plants with a capacity of more than 2,000 residents equivalent are considered. In Liguria, the Group does not manage the sewerage and wastewater treatment service in the Savona and Imperia areas.

The Group's long-term objectives also include increasing the capacity of its sewerage treatment plants in order to provide increasingly extensive and efficient service and to improve the environmental impact of wastewater management.

In 2021, the Group experienced a slight reduction overall compared to 2020 due to the divestiture of certain small facilities, collating sewer networks to existing facilities with remaining available capacity, partially offset by new acquisitions and capacity increases on existing plants. Progress toward the goal set in the Business Plan will be made up from 2022, when a capacity increase of approximately 27,000 population equivalents is expected.



## Water reuse

Wastewater treated in Iren Group plants can be reused for irrigation purposes (in agriculture, green spaces and sports facilities) and industrial purposes (plant cooling, street cleaning). Water reuse can reduce significant pressure on natural water resources and fight water scarcity, promoting the transition to production models centered on the concept of circular economy.

The Group, which currently recovers around 6 million cubic metres of water thanks to the Mancasale wastewater treatment plant, has set itself the goal of reaching 20 million cubic metres of recovered resources by 2030.



## 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 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).

### Adoption of Water Safety Plans

The Water Safety Plan (WSP) is a model, introduced by the World Health Organisation, that is based on the assessment and management of risks related to the phases of the integrated water service, from the capture to the final use of water, with the aim of protecting the water resource and reducing potential health hazards.

In 2019, Iren Group started the implementation of the first four WSPs, proceeding to identify the supply areas with the highest number of inhabitants for each of the areas served. The first WSP launched was that of Brugnato (Genoa), serving 170,000 inhabitants, followed by three others in the main provinces of Emilia (Parma, Piacenza, Reggio Emilia).

Provincial multidisciplinary teams have been created, involving both internal Group structures and external control bodies (AUSL, ARPA, Regions, ATOs and Municipalities), which have started the process of assessing the risks of the area under examination and the existing control measures, hypothesising possible improvement actions and identifying operational monitoring tools.

In the water risk assessment, related to the first WSPs launched, a particular focus has been on climate risks intended both as exceptional weather phenomena (floods, severe droughts) and as changes in the quality/quantity of water resources due to climate change.

The first WSPs, completed in December 2021, will be followed by the launch of the remaining plans according to a defined chronological schedule aimed at prioritising the areas serving the largest populations, while also considering the largest number of sensitive users served (hospitals, nursing homes, schools).

# Circular waste management

[GRI 102-7, 306-1, 306-2, 306-3, 306-4, 306-5]

## Waste produced by the Group

Attention to the environment is also reflected in the correct management of the waste produced in carrying out the Group's activities, in accordance with the **principle of the waste hierarchy**, which aims to prevent the production and use the waste produced first of all as a material, through reuse and recycling, then as energy and, only in the residual phase, through disposal (art. 179 of Italian Legislative Decree no. 152/2006).

The management of special, hazardous and non-hazardous waste produced at the main production sites is carried out in compliance with the procedures laid down in ISO 14001 standard or EMAS registrations, for sites with such certifications, and in accordance with environmental regulations (Part IV of Italian Legislative Decree 152/2006). The transport and recovery/disposal of waste produced by company processes is carried out, where possible, internally by the Waste Management business unit and, where it is necessary to use third parties, it is always entrusted to bodies registered with the Register of Environmental Managers. The quantities of waste produced are monitored periodically and communicated annually to the Chambers 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 **wastewater 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 and computerisation of processes.

### Waste produced by Group processes (t)



In 2021, the Group produced 690,620 tons of waste, of which 641,288 tons was non-hazardous. The increase over the previous year (approximately 14%) is mainly due to the consolidation of the former Unieco Environment Division companies acquired at the end of 2020. The waste from these companies accounts for approximately 18% of the total waste generated by the Group in 2021.

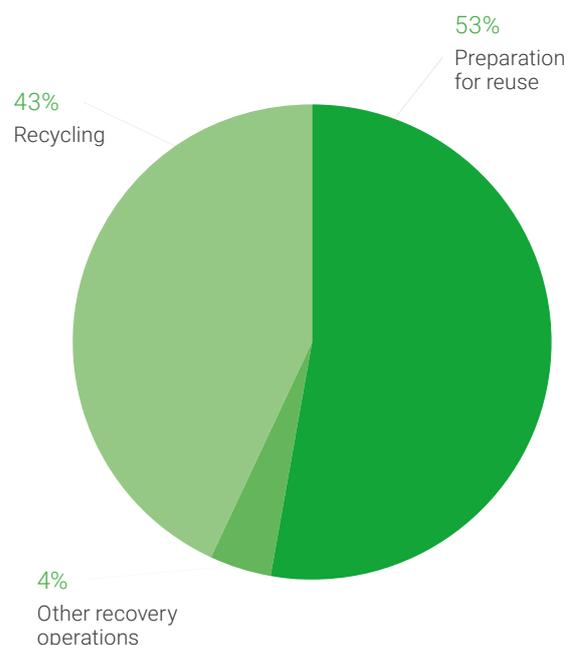
In addition to complying with the legislative framework, the waste cycle is closed with a particular focus on the valorisation of the waste resource (recycling, material recovery and preparation for re-use) with priority to the energy recovery of waste that cannot be usefully recovered, and only as a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

Waste generated by business and main materials (t) <sup>1</sup>	2021	2020
<b>Waste management services</b>	<b>532,610</b>	<b>437,406</b>
<i>of which non-hazardous</i>	483,653	353,433
<i>slags</i>	169,701	173,558
<i>leachate</i>	84,756	71,536
<i>sludge</i>	15,647	7,534
<i>sands</i>	4,826	4,548
<i>metals</i>	8,898	8,238
<i>other waste</i>	199,825	88,019
<i>of which hazardous</i>	48,957	83,973
<b>Integrated water service</b>	<b>156,508</b>	<b>167,185</b>
<i>of which non-hazardous</i>	156,315	167,072
<i>sludge</i>	131,752	143,727
<i>sands</i>	7,679	5,762
<i>sieve/muddle</i>	5,394	5,637
<i>other waste</i>	11,490	11,946
<i>of which hazardous</i>	193	113
<b>Energy production</b>	<b>1,027</b>	<b>892</b>
<i>of which hazardous</i>	163	188
<b>Other non-hazardous waste</b>	<b>456</b>	<b>187</b>
<b>Other hazardous waste</b>	<b>19</b>	<b>34</b>
<b>Total</b>	<b>690,620</b>	<b>605,704</b>

<sup>1</sup> The difference between waste generated and its destination (tables below) is mainly due to the amount of liquid waste used as fluidisers in the solid waste inerting process. Data is only available for the two-year period because the breakdown of waste generated required by the new GRI 306 standard has been adopted since 2020. It should be noted that the Group's activities do not produce any radioactive waste.

## Waste diverted from disposal

In 2021, approximately 60% of the waste produced by the Group was diverted from disposal and sent to the material recovery chain through recycling, preparation for reuse or other recovery operations, in plants owned by the Group or by third parties.



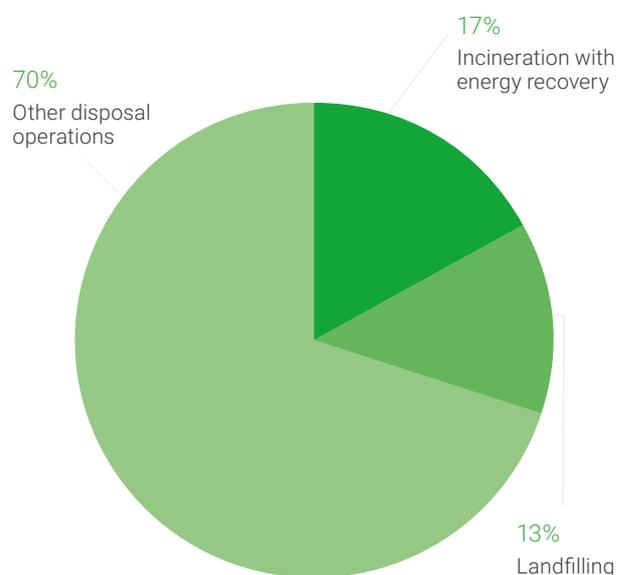
The details of the waste diverted from disposal are shown in the following table.

Waste diverted from disposal (t) <sup>1</sup>	2021		2020	
	Group plants	Third-party plants	Group plants	Third-party plants
Preparation for reuse	41,221	180,446	46,311	128,108
<i>of which hazardous</i>	29	8,855	48	23,708
Recycling	4,085	172,995	192	168,792
<i>of which hazardous</i>	-	11,148	-	24,543
Other recovery operations	2,515	14,425	47	13,123
<i>of which hazardous</i>	35	1,143	13	275
<b>Total</b>	<b>47,821</b>	<b>367,866</b>	<b>46,550</b>	<b>310,023</b>

<sup>1</sup> From 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.

### Waste directed to disposal

The remainder of the waste produced by the Group (around 40% of the total) was sent for incineration with energy recovery (17%), landfill (13%) and other disposal operations (70%), in plants owned by the Group and by third parties, in the quantities shown in the table below.



Waste directed to disposal (t) <sup>1</sup>	2021		2020	
	Group plants	Third-party plants	Group plants	Third-party plants
Incineration with energy recovery	46,254	195	36,301	828
<i>of which hazardous</i>	64	-	4	-
Landfilling	14,784	20,814	7,725	4,864
<i>of which hazardous</i>	7,267	105	-	-
Other disposal operations <sup>2</sup>	120,319	70,788	124,832	74,692
<i>of which hazardous</i>	15,440	5,711	8,616	27,112
<b>Total</b>	<b>181,357</b>	<b>91,797</b>	<b>168,858</b>	<b>80,384</b>

<sup>1</sup> From 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.

<sup>2</sup> Includes 19 tons of waste sent to incineration without energy recovery at third-party facilities.

## Waste management services for communities

### 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 operator, based on long-term service contracts, in 171 Municipalities in the provinces of Parma, Piacenza, Reggio Emilia (Iren Ambiente), La Spezia (Acam 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 Public Administrations or other operators, in 129 other municipalities.

In 2021, the Group provided urban waste collection services in a catchment area of about 3 million residents, where the Group handled about 2.7 million tons of urban waste (approximately 358,000 tons collected by San Germano).

Also for 2021, in order to deal with the Covid-19 emergency, the Group organised the collection service by adopting specific methods, in line with the provisions of the Local Authorities: in Liguria, the dedicated collection of waste produced by families with cases of contagion or quarantine continued; in Piedmont and Emilia-Romagna, on the other hand, in the presence of cases of contagion or quarantine, the suspension of the sorting of waste was ordered, so as to send it for disposal through waste-to-energy, considered the most suitable way to guarantee health and safety. In addition, in the Emilia-Romagna region, the floor collection service continued in case of need.

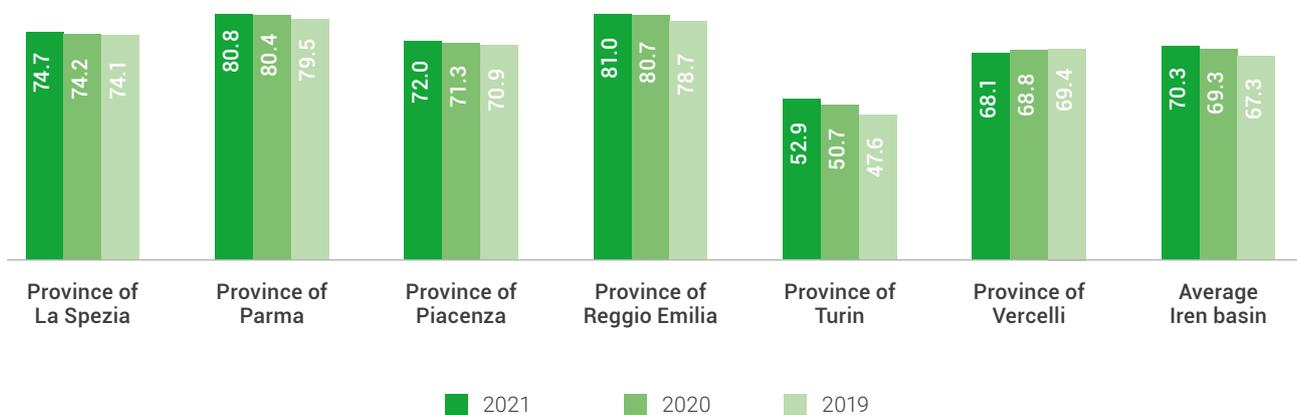


Preventing waste generation, increasing sorted waste collection levels, and recycling waste are key objectives of management policies, as they reduce disposal requirements and thus the overall environmental impact. In addition to specific communication and information campaigns aimed at raising awareness among citizens to reduce waste production, Iren Group adopts advanced collection systems (door-to-door, ecological islands with user recognition, “pay-as-you-throw” system), which contribute to achieving **excellent levels of sorted waste collection**: in 2021, the Group reached 70.3% (69.3% in 2020), compared to a national average of 63%.

In the system offered to residents to increase the results of sorted waste collection, the presence of 317 waste collection centres (151 in the San Germano operation area) is particularly relevant, enabling residents to freely deposit different types of 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 1,370,384 tons of urban waste collected in the areas where the Group acts as operator, 960,162 tons referred to sorted waste. Positive results were also obtained in the municipalities served by San Germano with 244,969 tons of sorted urban waste collected (up 13% compared to 2020).

### Sorted waste collection by region (%)



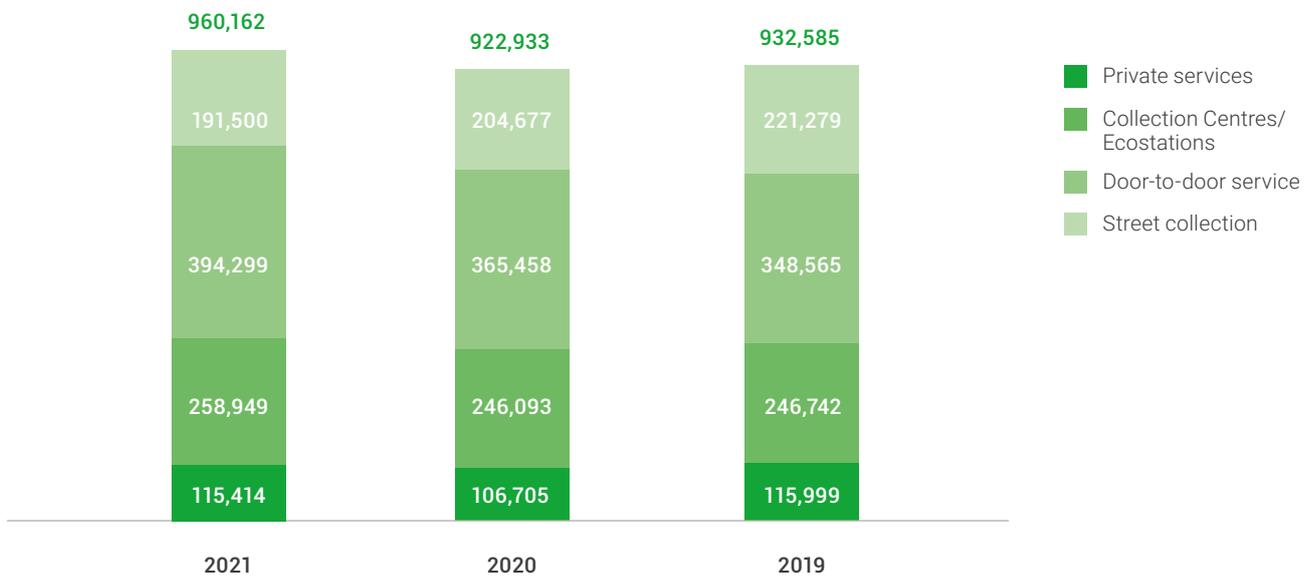
In 2021, the percentage of sorted waste collection has once again improved, reaching 81% in the areas of Parma and Reggio Emilia and also improving significantly in the City of Turin (52.9% compared to 50.7% in 2020).

In line with sector directives and local planning, in the 2030 Business Plan, the Group has confirmed its commitment to achieving further growth in sorted waste collection in order to reach 76.2% in the basin served by 2030, through the ongoing development of local and home collection services and “pay-as-you-throw” systems.



At the end of 2021, residents of legacy regions served by punctual metering systems are 26% of the total, up from 18% in 2020 and in line with the goal of 64% in the 2030 Business Plan.

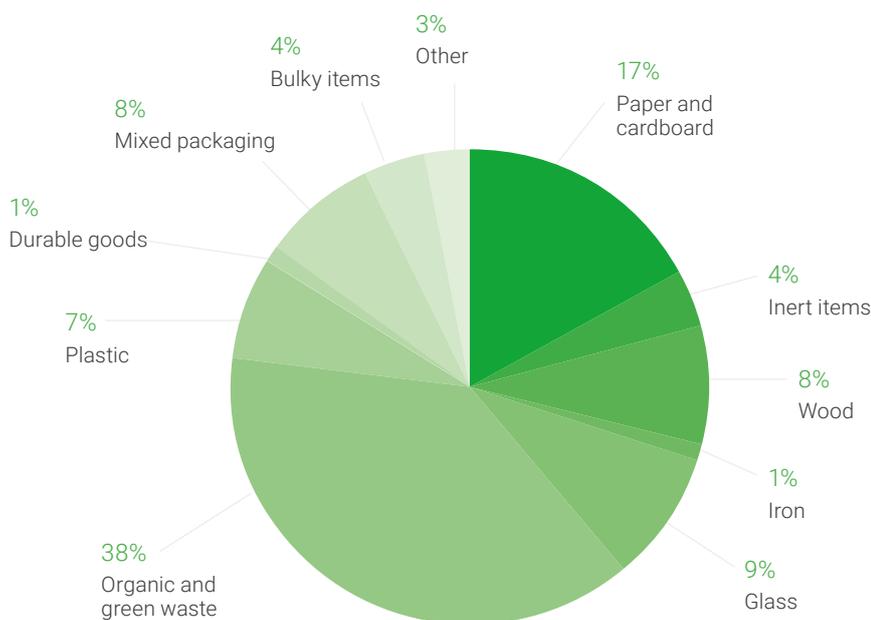
### Sorted waste collection by method (t)



For the development and increasingly efficient management of collection, we highlight the importance of the project of computerisation of processes (JustIren) launched in 2020 in Turin and gradually extended in 2021 in the other territories (Emilia, La Spezia and Vercelli). Once fully operational, JustIren will allow to obtain important environmental benefits, thanks to the optimisation of the collection services, of the logistics of waste delivery, of the monitoring of the services on the territory and of the extension of “pay-as-you-throw” system.

Sorted waste, up 4% compared to 2020, is sent to 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 waste cycle, the Group is also committed to the treatment and disposal, the recovery of material and the valorisation of the resource waste for the generation of electricity, heat and biogas through a structured system of plants. In 2021, the Group's plant base expanded, thanks to both the construction of new plants and newly acquired companies. In the fall of 2021, the new plastics recovery and Bluair® production plant in San Giorgio di Nogaro went into operation and, during the same period, work was awarded on the new wood recovery plant in Vercelli. As far as new acquisitions are concerned, the Group has added a plant for the recovery of sorted waste collection (A.M.A.) and a composting plant (Futura), as well as various other storage and transfer, liquid treatment, mechanical-biological treatment (TMB) plants.

The plants owned by Iren Group at 31/12/2021 are as follows:

Plants	Number
Waste-to-energy plants	3
Operating landfills	4
Storage and transfer	22
Liquid waste treatment	6
Material recovery	15
Organic waste treatment and recovery	4
Mechanical-biological treatment	5

As already highlighted above, in the Business Plan to 2030, the Group has demonstrated a significant commitment to closing the circular economy cycle, by foreseeing huge investments in numerous 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 on the market: the goal is to reach 2.3 million tons of material recovery capacity from waste in owned plants.



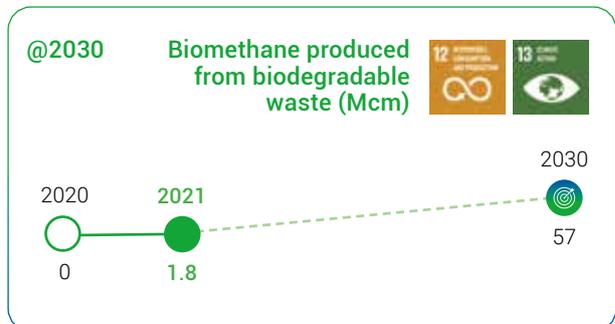
## Biomethane production

The Cairo Montenotte and Santhià plants are two plants for the recovery of organic waste, which from 2021 will produce, in addition to quality compost, biomethane, a natural gas derived from the refining and purification of biogas produced during the anaerobic digestion of organic waste and the green fraction. This is the virtuous product of sustainable waste management, in this case deriving from the transformation of the organic fraction, which today constitutes about 40% of the total waste produced.

The process, defined as upgrading, allows to increase the percentage of methane contained in the biogas, up to about 99% within the mixture. In this way, the energy characteristics and uses of biomethane correspond to all effects to those of natural methane, with two substantial differences: it is not extracted from the bowels of the earth, eliminating the dangers of extraction and transport, and it is obtained from renewable raw materials that can be found near the production plant.

Biomethane is to all intents and purposes a renewable source of energy, an example of circular economy and an indispensable support for decarbonization, for example of the mobility sector, which contributes to reducing the use of fossil fuels, the main source of GHG emissions.

In its Business Plan, Iren Group has set, among the objectives linked to the circular economy, the production of around 57 million m3 of biomethane by 2030.

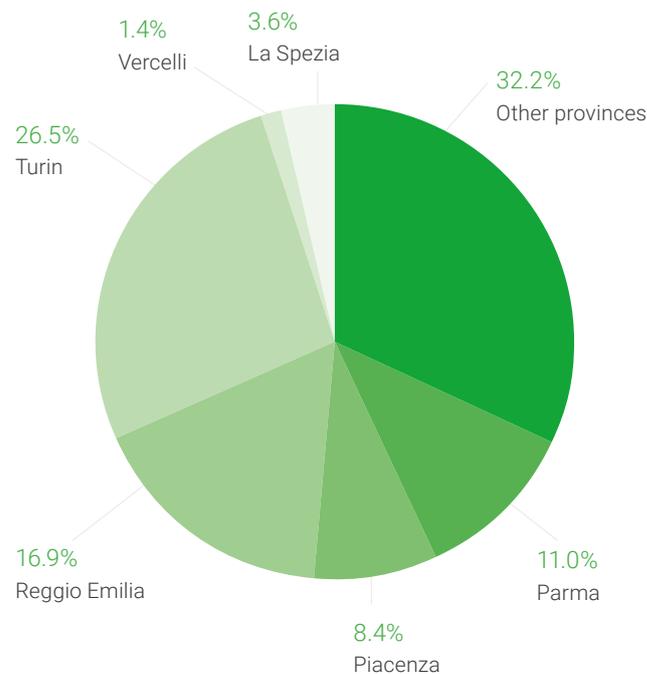


In 2021, a total of 3.6 million tons of waste was managed, including 385,744 tons collected by San Germano (these quantities are not included in the breakdowns below).

### Waste managed by type (t)



### Waste managed by region (%)

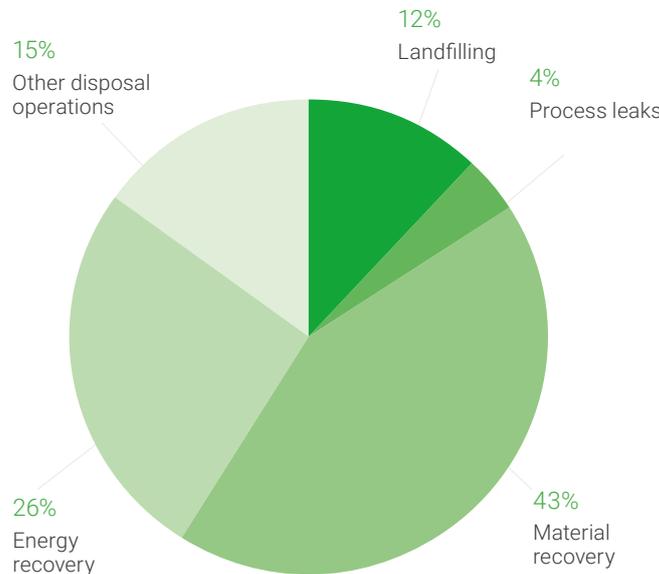


The **sorted component** of the waste is growing compared to 2020, thanks both to the increase in sorted waste collection in the legacy regions and to the new material recovery and composting plants. This fraction of the waste can be sent directly for recovery or transit through Group plants or storage areas, where it is sorted and/or treated before its final destination.

The **unsorted component** of the waste 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 significant increase recorded in 2021 in the quantities of special and unsorted waste managed is due to the entry into the Group's boundary of the companies of the former Unieco Environment Division which, as described above, carry out brokerage activities and manage various waste treatment plants, landfills and mechanical-biological treatment (TMB) plants. The latter type of plant allows for the

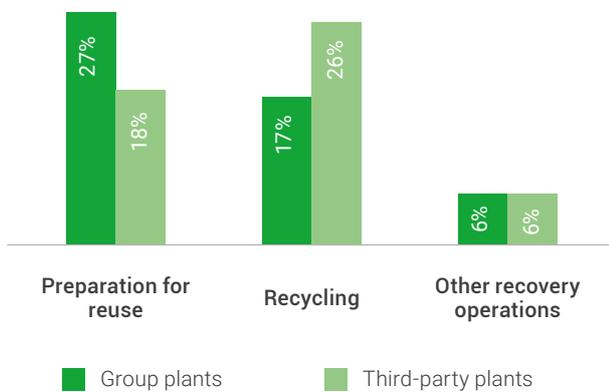
mechanical selection of unsorted waste, intercepting the organic fraction present in it which, once biologically stabilised, can be sent for recovery. In 2021, approximately 275,000 tons of waste was processed at the Group's owned TMBs.

**Destination of managed waste (%)**

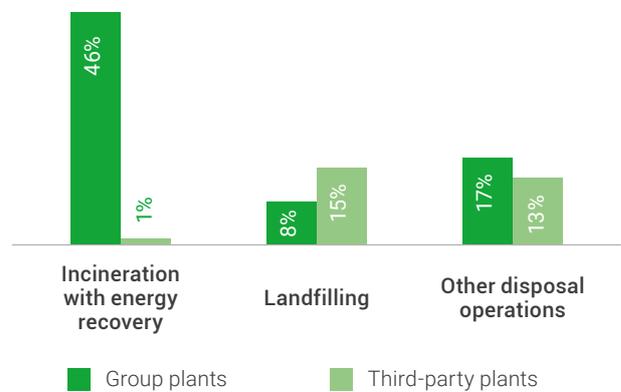


43% of the waste managed in 2021 was destined for the material recovery chain in Group and third-party plants. Waste sent to landfill represents approximately 12% of the total, up from 5% in 2020 due to the change in boundary.

**Waste sent for material recovery (%)<sup>1</sup>**



**Waste directed to disposal (%)<sup>1</sup>**



<sup>1</sup> The Group does not handle radioactive waste. Specific management and control procedures are in place at the plants, which require that any waste with a radioactive load intercepted prior to entering the plants (e.g. household/medical waste) is inspected by qualified experts, stored in special quarantine areas and sent for disposal only when the radioactive load has decayed.

47% of the portion of waste that could not be recovered as a material was sent to energy recovery and the remaining part to other disposal operations or to landfills

Also in 2021, no waste was sent for incineration without energy recovery. Compared to the total waste managed by the Group in 2021, only 3% is of hazardous type<sup>1</sup> (about 14,300 tons sent to material recovery and about 89,000 tons to disposal).

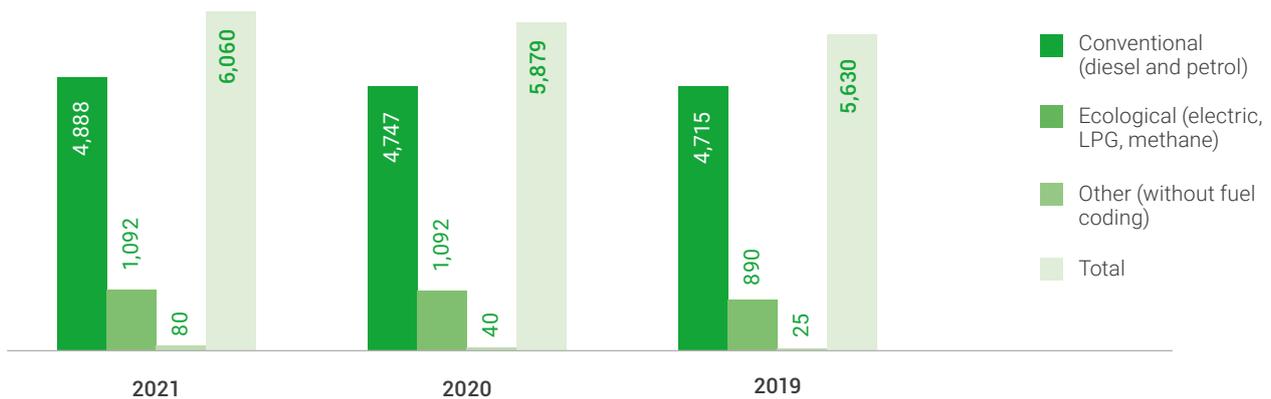
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# Mobility management

[GRI 302-1, 302-2, 305-1, 305-5, 305-7]

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 vehicles as at 31/12/2021 (no.)



## Atmospheric emissions of company vehicles (t)

Types of emissions (t) <sup>1</sup>	2021	2020	2019
NO <sub>x</sub>	53	55	92
VOC	2	3	5
CO	20	25	33
PM10	4	4	5
CO <sub>2</sub> <sup>2</sup>	19,978	18,555	20,517

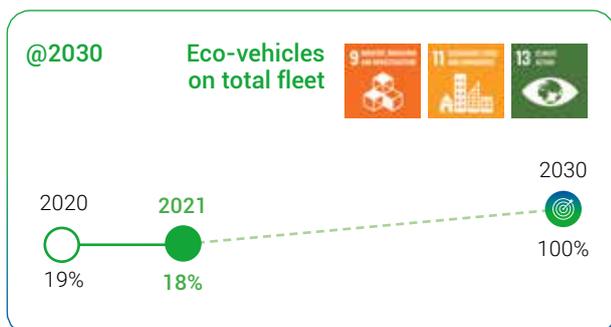
<sup>1</sup> The emissions are calculated multiplying the km travelled by the vehicles (broken down into different Euro categories, type of fuel and vehicle) by the more recent emission coefficients (Source: INEMAR - ARPA Lombardia 2018). The mileage is obtained from the Group's management software and through data from fuel companies on which merit checks are carried out.

<sup>2</sup> The data for 2020 has been restated.

The management of the vehicles is carried out in compliance with the company guidelines that define safety levels, maximum distances and replacement criteria in relation to the overall distances, the age and wear of the vehicle and the variation in operational needs. Obsolete vehicles are replaced with electric or Euro 6 category vehicles.

The Business Plan confirms the drive towards sustainable mobility and the desire to make 100% of the company fleet eco-friendly by 2030. The goal can be achieved mainly thanks to 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 2021, about 830 electric vehicles were already on the road (cars, vans and waste collection quadricycles) and there were about 880 operational recharging points. These are vehicles that contribute to the improvement of air quality in the urban contexts in which they operate on a daily basis. In 2021, the IrenGo project made it possible to avoid the emission of approximately 1,400 tons of CO<sub>2eq</sub> and to save over 300 TOE.



Progress towards the 2030 target was influenced by an increase in the number of vehicles in the Group's fleet, due to the entry of new companies acquired during the year, and the replacement of obsolete ecological vehicles, dedicated to sorted waste collection, with new electric vehicles.

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 transport to reach the workplace, such as the "Ecoviaggio Smart" app, which offers the possibility of organising car-sharing journeys for work.



**Working from home in 2021 had a positive environmental impact: about 1,800 t CO<sub>2eq</sub> avoided and 820 TOE saved**

In addition, the Group has been implementing remote working methods (teleworking and smart working) for several years now, involving over 3,500 employees in 2021. This has generated a positive environmental impact: thanks to the reduction in travel, estimated at almost 12 million km, approximately 1,800 tons of CO<sub>2eq</sub> have been avoided and approximately 820 TOE saved.



# Protection of biodiversity

[GRI 304-1, 304-2, 304-3, 304-4, G4-EU13]

**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, oriented to 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. In addition to almost uncontaminated natural habitat, 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 357/1997 "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 regulation establishes that the territorial planning and programming must take into account the naturalistic-environmental value of Sites of Community Importance (SCI) and Special Protection Areas (SPA). In addition, it establishes that any plan or project, inside or outside these areas, which may in some way affect the conservation of protected habitats or species, must be subject to an appropriate assessment of the impact it may have on the sites concerned. Prior to the implementation of new measures, the development of new networks and the execution of 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 integrity of the area**. 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** (art. 5 Italian Presidential Decree 357/1997) is the procedure implemented in cases where an intervention may significantly affect an SCI or an SPA in the "Natura 2000" network. The Ministry of the Environment and the Protection of the Land

and Sea publishes decrees which list the Italian SCIs.

The realisation and management of plants, activities and projects must be carried out in accordance with Italian environmental regulations (Italian Legislative Decree 152/2006) which provide for the **integration of environmental aspects in the development of plans and programs** and the **Environmental Impact Assessment** (EIA), with the aim of identifying and assessing in advance the effects on the environment of certain public or private projects – in their start-up phase or in case of significant changes to existing projects – and of identifying the measures to prevent, eliminate or minimise negative impacts on the environment before they actually occur, analysing the impact in terms of atmospheric emissions, water withdrawals and discharges, waste, noise and odours.

## Group policy and principles

Iren Group formalised, in its Biodiversity Policy, its commitment to the conservation of biodiversity, which is based on the adoption of an effective management model, consistent with the National Strategy for Biodiversity, with European Union 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. For this reason, Iren, aware that the preservation of the natural ecosystem is essential for long-term global sustainability, promotes the sustainable development of its activities.

The **electricity generation** activities in protected areas mainly concern hydroelectric plants, 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 Legislative Decree 152/2006) with the relevant impact studies for those affecting SCI areas. The sources involved in water withdrawals at hydroelectric plants are the Ligurian Sea, the Po River, the Naviglio Grande canal, the Orco, Dora Riparia, Maira, Brugneto, Secchia, Bussento, Tanagro, Tusciano, Calore, Picientino, Terza rivers and the aquifer, through wells, for industrial use. 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, have 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 SO<sub>2</sub>, CO<sub>2</sub>, NO<sub>x</sub>, particulate and natural gas emissions. In order to minimise the acoustic impact on the surrounding environment, all systems are properly soundproofed.

The development of the **electricity distribution network** 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), in the City of Turin, Lama del Badiotto (SPA) and Garzaia della Brarola (SPA), in the City of Vercelli. The electricity distribution network of Parma does not affect SCIs or SPAs in the "Natura 2000" network.

**Waste management and environmental hygiene** activities do not affect protected areas. 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. The impacts related to the activities carried out are examined annually with the aim of verifying the result of the interventions carried out and of having all the elements necessary to confirm or modify the system implemented, in order to assess compliance with environmental regulations and authorisations and to define/update management systems improvement plans, 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 and will lead to the creation of an 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 sowed, in order to estimate the environmental benefits in terms of the atmospheric particulate matter removed. The **Piacenza waste-to-energy plant** is located in an area that is not subject to any urban, landscape, hydrogeological, seismic or territorial constraint and in which there are no protections for parks, oases or other protected areas. The **Turin waste-to-energy plant (TRM)** obtained a positive environmental compatibility assessment via a process that included an Environmental Impact Study (EIA), 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 regarding 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 management of the **gas distribution** service does not have any significant 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, which falls within the area declared sensitive. Plants, therefore, are subject, depending on size, to the application of more restrictive limits for nitrogen and phosphorus. 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 Tigulio and the Gulf of La Spezia). By nature, the activities conducted are aimed at maintaining optimal environmental conditions. The main objective of the wastewater 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. In the same way, protecting the areas in which sources of water withdrawal are found is of the utmost importance for the management of the integrated water service. Screenings and environmental impact assessments are carried out within the timeframe required by regulations, both for water treatment plants and water withdrawals. The Genoese plants of the Brugneto 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 wastewater 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 Local Sector Authorities 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 their potential interferences 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. In 2021, the protected areas located in the operating territories of the newly acquired companies were also taken into consideration: the Gran Sasso e Monti della Laga National Park, the Maremma Regional Park and the Vauda Nature Reserve. There are approximately 351 protected species present in the Group's protected areas of operation and listed on the IUCN Red Lists. Approximately 32% of these are among the following categories: regional extinction (RE), vulnerable (VU), endangered (EN), critical risk (CR) and nearly threatened (NT).

### Bees in our plants for the ecosystem

In 2021, two beehives were placed in the area outside the Torino Nord cogeneration plant with the aim of monitoring, on an experimental basis, the quality of the area and of various environmental matrices and to facilitate pollination activity.

More than 120,000 bees have been placed in the hives, which are able to pollinate about 60 million flowers every day in the area surrounding the plant and to have a production of about 20 kg of honey per year. The project also provides, through constant observation of the behaviour of bees, their health and their honey production capacity, the verification of the behaviour of the community and the recording of any behavioural changes in the ecosystem created.

The increasingly massive use of insecticides, herbicides and pesticides and the erosion of biological diversity caused by industrial agriculture in recent years, are putting a strain on the survival of bees and all pollinators that are the basis of the delicate balance of the Earth's ecosystem, which is reflected in biodiversity.



- |   |  |   |
|---|--|---|
| 1 Val Clarea  | 11 Vauda Oriented Natural Reserve<br>Po River Park                       | 19 Portovenere Regional Natural Park and Regional Marine Protection Area<br>"Isole di Portovenere"<br>Montemarcello-Magra-Vara<br>Regional Natural Park<br>5 Terre National Park and Marine<br>Protected Area |
| 2 Gran Paradiso National Park<br>Mont Avic Natural Park                                       | 12 Conoide del Nure  | 20 Le Balze Natural Area  |
| 3 Stupinigi Natural Park<br>Meisino Park<br>Collina di Superga<br>Avignana Lakes Natural Park | 13 Tuscan-Emilian Apennines<br>National Park                             | 21 Maremma Regional Park  |
| 4 Xerothermal Oasis of Oulx - Auberge   | 14 Taro River Park   | 22 Gran Sasso and Monti della Laga<br>National Park   |
| 5 Rocche del Roero<br>Stura and Maira Upper Valleys   | 15 Mincio Park Oglio Sud Park<br>Parma Morta Oriented Natural<br>Reserve | 23 Monti Picentini Regional Park  |
| 6 Lanca Santa Marta<br>Special Reserve  | 16 Capanne di Marcarolo Regional Park<br>Regional Natural Park of Beigua | 24 Cilento and Vallo Di Diano National<br>Park  |
| 7 Valle Orco  | 17 Aveto Val Noci Regional Park<br>Antola Regional Park                  | 25 Monte La Noce Natural Park   |
| 8 Ticino Valley Natural Park<br>Lama del Badiotto and Garzaia della<br>Brarola                | 18 Portofino Natural Marine<br>Protected Area                            | 26 Monte Linas, Marganai-Orida,<br>Montimannu Natural Park  |
| 9 Garzaia di Carisio Natural Park   |  | 27 Gutturu Mannu Regional Natural Park  |
| 10 Palude di San Genuario Regional<br>Reserve   |  |   |

# Other initiatives to mitigate environmental impacts

[GRI 301-1, 307-1]

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

## Waste management services

All of the **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 Authorisations with control of the substances indicated. In order to optimise mercury abatement, a flue gas filtration system was installed at the Turin waste-to-energy plant in 2021.

For 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 2021, 11 new equipment were purchased, which make it possible to reduce emissions into the atmosphere and, at the same time, noise 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 water mains leaks;
- 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 network of water houses for the free supply to citizens of water resources (chilled and sparkling), coming from the managed aqueducts, allows to strongly reduce the use of plastic bottles (about 19 million 1.5 litre bottles in 2021) and, consequently, the production of waste (674 tons of PET avoided), with an estimated saving of 1,754 tons of CO<sub>2eq</sub> thanks to the avoided consumption of 1,280 tons of oil equivalent for the production of bottles.



The water houses have avoided the production of 674 tons of plastic waste and 1,754 tons of CO<sub>2eq</sub>

## 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 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 of the contaminated devices. In 2021, 15 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) <sup>1</sup>	2021	2020	2019
with PCB content of over 0.05%	0	0	0
with PCB content between 0.005% and 0.05%	4,223	3,560	3,043
<b>Total</b>	<b>4,223</b>	<b>3,560</b>	<b>3,043</b>

<sup>1</sup> The total amount of oil containing PCB in transformers and other equipment as at 31/12/2021 is approximately 50,874 kg.

## Materials used

The production and service activities involve the use of process 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 2021, the Group used 162,910 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, 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.

## Environmental compliance and reporting mechanisms

The Environmental Management System (ISO 14001) adopted by the Group involves all employees who are required, as part of their duties, to participate in the process of risk prevention, environmental protection and protection of their own health and safety, of colleagues and third parties. All of the 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. 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 263).

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 the appropriate checks, and, lastly, each stakeholder receives a response in relations to their reports.

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. In addition, for electricity and heat production plants covered by the ETS, the annual communication and verification, by accredited third parties, of the CO<sub>2</sub> emitted by the plants is required.

With regard to the **waste management services**, residents and Public Administrations 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 hazardous to the environment. Once a report is received, the Environmental Inspectors organise the verification and treatment activities necessary 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 sorting 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. The integrated water service is also subject to controls pursuant to the law by Local Sector 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 2021, the Group paid 66 fines and penalties (of which 43 related to the years 2008-2010) for a total value of approximately 369,828 Euro (of which 282,444 Euro related to the period 2008-2010), for non-compliance with environmental laws and regulations (Italian Legislative Decree 152/2006). Breaches are mainly related to the absence of discharge permits at certain wastewater treatment plants and the exceeding of limits set out in the tables for wastewater discharge.

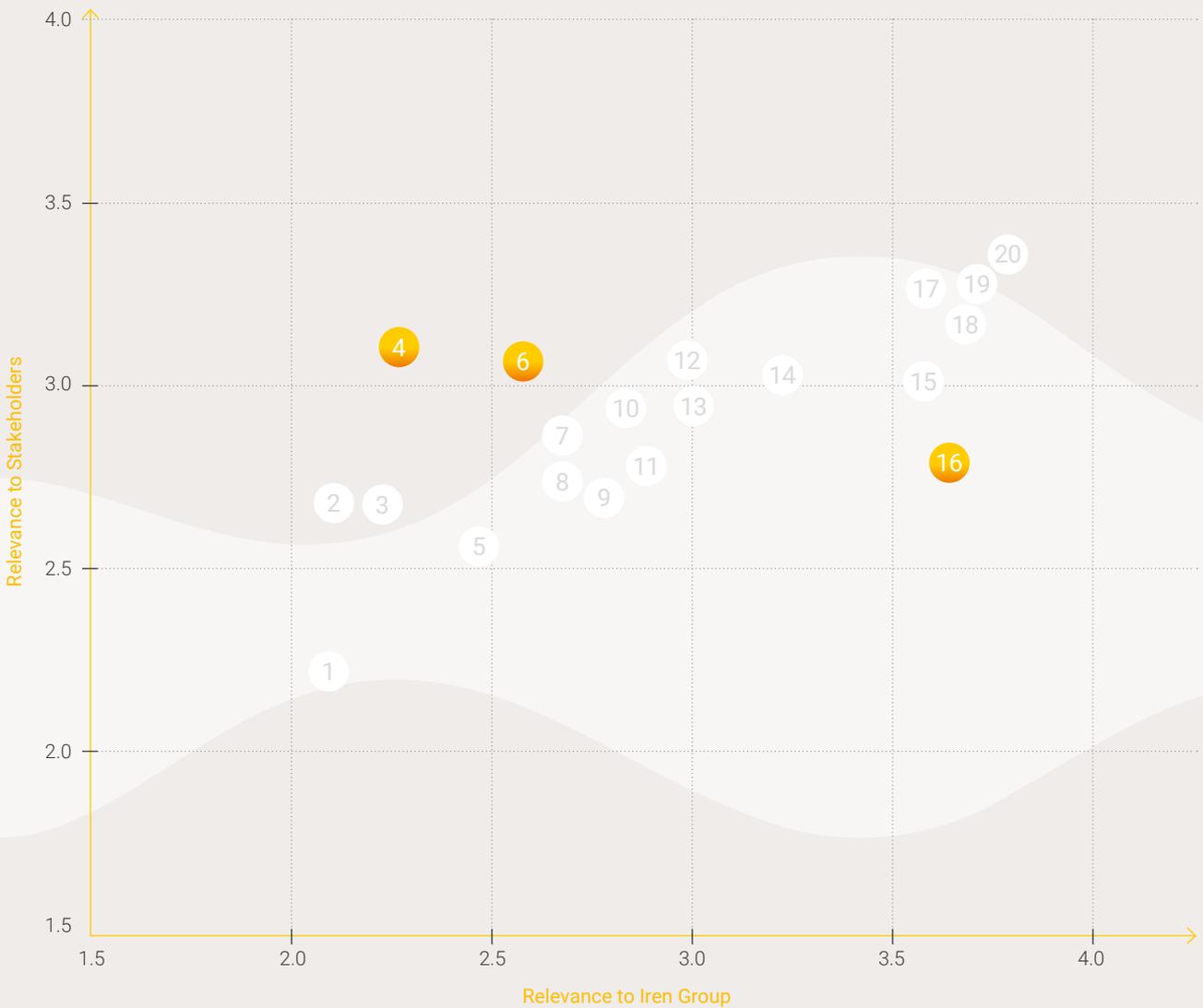




# Local presence



# Priority topics



**16** Economic development and value for local areas



**4** Sustainability education



**6** Development of local communities



# Local areas and community development

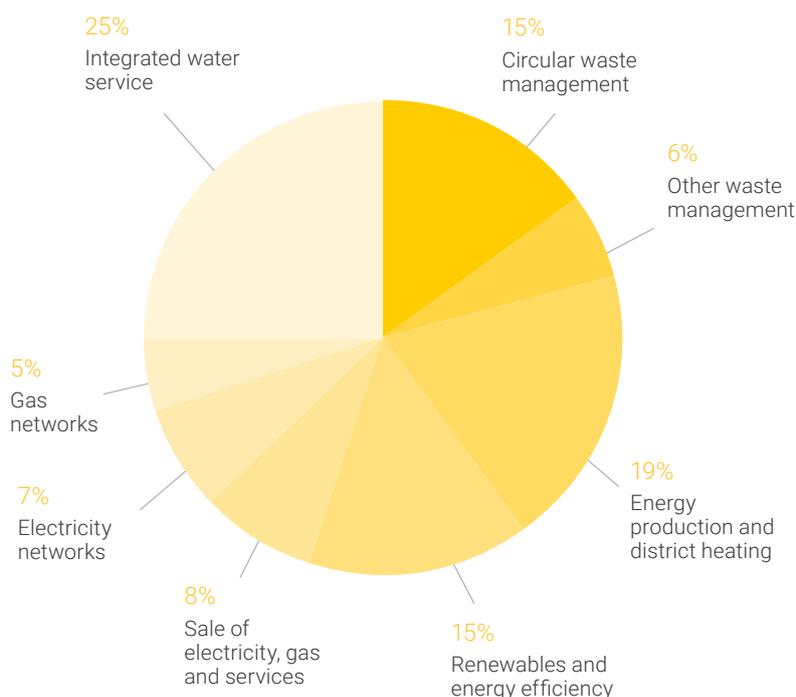
[GRI 102-13, 203-1, 413-1, 413-2, 416-1, 419-1, G4-EU22, EU25]

## Investments for local areas

Since its origins, Iren Group has been characterised by strong territorial roots: the link with the territories is continuously affirmed by the value generated in the areas of operation, in terms of economic, occupational, social and cultural impacts. In particular, local presence represents one of the three pillars on which the Group's growth strategy is based, understood as the growth of penetration in legacy regions and the ambition to become a reference partner for communities, thanks to the expansion of the portfolio of services offered.

The Business Plan to 2030 foresees, in fact, that about 10 billion Euro, equal to 85% of the total investments, will be destined to the local areas to design a sustainable future to the benefit of the communities, increasing the base of customers and citizens served in the different businesses and more than doubling, compared to 2020, the number of provinces in which Iren is present with at least four services. The ambition of the Group to become the reference partner in the territories is pursued by expanding the range of services offered to municipalities, through the proposal of new services in the field of smart cities, e-mobility, public transport, urban and infrastructural redevelopment.

In 2021, the strategic guidelines of the Business Plan, oriented towards the local presence, found concrete expression in the amount of investments made to increase the efficiency of infrastructures and services and to maximise the opportunities for business development at the service of the reference territories. This is more than **905 million Euro** (including works for customers in the area carried out by Iren Smart Solutions and approximately 85 million of financial investments aimed at development through merger and acquisition transactions), representing 95% of the total gross investment, as broken down below:



The sector analysis shows:

- in **circular waste management**, the largest share of investments refers to the construction of plants for the recovery of materials from waste in Piedmont (wood recovery and plastic recovery), Emilia (paper and plastic recovery and organic waste recovery with production of biomethane), Tuscany and Liguria (organic waste recovery with production of biomethane). In addition, there are initiatives for the implementation and digitalisation of waste collection systems with “pay-as-you-throw” tariff in all the local areas served;
- within the **integrated water service**, the most significant investments regard the maintenance and division into districts to maximize the efficiency of the water networks, the upgrading, construction and renovation of wastewater treatment plants, as well as the installation of smart meters to improve the monitoring of water supplies and consumption;
- in the **electricity distribution networks**, the most significant investment initiatives in all the areas managed (Piedmont and Emilia) are related to the resilience of the network, the application of smart grid logics, the renewal and adaptation of electrical substations, the replacement of meters with new generation smart meters (2G) and remote control systems of networks and plants;
- in the **gas distribution**, the most significant investments regard, in the Ligurian and Emilian areas, ordinary and extraordinary maintenance for the efficiency and safety of the network and plants, the digitalization of processes, the installation of smart meters, remote control systems and the extension of the network to serve new areas;
- in the **sale of energy and innovative services**, the commitment is focused on the ever-increasing quality of service to customers in all the territories of reference, also thanks to investments in the digitalization of operations and the gradual expansion of the service portfolio for home automation, energy efficiency and e-mobility;
- in the production from **renewable sources**, investments are aimed not only at maintaining the efficiency of the Group’s plants, mainly in the Piedmont and Liguria regions, but also at expanding the plant portfolio in order to increase installed capacity and production;
- in the area of **energy efficiency**, the largest share of resources is allocated, in particular, to energy requalification initiatives in the buildings of public and private customers in the Group’s reference territories, which, in 2021, also included a financial investment for the acquisition of Bosch Energy;
- in **energy production and district heating**, most of the investments are related to the creation of heat storage systems (Parma and Turin), to the initiatives for the saturation of the networks (Parma, Piacenza, Reggio Emilia and Turin), also through the connection to the distribution systems of the waste-to-energy plants of Piacenza and Turin, and the extension of the Turin network.

## 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 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, associations and entities via the platform Irencollabora.it.

In 2021, 24 projects were incubated by the Committees of Genoa, Parma, Piacenza, Reggio Emilia and Turin, 9 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 2021 the Local Committees have completed a total of 62 projects available at [Irencollabora.it](http://Irencollabora.it). Below is a breakdown of projects completed in 2021 and those in the pipeline.

### Projects completed in 2021

Project (implementer)	Local Committee	Description
<b>Parma City Camp 2021 (CSV Emilia)</b>	Parma	The project, which is an evolution of the experimentation launched in 2020, has provided important support to families in the management of their children in the summer, creating a program of aggregation and sociality aimed at bringing environmental awareness and solidarity among young people, following the themes of the 2030 Agenda. The Camps were aimed primarily at young people from 6 to 18 years old and there were also camps for the age range 19-23 with a more pronounced focus on volunteering and active citizenship. 17 camps were held with 250 enrolled, 21% of which received free or subsidised registration. 21 Third Sector organisations were involved, 14 cultural organisations and 65 volunteers were involved.
<b><i>Estate popolare sostenibile – Sustainable popular summer (ACER Reggio Emilia)</i></b>	Reggio Emilia	A path dedicated to the inhabitants of the popular neighbourhoods of the city through events and workshops aimed at promoting intercultural and intergenerational dialogue. The projects developed themes such as circular economy, reuse, energy conservation and recycling. 154 activities were carried out, with the participation of 32 associations in the Reggio Emilia area. There were 3,176 registered attendees, about 80% represented by children and young people.
<b>Lead Nature (AIESEC Turin)</b>	Turin	The project supported organisations and associations committed to environmental sustainability and climate change issues, consistent with Goal 13 of the 2030 Agenda. There have been seminars, activities to raise awareness of citizenship, cleaning of forests, parks, riversides, urban areas and educational workshops, a set of initiatives aimed at generating awareness on these issues and aimed at a target belonging to various age groups. 20 international volunteers took part in the project, together with 7 organisations and municipalities in the area.
<b><i>Consolidamento e sviluppo del trasporto sociosanitario e sociale - Social and health transport (GAU Association)</i></b>	Genoa	The assistance and transport service for non-self-sufficient or partially self-sufficient older people living in Genoa was strengthened, with particular attention to the area of the Municipality IV Media Valbisagno, in order to improve their quality of life and increase moments of integration and socialisation. The project has seen the purchase of a zero-emission electric car to consolidate and develop these services with a view to environmental sustainability and has ensured the continuation of the "Spesa Sospesa" (shopping) in support of individuals and families in economic difficulty, managed in collaboration with the various stores in the area.
<b><i>L'orto collettivo - The collective vegetable garden (Orti Generali APS)</i></b>	Turin	A management model of a garden of 250 square meters was built and implemented in the Mirafiori district of Turin with a view to social inclusion, contrasting poverty, environmental education, focusing on the relationship between disadvantaged and disabled people, volunteers, students and families. The activities involved food support, through the supply of garden products, to citizens of the neighbourhood in economic difficulty, environmental education and the acquisition of skills in nursery gardening by the participants and the training of 1,200 students from primary and secondary schools in the area. Volunteers and people recommended by the Local Health Authority took care of the cultivation of the garden, allowing the delivery of about 300 kg of vegetables to the Neighbourhood House of Mirafiori Sud.

Project (implementer)	Local Committee	Description
<i>Il Servizio 118 nel Nord del Madagascar - 118 Emergency Service in Northern Madagascar (NGO NEXT onlus)</i>	Genoa	Creation of a rescue and medical service network in Diego Suarez, Madagascar, thanks to the experience of the doctors and nurses of the Regional Department of 118 Emergency Service. A training plan dedicated to local doctors was set up, which can also be used remotely in collaboration with the e-learning service of the University of Genoa, Liguria Digitale and the Gaslini pediatric Institute. An emergency service has also been set up with an ambulance equipped with the necessary equipment to be a real mobile hospital, capable of bringing care to remote villages in Madagascar.
<i>Luce su Ponte Carrega- Light on the Carrega bridge (Amici di Ponte Carrega Association)</i>	Genoa	In order to enhance the value of a historical artefact of Val Bisagno, located in front of the historical Officine del Gas Iren in Gavette (Genoa), the lighting poles of the bridge have been replaced with new poles, replica of the historical ones of the '20s, equipped with LED lighting of the latest generation, with the aim of creating beauty and environmental sustainability through the use of new green technologies. The volunteers of the association and the Municipality IV Media Val Bisagno have contributed concretely to the preparation and enhancement of the project.
<i>Genova Cultura restaura - Genoa Cultura restores (Genova Cultura Association)</i>	Genoa	Restoration of the Boccadasse marble basin, the ancient basin with Carrara marble rings of the late 18 <sup>th</sup> /early 19 <sup>th</sup> century. The common thread of the project is Water and Art, and their relationship understood as a source of inspiration and an essential good for life. The restoration has returned to the seaside village its symbolic fountain, combining opportunities to raise awareness of the sustainable use of water resources.
<i>Ecosegmento Acquedotto Storico - Historical Aqueduct Ecosegment (Sertoli Club)</i>	Genoa	The historical aqueduct is an ancient structure located in Val Bisagno, which has guaranteed for centuries the water supply of the city of Genoa and its port. The project has seen the creation, following a method of participatory planning that has seen the children as protagonists, of a child-friendly itinerary with a signage designed and dedicated to children, consisting of explanatory panels and game panels relating to the history of the aqueduct and the sustainable use of water resources. Several players are involved in the project: the Laboratorio Didattico Luzzati (educational workshop), the University of Genoa, the Municipality IV, the Sertoli Club, the classes of the Staglieno and Molassana scholastic Institutes who participated in participatory and creative design workshops to devise signage and panel content.



## Projects in development in 2021

Project (implementer)	Local Committee	Description
<b>Green in Parma</b> (CEA and University of Parma)	Parma	The project, which also involves the Cooperative Il Cigno Verde, Federconsumatori Parma and the Forestry Consortium KilometroVerdeParma, promotes the awareness of citizens, businesses and institutions on the effects of climate change and its impact, involving them in participatory paths and educational activities that result in experimental designs and interventions for the conversion of small urban areas to green areas. The activities include: the creation of a peri-urban forest on land belonging to Iren Group aimed at recovering the naturalistic values of the area and the recapture of CO2 emissions, experimentation, carried out by the University of Parma, on the use of a mixture of compost and biochar (charcoal), information and documentation activities aimed at citizens, carried out in collaboration with local stakeholders, and support actions for the implementation of greening interventions, through participatory paths.
<b>Lead Nature - Green Leaders</b> (AIESEC Turin)	Turin	The project aims to create environmental awareness of local communities in the various age groups through workshops, recreational activities and events. The goal is to change the habits of the communities and their relationship with the environment, stimulating the attendance of green areas of the city and raising awareness of respect for the environment in daily habits. 12 international volunteers and 7 volunteers of Legambiente will involve local students in this path of education to sustainability, collecting direct testimonies and documenting the concrete effects of the program with respect to the stakeholders involved.
<b>Suoni d'acqua, di storie e di passi - Sounds of water, stories and footsteps</b> (Social Cooperative Risonanze)	Reggio Emilia	At the centre of the project is the rediscovery and preservation of a part of the heritage of environments, stories and traditions of the territories of Villa Canali and Fogliano, in the municipality of Reggio Emilia. Leveraging the common thread represented by the sounds and music, develops a series of artistic initiatives to animate the area, involving the many new residents of the two fractions. Music to rediscover the actions of protection of the Lodola stream, the parks of Canali and Fogliano, the ancient Via Francesca (crossed over the centuries by many pilgrims), the knowledge and memories of the elderly are the leitmotif of the activities aimed primarily at autistic and fragile children.
<b>C'ero due volte... - There is twice...</b> (Social Cooperative Des Tacum)	Piacenza	The project, which has been awarded the 2021 "Ambientazioni" ideas contest in Piacenza, aims to recover objects in good condition that, thanks to repair and creative reinterpretation, are sold at bargain prices continuing to perform their task and avoiding becoming waste. The recovery activity is carried out by disadvantaged people (e.g., unemployed immigrants and ex-offenders) that, once trained, will put old and new skills to use. The project also involves the participation of 3 city schools in the creation of instant spot for the reuse and dissemination of best practices, to be promoted to the families of students, social channels and websites of those involved.
<b>Rete del riuso Grugliasco - Grugliasco Reuse Network</b> (Le Serre Association)	Turin	The project aims to identify, in the municipality of Grugliasco, a place for the exchange and donation of used objects among citizens. Through aggregation, awareness and sharing, citizens become protagonists of initiatives for the safeguard of the territory. The use of a dedicated platform allows citizens to schedule the exchange of goods and manage the "time bank" by providing their skills to repair small items (small appliances and clothing). The project is completed by the dissemination of existing initiatives in the area for waste reduction and environmental protection (apps against food waste, collection centres for used clothing, etc.).
<b>Sentieri Solidali - Solidarity Paths</b> (CAI Section of Parma)	Parma	The aim of the project is to promote new synergies between the mountains and the realities of social cooperation type B of Parma, with the inclusion of disadvantaged people in the workforce, through a structured collaboration aimed at the maintenance of local trail networks. It is therefore intended to enhance, on the one hand, the distinctive skills of the CAI in the field of hiking, on the other hand, the skills that the social cooperation type B has developed in the management of green, offering job opportunities that facilitate and speed up the periodic maintenance of the trails, with positive effects for the community and the territory.

Project (implementer)	Local Committee	Description
<b>BenEssere in Natura - Well-Being in nature (Parma Sostenibile Association)</b>	Parma	The project includes the development of extensive environmental sustainability and wellness education pathways, with resident workshops, guided tours of urban parks, nature areas, farmers markets, organic farms, and the Picasso Food Forest public green space. The recipients are young people aged 3 to 18 years who will be involved both in school (20 classes for about 500 students) and extracurricular (200 participants). The topics covered by the workshops concern the importance of biodiversity, conscious consumption, self-production, environmentally and socially sustainable agricultural practices, local economy and solidarity.
<b>Lostello Porta a Porta (Emc2 Onlus)</b>	Parma	The project is aimed at activating a new home delivery service, addressed to families and merchants of the Cittadella and Centro Storico districts, carried out by users of socio-educational paths and internships activated by Emc2 Onlus, with the help of electric vehicles. In a first phase, the home collection of used clothes is started, which, after recovery and sanitisation operations, are made available to citizens. It is also planned to develop an online platform dedicated to the management of requests for pick-up/delivery and to engage, as part of the school-work alternation, some students to assist in the conduct of the entire cycle of activities.
<b>Furgone frigo contro lo spreco alimentare - Refrigerated van to fight food waste (CSV Emilia)</b>	Reggio Emilia	The Emporio Solidale Dora of Reggio Emilia, with the aim of offering a wide range of food products to families in economic difficulty, intends to expand its offerings to the fresh produce chain. In addition to the refrigerated counter, which already provides seasonal fruits and vegetables, intercepting surpluses from fruit and vegetable markets and food companies, a van with a mobile refrigerator will be activated for the recovery, transport and storage of fresh food.
<b>Lo spaccio di cultura-portineria di comunità - Community concierge (Rete Italiana di Cultura Popolare)</b>	Turin	The project provides for the strengthening of some activities promoted by "Lo spaccio di cultura-portineria di comunità": the travelling School of the Concierge, which offers art workshops with recycling of materials, sewing courses, digital literacy courses, ABC technology for the elderly, support in the use of Apps and institutional websites and Italian courses for foreigners; the Solidarity Purchasing Group of the Inhabitants of the Concierge, created by traders, artisans, associations and active citizens, which delivers free groceries to those who request it.
<b>Anche noi reporter! - We are reporters too! (Bet She Can)</b>	Genoa	The project involves about two hundred children of elementary school with the aim of creating a community around issues such as personal development and potential, the environment, inclusive language, resilience and sustainability, and give a role as protagonists to children, so that they can make their voices heard, directly question the key witnesses of the proposed issues, dialogue with them and open to different points of view and experiences. Children's interviews with key witnesses are shared with the entire school to develop moments of classroom processing with teachers and consolidate learning.
<b>Emporio Solidale 2021 - Solidarity Emporium 2021 (Il Ce.Sto Coop)</b>	Genoa	The project was born from the experience of distributing food to families in the historic centre who are in a situation of economic distress, putting them in contact with a network of "donors", including Banco Alimentare, Ricibo, merchants and supermarkets, voluntary associations and other entities active in the historic centre of Genoa. The network, in addition to providing material help, will produce moments of exchange and sharing of knowledge aimed at improving and developing the social context. The project acts mainly in the Sestiere del Molo, a historic district of the medieval city, composed of an elderly population of ancient settlement, a new population of foreign residents and young people with not always stable professional situations.

Project (implementer)	Local Committee	Description
<i>Lo sport sostenibile. Chi fa questo vince</i> - Sustainable sport. Whoever does it win (CSV Emilia)	Reggio Emilia	The project aims to implement practices of sustainable sport by facilitating the inclusion of young people with disabilities within the sports clubs active in the province of Reggio Emilia and spreading within the sports community good environmental practices. It is expected to distribute a brochure to all young members and their families to promote responsible and sustainable sport and the creation of graphic panels to be posted at the sports facilities to encourage good behaviour to be held at the facilities themselves: water saving, energy saving, waste reduction, recycling.
<i>Ciassa Verde – Piazza Verde – Green Square</i> (Association BtoBE)	Genoa	The project aims to promote environmental sustainability in the suburbs of Genoa, particularly in Valpolcevera, enhancing the neighbourhood through the creation of aggregation points. The objective is to carry out a series of actions capable of producing a positive environmental impact and able to create awareness on issues such as the impact of CO <sub>2</sub> in the ecosystem, the advantages of using renewable energy, waste sorted and sustainable mobility. Murals will be created with paints capable of capturing CO <sub>2</sub> on the spans of the railway bridge in front of Piazza Pallavicini, an e-bike/kick scooter battery recharging station will be set up, as well as bicycle parking areas equipped to guarantee the safe custody of the means of transport, a small photovoltaic system, which will share messages to stimulate awareness and use of renewable energies, and an eco-collector where citizens will be able to hand in plastic bottles and containers with a reward system (discounts in stores, incentives for sustainable mobility, entrance to museums, etc.).
<i>Oratorio dell'Assunta di Genova – Genoa oratory of the Assumption</i> (S.M. Assunta arconfraternity)	Genoa	The project, in addition to the recovery of an asset of artistic and cultural importance, allows to continue the work of social activity to which the Oratory has always been dedicated. The intervention concerns the realisation of some restoration works as well as the organisation of a plan of events for the population on environmental issues, in the social and cultural context of the west of Genoa in which the Oratory is the only one left active in the territory.

### Other initiatives of Local Committees

In 2021 the fifth edition of the Piacenza **"Ambientazioni"** ideas contest was launched, aimed at adult citizens, organisations and associations of people or companies, having as its object the design of tools, actions and initiatives to save energy and water resources, reduce waste production, reduction of CO<sub>2</sub> production and mitigation and adaptation 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 effects of the Covid-19 health emergency, with a particular appreciation for initiatives and actions that can be carried out online.

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 2020 Sustainability Report, the updating of the Business Plan, the management of the Tari service and complaints, the activities of Iren Smart Solutions and I.Blu.

The year 2021 saw the renewal of the three-year mandate of the Local Committees of Parma, Reggio Emilia and Turin and the start of the renewal procedure for the Local Committee of Genoa.

## Initiatives for communities and local areas

The projects and communication activities in the local areas have as their objective the improvement of local communities, through direct and indirect investments on sustainability issues: in this way Iren is committed to making the society in which we live grow in a sustainable way.

In 2021, Iren realised and contributed to the realisation of important social, cultural and environmental projects to raise awareness in the communities on the correct way to manage waste or on the sustainable use of natural resources, and on the importance of these practices for the well-being of citizens and for the territory. Some of these projects had a significant impact on the local areas in which they were carried out.

Cultural projects	
<b>Iren mecenate (Iren for culture)</b>	Iren shares the deep values of culture and their importance in the development of local areas. For this reason, for many years, it has been founder 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.
<b>Permanent didactic and cultural routes in the Parma area</b>	At the end of the recovery works of the underground spaces of the Ancient Farnese Aqueduct in Parma, the "Galleria delle Fontane" route was inaugurated in October. The restoration and redevelopment of the underground areas of Piazza Garibaldi are part of the project "Parma Territorio d'Acque, Percorsi permanenti didattico culturali sul territorio parmense" (Parma Territory of Water, Permanent didactic and cultural routes in the Parma area), which involves Iren Group, under the coordination of the City of Parma, and is part of the projects of Parma Italian Capital of Culture 2020 + 2021.
<b>Ocean Race</b>	During the Ocean Race Europe event, held in June 2021 in Genoa, awareness activities were carried out for children on the protection of the sea and oceans, with particular reference to plastic pollution, through the creation of the musical "Un mare senza plastica" (A sea without plastic), performed under the big top of Porto Antico, and the distribution of the brochure "Le fabbriche dell'acqua pulita" (The factories of clean water).
<b>Science Festival</b>	During the 2021 Science Festival in Genoa, Iren created an installation aimed at school students regarding the problem of plastic in the oceans.
<b>National Innovation Award</b>	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 2021, 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.
<b>Food Journalism Festival</b>	As part of the Food Journalism Festival, held in Turin in February 2021, Amiat participated in one of the sessions, illustrating the company's initiatives in favour of sorted waste collection and the good practice of the RePoPP Project for the recovery of unsold organic waste.
<b>Iren History at "Archivissima"</b>	"Iren History: know your origins to design tomorrow" is the title of the event promoted by Iren as part of Archivissima 2021, held in Turin, which recounts the Group's cultural and historical heritage, thanks to the testimony of numerous archival documents, graphic, photographic and video sources, and was created as an open participatory tool, a living container, progressively implementable with new elements.
<b>90 years of the Ceresole Reale dam</b>	The event organised to celebrate the 90th anniversary of the Ceresole Reale dam, in the Orco Valley, located at an altitude of 1,570 meters, featured acrobatic performances organised by the Cirko Vertigo Foundation. For the occasion, the photographic exhibition "History of a dam (and of a valley)" was inaugurated. It presents historical images related to the realisation of the reservoir and of the other dams of Orco Valley. The exhibition, open for the entire month of August with a significant participation of the public, was set up inside one of the buildings built during the construction of the dam and now totally renovated and converted into a site for events, exhibitions, classroom.
<b>Green Week in Parma</b>	On the occasion of Green Week, an initiative within the Festival of the Green Economy held in Parma, Iren opened its doors to the visitors of the PAI of Parma and of the Pad of Mancasale (creating new ad hoc informative brochures) and brought its own experience on the integration of sustainability in business and on circular economy within the conferences in program.

## Social projects

"RePoPP" Project	A project against food waste, it concerns the recovery of unsold organic waste at five markets in Turin, with the aim of collecting and redistributing fruit and vegetable products that can still be used through awareness-raising and education activities on the sorted collection of organic waste. The project has been extended to two other markets in the Mirafiori area. The activities focused mainly on the aspects of food recovery and redistribution due to an acclaimed food emergency, a consequence of the Covid-19 emergency, which affected the weakest strata of the urban social fabric.
Helicopter rescue	With a first experimental flight, the helipad for night helicopter rescue landing was inaugurated in the Municipality of Ceresole Reale, near the Serrù dam of Iren Group. The area has been equipped with ground signs and a lighting system to allow helicopter rescue workers to have an additional base high up in the mountains, in case of emergencies in the area, both for the Iren personnel working on the plants and for the institutional purposes of the health rescue organisations.
SPoTT at Ecomondo	On 10 June 2021, in the framework of the Digital Green Weeks organised by Ecomondo, a webinar was held dedicated to TRM and, in particular, to the monitoring system SPoTT (Surveillance on the health of the population near the Turin waste-to-energy plant), organised in agreement with the Metropolitan City of Turin, the Local Health Authority and Arpa, titled "The relationship between a waste-to-energy plant and the territory. The Turin experience: between dialogue and environmental monitoring".
Iren for sports	Believing strongly in the values of fair play and the importance of teamwork, in 2021 Iren supported many sports projects in the territories of reference. Despite the health emergency, championships in water polo, basketball, American football, field hockey and rhythmic gymnastics were still held. In 2021, we point out the European Baseball Championships, held in September in the metropolitan city of Turin, in which Iren was Golden Sponsor.

## Environmental projects

Energy efficiency, artistic and public street lighting	In 2021, Iren Group realised and supported the initiatives of <b>artistic lighting</b> and territorial animation related to the end-of-year festivities, guaranteeing its know-how and its services in favour of the Public Administrations of the territories in which it operates. At the end of the year, the multi-year plan to commission over 700,000 new <b>2G smart meters</b> in the cities of Turin and Parma that facilitate the management of electricity consumption got underway. The start of the replacement activity was preceded by a specific communication campaign to inform households and businesses about the reasons and benefits of the replacement, the new meter functions and the methods of the intervention. In November, the <b>Chiomonte and Susa power plants</b> were inaugurated. They underwent technical and functional upgrading that effectively combined industrial redevelopment, sustainable use of water, a primary renewable source, and territorial development.
Water	2 new <b>Acquapubblica distributors</b> have been inaugurated in the province of Piacenza and Reggio Emilia with an awareness activity on the environmental benefits of using tap water, on the quality and on the controls of the water from the aqueducts managed by Iren Group. At the end of 2021, in the Emilia-Romagna territory 79 Acquapubblica distributors are active. <b>Inauguration of the Gazzano wastewater treatment plant</b> (Villa Minozzo, Reggio Emilia): the area was equipped with this important infrastructure that allows the water, collected through a system of sewers networks, to be purified and returned intact to the natural environment. In the municipality of La Spezia, an ongoing communication campaign has been carried out to promote connection to the <b>public sewerage system</b> for users who have not yet been connected.
Air quality	The TRM website has been enriched to increase the usability in the visualisation of daily emission data with the addition of a guide to the reading of the more technical aspects: type of parameters analysed, emission limits and regulatory references. In addition, in order to facilitate the search for information on <b>emission data</b> and integrate the current publication system, in agreement and coordination with the Local Control Committee, banners have been created that each municipality adjacent to the plant has published on its website, thus multiplying the channels available to stakeholders. On the occasion of World Bee Day 2021, Iren has positioned 2 hives of <b>environmental sentinel bees</b> in the Torino Nord cogeneration plant in order to carry out, through the presence of these insects, the bio-monitoring of the environmental matrices of the area. Approximately 120,000 bees have been placed in the hives and are able to pollinate about 60 million flowers in the surrounding area every day. The project involved monitoring air quality and various environmental matrices through constant observation of bee behaviour, health, and honey production capacity.

## Environmental projects

Virtual tour of TRM	<p>Since July 2021, on the TRM website it is possible to have a real video experience of the Turin waste-to-energy plant: an immersive virtual visit, during which the viewer can see the surrounding environment at 360° with a guide voice that describes the waste-to-energy process and thus promotes the understanding of what is displayed with a high degree of involvement, absolutely comparable to a visit in presence.</p>
Sustainable use of resources	<p>From the collaboration with the Municipality of La Spezia was the creation of the days “La Spezia Green”, aimed at citizens and schools, dedicated to the issues of waste and those of the integrated water cycle, with the presentation of reports and projects to raise awareness of the population on the proper use of resources.</p> <p>In September 2021, the site was started for the realisation of a <b>plant for the transformation of wood</b> that was recovered into new products such as pallets and blocks. The plant, equipped with latest generation technologies that will ensure product quality, safety and environmental protection, will recover wood materials that will find new life in finished and semi-finished products normally made with virgin wood, avoiding the felling of about 115,000 trees per year.</p>
Sorted waste collection	<p>Using various communication tools, the Group has devised and publicised campaigns to raise public awareness of the proper sorted waste collection and the fight against waste dumping.</p> <p>The campaign “<b>Sarebbe un mondo da favola se...</b>” (It would be a fairy-tale world if...) was carried out in all local areas with the aim of fighting the phenomenon of waste abandonment and raising awareness of the population to the correct sorted waste collection. On the occasion of the European Week for Waste Reduction, 3 videos inspired by the traditional fairy tales of Rapunzel, Sleeping Beauty and Aladdin (which can be viewed online on Iren's YouTube channel) were released through various channels. Each scene has a different epilogue than expected, precisely because of the abandoned waste, to emphasise the message: if everyone behaved responsibly, we could live in a fairytale world. The campaign was presented in the territories, in collaboration with Public Administrations including through a series of theatrical performances in the squares and streets of the city that involved citizens and students.</p> <p>In the <b>Emilia area</b>, the main initiatives concerned:</p> <ul style="list-style-type: none"><li>• production of a <b>vademecum</b> with useful indications to operate safely in the recovery of abandoned waste during voluntary initiatives promoted by citizens or associations (e.g., Plastic Free, Legambiente);</li><li>• implementation of the <b>door-to-door waste collection</b> system in the municipalities of Fornovo, Medesano, Fontanellato and Noceto (PR), Campagnola Emilia and San Polo d'Enza (RE), supported by citizen information activities;</li><li>• activation of the <b>reward system in the Collection Centre</b> in Rolo (RE) with the use of the health card to confer certain types of waste and obtain points that generate discounts on the waste tariff;</li><li>• communication campaign to support the introduction of the “<b>pay-as-you-throw</b>” tariff (TARI) in the municipalities of Collecchio and Traversetolo (PR) and Albinea, Rolo and Quattro Castella (RE);</li><li>• communication campaign to support the start of <b>joint collection of plastic and cans</b> in the municipalities of Rivergaro, Rottofreno and Alta Vaidone (PC);</li><li>• communication in support of the launch of <b>new collection methods</b> in the municipalities of Rivergaro and Castelvetro Piacentino;</li><li>• activation of the <b>collection of used cooking oil</b> in the municipalities of Collecchio, Colorno, Sorbolo Mezzani, Traversetolo (PR), Scandiano, Castellarano, Casalgrande, Viano, San Polo d'Enza, Campagnola Emilia, Rio Saliceto, Vezzano Sul Crostolo, Albinea and Reggio Emilia (RE) with a specific communication campaign;</li><li>• launch of the special project for the <b>collection of asbestos</b> in Soragna, with the creation of dedicated leaflets;</li><li>• <b>practical guide to services</b> for the installation of two new <b>mini stations</b> in the municipality of Scandiano (RE) for the delivery of residual and organic waste;</li><li>• graphics for the waste management service vehicles operating in the historical centre of Piacenza, recalling Iren's commitment to the <b>city's decorum</b>;</li><li>• “<b>banco a banco</b>” (stall to stall) campaign in the markets of Reggio Emilia to raise awareness among street vendors of the proper collection of waste produced;</li><li>• campaign “<b>di quello che getti non buttiamo via niente</b>” (of what you throw away we throw away nothing) in Reggio Emilia to emphasise the importance of sorted collection of organic waste that can be transformed into compost and biomethane, in support of the construction of the new FORSU plant;</li><li>• “<b>capitan Acciaio</b>” (captain Steel) in Reggio Emilia, an initiative promoted by Ricrea in collaboration with Iren and the Municipal Administration to inform citizens about the value and sustainability of steel packaging, which involved adults and children with activities and workshops. For its commitment to the sorted collection of steel packaging and for the excellent results achieved, the RICREA Consortium awarded the city of Reggio Emilia and Iren Ambiente a special recognition.</li></ul> <p>The main initiatives in <b>Piedmont</b> concerned:</p> <ul style="list-style-type: none"><li>• <b>new Amiat website</b> to provide a service with usability features suited to the new information needs of Italian and foreign citizens;</li></ul>

## Environmental projects

- campaign supporting the installation of 412 **Smart Eco-Islands** in Turin, which replaced the roadside waste collection equipment with new containers that can be used by residents using personal electronic cards;
- campaign "**Facciamo la differenziata. Mettiamoci la testa**" (Let's differentiate. Let's get our head), in collaboration with the City of Turin and the National Packaging Consortium, to involve and inform citizens about the benefits of proper management of sorted waste collection;
- **Edisu Amiat protocol** to disseminate environmental sustainability education in Turin university residences through a circular economy pilot project and with training and awareness initiatives for the adoption of good practices for the proper differentiation of waste;
- **Delivery**, experimental collaboration between Amiat and Domino's Pizza, to raise awareness among customers of the food delivery service through a maxi post-it, placed on all the food containers delivered to their homes, which contains the correct instructions for sorting the waste produced as a result of food consumption;
- **RecuperiamOli** (recover oils), poster campaign that accompanied the start of the experimental street collection of used cooking oil in District 6 of Turin;
- communication and environmental awareness campaign "**Rendiamo Vercelli ancora più bella**" (Let's make Vercelli even more beautiful), on traditional and digital media and on ASM Vercelli's electric vehicles dedicated to urban cleaning services.

In the **Ligurian territory**, the following initiatives have been realized:

- communication activities in 7 municipalities in the Province of La Spezia (Ameglia, Bolano, Carro, Framura, La Spezia, Luni, Pignone and Riomaggiore) following the acquisition of the collection service by Acam Ambiente, the change in the method of waste delivery or the activation of the "pay-as-you-throw" tariff;
- adhesion of ACAM Ambiente and some municipalities of La Spezia, to the **Cuore Mediterraneo** campaign, promoted by the RICREA Consortium, which has seen the creation of films dedicated to environmental protection in seaside resorts and raising public awareness of the qualities and values of steel packaging.



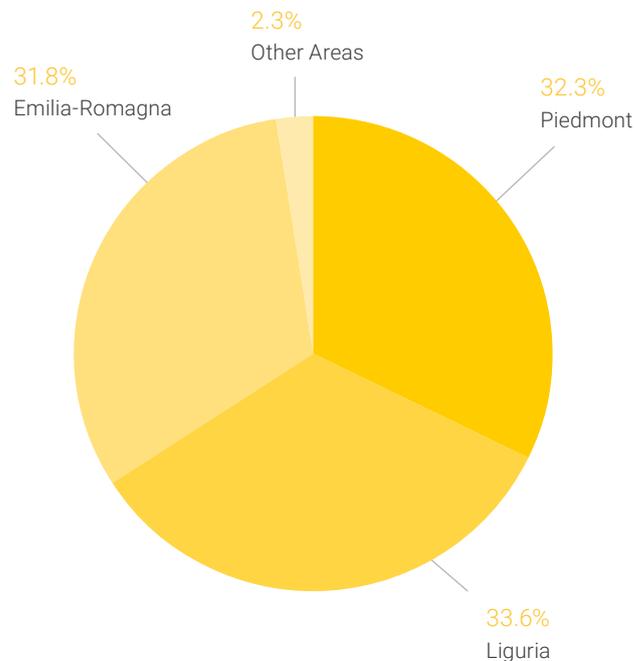
### Gifts, donations and sponsorships

Iren Group stands by the communities with the aim of promoting the socio-economic development of the territory, also through the support of cultural, social and environmental protection initiatives, innovation development activities and the dissemination of sport as an instrument of cohesion. Particular attention is paid to events and projects that have distinctive characteristics or that are rooted in the tradition of the local areas and to initiatives related to corporate values that represent an opportunity to convey messages, consistent with the Group's guidelines, and have a constructive impact on social life.

In 2021, the Group invested around 11 million Euro in 271 projects:

- 60 in the cultural sphere (22%), including support for the Opera and Theatre Foundations in Parma, Piacenza, Reggio Emilia, Genoa and Turin, initiatives in favour of the Museum of Sustainability in San Martino in Rio (RE) and a number of projects promoted by Genoa City Council in the city, support for the Luci d'Artista (Artist Lights) project in Turin, and artistic lighting during the Christmas season in all cities where the Group operates. Interesting is the initiative "Illumina" in Volterra, where Iren installed the artist light "Planetario" (Planetary) by Carmelo Giannello: a sort of Milky Way in the Tuscan city that in 2022 will become the centre of a laboratory of cultural innovation for the future of inland areas throughout Italy. In this context, the use of the Art Bonus institute has been significant, as it makes it possible to enjoy important tax benefits in the form of tax credits;
- 82 regional initiatives (30%), including the Nervi Festival in Genoa, La Spezia Summer Festival and Moonland, MiTo and Jazz Festival in Turin, Verdi Festival in Parma, and summer initiatives in Piacenza and Reggio Emilia;
- 33 sports (12%), favouring minor sports and initiatives dedicated to weaker segments of the population in order to better promote the values of social cohesion;
- 96 in the field of sustainability (36%) and its promotion towards the younger generations, including "CinemAmbiente" in Turin and Kids International Festival in Reggio Emilia, where, in collaboration with Giffoni Innovation Hub, the short film #LaChallenge was presented, an intergenerational challenge on environmental issues hosted in the enchanting atmosphere of Procida.

### Donations and sponsorships by area



## Reducing impacts on the local areas

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. For this reason, Iren 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 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, the 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:** in its Business Plan, Iren has made a strong commitment to the development of renewable sources and thermal and electrical storage to meet the challenge of decarbonization. The management of energy production activities is formalised by specific 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, in compliance with environmental legislation and authorisation provisions. 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:** the 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 sorted waste collection with new technologies for the valorisation of non-recoverable waste, increasing the recovery of materials and the production of fuels from biodegradable waste at its plants.

**Integrated water service:** the monitoring of water network leaks is constant in order to reduce the waste of water resources. For this reason, the Group has defined specific objectives to reduce water withdrawals from the environment and dispersions in the network. 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 wastewater treatment, the Group undertakes to maintain the high operational standards of its plants and to inform the local community concerning the functioning of the plants. The focus on the sustainable use of resources is central to the 2030 Business Plan, which includes major investments to reduce network leaks, improve the quality of purified water and its reuse.

**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 reduce the impacts on the territory and communities, the Group takes steps to ensure compliance with electromagnetic field limits through specific measurements on all new substations built (see page 209).

**Public lighting:** the most impacting factors 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, in the design phase, 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  $RG=0$ ).

**Traffic light systems:** in the design and construction of traffic light systems, stringent specifications are prepared for the choice of materials, which are binding and also review the critical issues that emerged in previous constructions of similar systems. The impacts on the health and safety of the public are also constantly analysed and monitored.

**Site 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 (for example, 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.

**Realisation of new plants:** the construction of new plants is an opportunity for growth for the local area in the medium- and 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 bodies, 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 (Integrated Environmental Authorisation) is necessary, 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 2021, there were no transfers, not even temporary ones, of people following on from the construction of new plants.

In 2021, there were two incidents with impacts on the local community: a company vehicle fire that occurred in Piacenza and a fire at the Voltri wastewater treatment plant. In addition, there were 3 lawsuits for damages, due to broken pipes and holes in the road surface, lost to citizens for a total amount of 2,868.48 Euro and 14 fines, for a total amount of 38,129.5 Euro, mainly connected with the reimbursement for the application of the surtax on excise duties on electricity, subsequently abolished due to incompatibility with EU law.

## Sustainability education

Eduiren is the educational sector of the 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.



**Eduiren: a workshop and inclusive approach to convey the culture of sustainability and contribute to the model of sustainable territorial growth in the current context of green transition**



In 2021, together with the traditional catalogue of free training offers, the projects dedicated not only to the territories in which Iren Group operates, but to the whole national territory through the use of the web and social networks, were strengthened: in total, **110 sustainability education projects** were carried out, also in network with other subjects, involving **350 schools** and reaching **46,072 people**.

Educating for sustainability means maintaining a **continuous dialogue with different audiences, building networks, innovating methodologies and tools**: in a process of research and experimentation, new themes were explored, and innovative formats defined to tell the story of the 2030 Agenda and the contribution of Iren Group to the objectives of sustainable development.

To this end, the short film **"La challenge"** was made, written and produced together with Giffoni Innovation Hub and Unitalia and presented at the Giffoni Film Festival. The short film, which narrates an intergenerational challenge on environmental issues and promotes the conscious use of resources, has been featured in several events: Kids International Festival in Reggio Emilia, "CinemAmbiente" in Turin and "Riconoscere l'Ambiente" (recognizing the environment) in Siena. Also in this perspective, in partnership with the International Book Fair of Turin, a project was developed in collaboration with the cartoonist Lorena Canottiere, for the creation of a **comic book on the themes of sustainability**, designed and drawn by a group of elementary school classes.

To spread the **"culture of composting"**, the exhibition "ComposTiAmo" was opened to the public, with virtual tours and training initiatives on home composting, promoted in collaboration with the Museum of Agriculture and Rural World of San Martino in Rio (RE). Still on the topic of conscious recycling, Eduiren, with Reggio Children Foundation and Remida, organised **"Ricreazioni (Re-creation)"**, a day dedicated to "unexpected sustainability", with a focus on the creative regeneration of plastic and the virtuous reuse of kitchen scraps, inaugurating two paths that will be developed during 2022. The same logic animated the national competition **"Rifiuti Smarriti (Lost Waste)"**, promoted with the CentroScienza Onlus of Turin, with the aim of rediscovering, regenerating, re-designing and reusing what is no longer used. The awarding of the works was the occasion for a **visit in presence and virtual to the TRM plant in Turin**, with workshops for students connected from Turin to Sicily.

The training proposals also included a reorganisation of the **use and narration of the Group's facilities**. On the occasion of **Green Week in Parma**, guided tours for university students were organised to the "Fabbriche della Sostenibilità (Sustainability Factories)" (Manca-sale wastewater treatment plant and PAI). A classroom was inaugurated at the Ceresole Reale dam and the M. Idro Museum was opened at the Chiomonte power plant. The video produced on the waste-to-energy plant in Parma is the first to tell the story of the people, processes and positive impacts on the environment and quality of service and will be joined by two further videos on the Moncalieri waste-to-energy plant and the Rapallo wastewater treatment plant.

In the "Spazio Goccia" of Luzzara (RE) cultural and educational activities have been planned, in presence and online, aimed at promoting the **culture of water**: among these, the meeting "Dialoghi sull'Acqua (Dialogues on Water)", the presentation of the Local Observatory of the Landscape of the Bassa Reggiana, the online publication of the video "Friday's for Stilla", to tell in a playful way to children the secrets of water, and the space on wastewater treatment "Back to Land", already proposed in the European Photography Festival and opened in streaming on the occasion of the "World Toilet Day".



**Eduiren: 110 sustainability education projects reaching 46,072 people**

Thanks also to web-based tools, different audiences have been met and **new ways of telling the story** have been tried out. We talked about "Rifiuti Smarriti (Lost Waste)" on the online platform Agorà del Sapere, about digital education and environmental sustainability (in collaboration with Redooc and The Good in Town) on the Redooc.it platform, all topics also addressed at Milano Digital Week and STEM in the City Milano.

The collaboration was confirmed with the Ricrea Consortium, which promoted the online educational project "Yes I Can" by Luca Pagliari for schools in Piacenza and La Spezia.

The commitment to sustainability education activities has taken the form of initiatives designed to **create value in events and shows, establishing alliances in the**

**territories**, which have always been the strength of Iren Group. In Genoa, on the occasion of **Ocean Race 2021**, Eduiren has set up the musical show "Un mare senza plastica (A sea without plastic)" proposed in collaboration with the theatre of Ortica and has participated in the organisation of educational workshops "Le fabbriche di acqua pulita (The factories of clean water)", highlighting the importance of wastewater treatment for the protection of the marine environment. For the **Science Festival of Genoa**, guided tours on the waterways were organised on the eco-segment of the Historical Aqueduct, a stretch of the ancient conduit enhanced with a signage designed for children, in a project promoted by the Local Committee of Genoa and realised with the contribution of Eduiren. In the context of **Green Pea Day**, the talk "La bellezza dei rifiuti (The beauty of waste)" was combined with two plogging sessions to clean up the city of Turin by doing sports. **The Eduiren experience** was presented in Milan, at the **CSR Show** and during "Il Verde e il Blu Festival".

Sustainability for Iren also means **taking care of the environment**: several waste collection activities, managed by eco-volunteers in the areas where the Group operates, were supported by the training contribution of Eduiren. The theme was also taken up by the workshop "**La bellezza che passa dalla cura (Beauty that passes through care)**", held in Turin, aimed at encouraging meetings and dialogue with citizens of all ages to reflect on their lifestyles and encourage the adoption of **good daily practices** in favour of a more sustainable world. Significant in this sense are the experiences of Reggio Emilia "Multisport nei Monti", in which sustainability has been declined together with sports practices to discover the Apennine territory thanks to the collaboration with the Polisportiva Quadrifoglio, and "Puliamo Campagnola" which saw the participation of all schools in the municipality and a strong network of local associations. Support for the local area has also been **collaborative and inclusive** with initiatives such as "**Tra i banchi d'estate (between the desks in the summer)**", meetings with foreign children who have recently arrived in Italy, on sorted waste collection in Reggio Emilia and collaboration with ASAI in a **social inclusion project on the circular economy** in Turin.

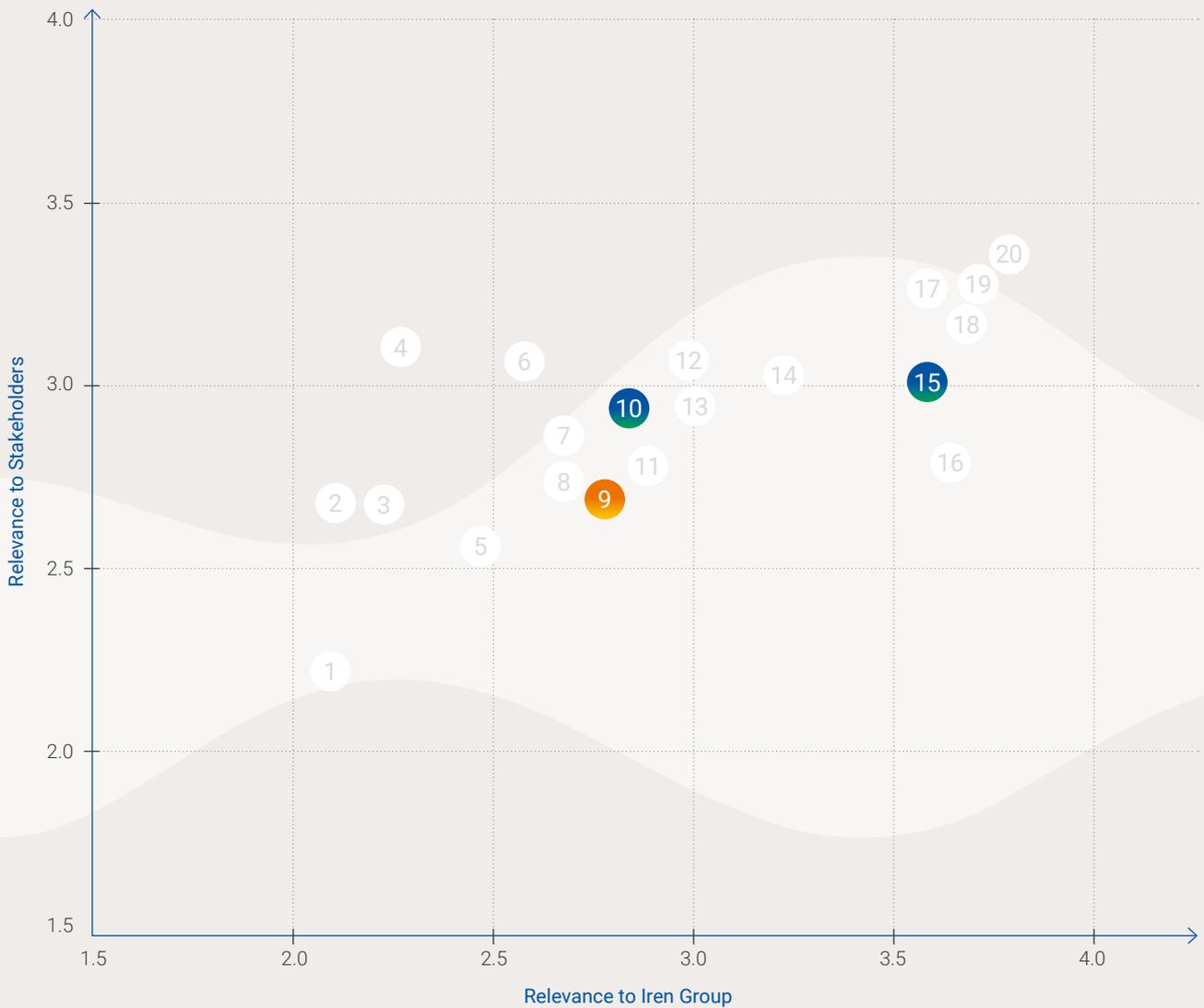
**International engagement** has also grown for Eduiren with participation in **projects in Europe and Mozambique** (FCHgo, Maispembá, Multipliers), aimed at sharing best practices in environmental education and creating networks of open science communities for effective awareness actions.



# Service quality



# Priority topics



**10** Efficient, reliable and safe management of processes and infrastructures



**9** Effective and transparent dialogue and communication with stakeholders



**15** Service quality and customer orientation



# Our customers

[GRI 102-7, 206-1, 406-1, 416-2, 417-2, 417-3, 418-1, G4-EU3]

	2021	2020	2019
Retail electricity customers	1,048,648	970,663	910,830
Retail gas customers <sup>1</sup>	954,419	906,152	904,971
Residents served by district heating <sup>2</sup>	595,772	585,594	575,063
Integrated water service residents served	2,748,268	2,765,363	2,791,927
Integrated water service municipalities served	238	241	242
Waste management services residents served	2,978,164	3,061,547	3,057,857
Waste management services municipalities served	300	307	297

<sup>1</sup> Customer growth in 2021 is also due to the acquisition of Sidiren.

<sup>2</sup> The 2020 and 2019 data has been restated and recalculated using the new estimation criteria, adopted since 2021, based on residential volumes only.

## Relations with customers

The customer is 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 relations with customers, the Group has transformed its role from a simple supplier to an expert in energy-related services, innovative products for the home, solutions for electric mobility and energy efficiency, adopting a new relationship model that evolves over time and adapts to different lifestyles, offering personalised experiences and services.

In 2021, despite the continuation of the Covid-19 emergency, the physical points of contact always remained open and adopted specific measures: the use of personal protective equipment (PPE), limited access to the premises, spacing, protective plexiglass barriers, digital systems for managing queues and appointments, disinfectant dispensers, sanitisation of the premises and contact tracing of visitors.

At the same time, the Group has strengthened and promoted the use of digital channels, such as the website [irenlucegas.it](http://irenlucegas.it) and the IrenYou App – from which it is possible to carry out operations related to the management of contracts, communication of the meter reading, paying bills, etc. – or the Facebook page "Iren luce gas e servizi" (Iren light gas and services) to have a first response to the most straightforward requests. In addition, the UFirst App always remained active to schedule appointments with offices and avoid queues and crowds.

To families and businesses in an objective situation of economic difficulty, Iren Group has offered the possibility to request the postponement of the deadline for payment of bills or to resort to interest-free instalments to meet the payment of gas, electricity, water, district heating.

## Communication with customers

Iren Group considers priority communication related to its development plans, products and services, aiming to provide timely and transparent information through several channels.

Also in 2021, there was a growth in followers on the Group's social channels and visitors to its websites, and product communication campaigns continued. To support the commercial action beyond the legacy regions, an important communication campaign was undertaken to position *Iren luce gas e servizi* as a national brand, through multi-subject television commercials on all the major national broadcasters. TV campaigns were flanked by local press campaigns, billboards and posters, dedicated to products and offers. In November, in particular, an important poster campaign in the legacy regions was dedicated to the *Fisso&Basso* (Fixed & Low) electricity offer reserved for customers coming from protected market. In addition, releases have been scheduled in the most important local newspapers with advertising pages. Investments in digitalization have made it possible to promote and support bundled offerings – *Più Green, Più Vantaggi, più Regali e più Smart* (Greener, More Benefits, More Gifts and Smarter) – across a wider territory. A press campaign launched in legacy regions communicated the commitment to convert all household supplies to 100% green energy supplies at no additional cost.

In its relations with local and national media, the Group dedicated ample space to the topics of renewable energies, decarbonization, circular economy and related plant development, also with the aim of giving greater visibility to the investments and objectives of the Business Plan.

As a continuation of the restyling and rebranding activity launched in 2020, the activity of fitting out new stores and retail spaces in the territories (Sarzana, Turin, Grugliasco, Modena, Parma and Reggio Emilia) or the complete renovation of existing ones (Piacenza and Ponte Taro) was intensified. In the new exhibition areas, great space has been given to communication in digital format, with the aim of transmitting content more effectively and focusing attention on environmental issues. In addition to 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.

**Single toll-free number for commercial services:** in the first half of 2021, there was an increase in incoming telephone traffic, consistent with 2020. In the second half of the year, contact volume began to decline back to pre-pandemic levels. Although the number of calls increased by 17% (3,165,349 customers spoke to an operator), the performance respected the targets required by ARERA, with an answer rate of 95.3% on incoming calls, with an average waiting time of 40 seconds.

Results that also depend on projects to improve the functionality of the telephone service in order to reduce waiting times: the systematic adoption of call back, which allows the customer to book a call from the call centre operator when the telephone line is busy, and the integration, in the reserved web area, of the virtual assistant, an automatic artificial intelligence channel able to understand the most common questions of the customer.

**Waste management services customer care:** the service provides information on waste collection and management services. All incoming contacts – telephone, e-mail and web – are tracked on a specific management system that allows subsequent calculation and statistical processing. Reports and requests are automatically transferred to the local waste management services. In 2021, the Group carried out a significant customer care activity aimed at increasing the value of the relationship with the customer and creating direct communication, with the objective of planning actions aimed at specific customer groups and communications modulated according to needs. There were 634,063 calls managed (+10% from 2020) and 124,059 were e-mail and web contacts (+22% from 2020).

The significant growth in contacts highlights the importance of customer care dedicated to waste management services in guiding citizens towards sorted waste collection, in gathering their requests and reports and in responding quickly and with effective solutions, accompanying them even in difficult times such as the last two years, marked by the pandemic emergency. Despite the increase in incoming calls, 83.2% of customers who contacted the service by phone spoke to an operator, with an average wait time of 54 seconds, in line with the 2020 figure.

**Integrated customer relationship management (CRM) system:** the new CRM system is integrated with many communication channels, allows all information relating to each customer interaction to be collected, recorded and managed. Provides for the sending of proactive multi-channel communications (e-mail, SMS, mail) that allow customers to receive notifications regarding their supplies and updates on the progress of their practices or requests, on an ongoing basis, until they are resolved.

Also introduced in 2021 is the possibility for customers to report receiving suspicious calls and/or visits from staff dedicated to promoting commercial products/services, in order to verify the reliability of the proposals received. The service, which has handled 1,270 reports, is available by e-mail, dedicated call centre, IrenYou App and form available on the website irenlucegas.it.

**Counters, Iren space for customers:** in 2021, the number of contacts at the counters increased, generated by the progressive improvement of the pandemic situation. The Group managed 541,513 customers (+40.3% compared to 386,090 in 2020) in the 92 physical points located throughout the territory.

Despite the critical nature of the period, the counters maintained the objective of continuous improvement in service quality and customer loyalty, together with the promotion and sale of services and products. The counter has consequently evolved into a place for advice, capitalising on the role of the human figure as a vehicle for trust, support and specialised experience.



## The network of Iren Spaces is growing: 92 physical points for managing requests and providing professional advice to customers

In 2021, the number of counters increased – adding four counters managed in the province of Avellino by the company Sidiren and six new counters opened in Emilia-Romagna, Piedmont and Liguria – and there was an improvement in average waiting time, to which the scheduling of appointments through the UFirst App contributed, alongside management through the queue management systems already in place.

Counters activities	2021	2020 <sup>1</sup>	2019
Counters (no.)	92	82	68
Customers served (no.)	541,513	386,090	607,469
Average waiting time (min.)	5.3	5.5	12.0

<sup>1</sup> The figures are affected by the closure of the counters 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 Consumers' Associations continued thanks to a direct channel, via a dedicated e-mail address, which handled around 1,100 requests (+120% compared to 2020). The Group also continued to promote meeting sessions, mainly with Consumers' Associations, to discuss issues of particular importance such as promotional activities, compliance with the Code of Business Conduct or free market contracting methods, the new tariff adjustment for the water sector (TICSI), the interpretation of the various hidden leak regulations and the new resolution on arrears.

**Websites:** in order to make the irenlucegas.it website more and more usable, the menus and contents have been revised, to simplify navigation and offer the customer more information in a clear and organised manner. The live chat has been optimised, introducing a robot equipped with artificial intelligence, to offer assistance in searching for information or in the path to purchase services and products. In order

to achieve greater visibility on the internet, with a good ranking in the major search engines, all pages of the site have been optimised. In 2021, the irenlucegas.it website obtained the A+ Energy Efficient Website rating, issued by Karma Metrix, a project that aims to measure the environmental impact of websites and increase their energy efficiency. In addition, on the irenlucegas.it website there is a guide that makes the electricity and gas bills clearer and more understandable for the customer, analysing in a simple way the single items.

**Social networks:** social channels (Facebook, Instagram, Twitter) are to all intents and purposes active and standard channels for customers, with constant monitoring of public comments and private messaging. Through these channels, the customer can make caring requests similar to commercial toll-free numbers, as well as obtain business information. The Group, thanks to a friendly and more informal approach, uses social channels to spread messages about the world of energy, services, regulations and environmental sustainability. The language used is simple, and quizzes or gamification modules are presented to encourage interaction with customers. Moreover, on the social channels, the Group tells its story more directly, through videos and photographs, and responds to customers through quick and easy interaction.

**Mobile apps: IrenYou,** accessible from smartphone or web, is the app that allows customers to directly manage the supply of electricity, gas, water, district heating and waste. Customers can download the bill online, check their consumption, communicate their meter reading and be informed about the Group's initiatives. Through IrenYou, improved in 2021, it is possible to use the IrenPay channel or credit card to pay bills through a bank account. In order to increase the attractiveness of IrenPay, a contest has been launched, aimed at customers, with a prize system through the Instant Win game. The digital campaign implemented in 2021 to support the dematerialisation of the paper bill incentivised the download of the IrenYou app. To this end, digital information initiatives continued, using video tutorials sent to customers, uploaded onto the Group's website and YouTube channel and projected onto monitors at local counters. There were 852,078 customers registered on IrenYou at the end of the year, up 86% from 2020.

*Ecolren* is the app that provides useful information on waste management services and on Acquapubblica (Public water) distributors in the area; the app features a photo-signalling system through which photos of abandoned waste, damaged bins and other anomalous situations can be taken and sent to Iren Group, accompanied by text and geographical coordinates.

**IrenCollabora.it platform:** this is a tool that was created within the context of the Iren Local Committees (see page 104), to establish an innovative channel of dialogue, discussion and participatory planning between Iren Group and the local community stakeholders. The platform collects project ideas to support and initiate environmental and social sustainability actions.

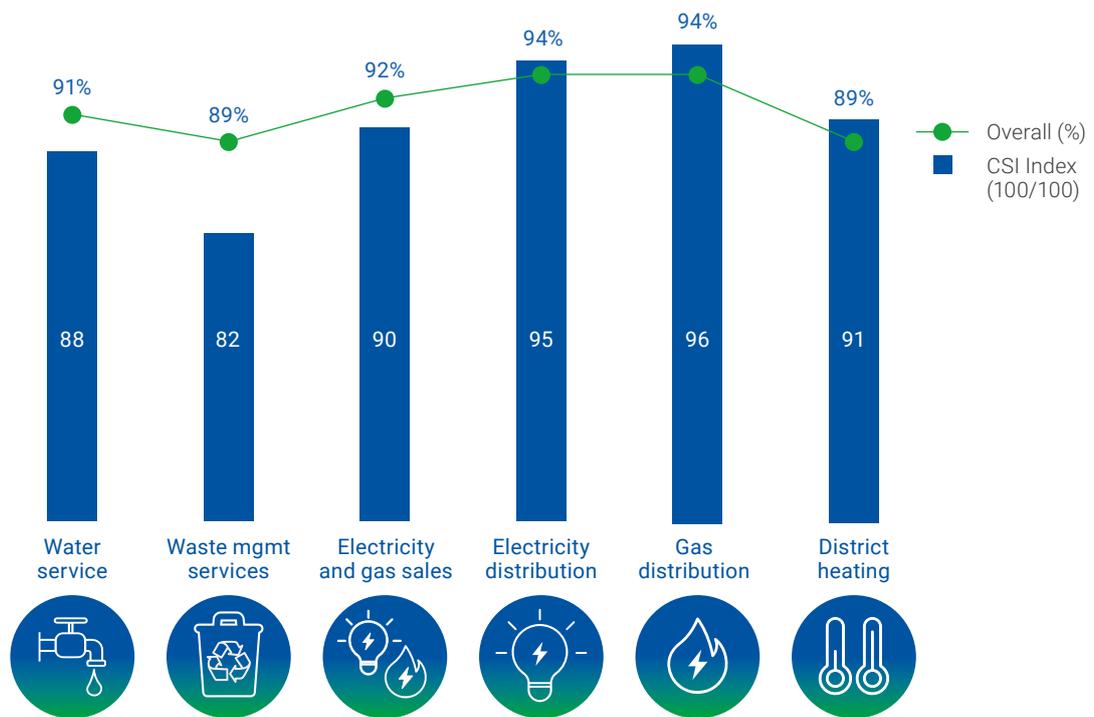
## Customer satisfaction

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 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 2021 survey shows overall positive results, in line with past surveys.



### Complaints and breaches

The monitoring of complaints is not only an obligation in respect of the Regulatory Authorities 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 2021, Iren Group received a total of 42,582 complaints – of which 17,651 referred to waste management services, 19,538 to energy services (gas, electricity and district heating), and 5,393 to the integrated water service – an increase compared to 2020. With regard to the sale of electricity and gas, the increase was seen above all in billing and contracting issues, with an increase, in particular, in requests for the prescription of electricity and gas consumption, which more than doubled compared with last year. Moreover, the volume of direct contacts managed by the channel between Iren Mercato and the Consumers’ Associations has doubled. On the other hand, complaints regarding billing adjustments and double billing fell sharply, following the fine-tuning and streamlining of the customer acquisition process. As regards the water service, the complaints mainly concerned prescription requests, while in the waste management services, in particular in the city of Turin, they were mainly related to the initial phase of transformation of the sorted waste

collection services from street to door-to-door and collection centres. Finally, during the year, there was an increase in complaints relating to district heating that mainly concerned billing and technical aspects of the service.

Following the entry into force of EU Regulation 2016/679 (GDPR) relating to the protection of personal data (privacy), the term complaint means requests submitted by natural persons concerned by the processing of personal data to the Data Protection Authority, in the face of a possible violation of the law by the data controller. In 2021, 18 complaints and one GDPR violation penalty in the amount of 1,428,085 Euro were registered. On the other hand, there were no reports of loss or theft of customer information.

In 2021, Iren Group did not record any violations regarding discriminatory practices towards customers or instances of non-compliance regarding the health and safety of products and services, marketing communications and promotion and sponsorship activities. Following on from 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. The judgement for damages following the action of a competitor against Iren Mercato for alleged anti-competitive conduct is also pending.

# Quality, efficiency and safety in services

[GRI 102-7, 303-1, 416-1, G4-EU4, EU12, EU27, EU28, EU29]

## Sale of energy services and innovative products

Iren Group proposes to its customers a complete offer portfolio which, starting from historically managed activities, incorporates new solutions and technologies to meet energy management needs and the well-being of residents, companies and Public Administrations. The service is managed through an efficient sales network, consisting of a widespread network of counters 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.

Commercial activities aimed at **retail customers** are aimed at building loyalty and developing new territorial areas. Sales activities are managed through various channels: teleselling and physical agencies where the utmost attention is paid to monitoring and controlling sales partners, through quality call, confirmation call and courtesy call processes carried out on 100% of contractual proposals, in order to guarantee a correct commercial approach that complies with current codes of conduct, procedures and company regulations. In addition to these, the web sales channel has seen a strong and progressive development in 2021, as well as an important increase in the range of offers concerning sustainable mobility products, home and personal services. The growth of the web channel is mainly due to the assistance and sales service through chat, thanks to the activation of an AI Bot (robots with artificial intelligence), among the most performing in the energy field, which is able to identify the most frequent topics and direct the customer towards the most appropriate information or towards human support, collecting in the meantime the information to offer a higher quality service.

In 2021, the Group initiated the conversion of electricity supplies to retail customers to **100% supplies from renewable sources** at no additional cost. Thanks to its production assets, Iren Group, in fact, can offer certified 100% green energy with a guarantee of origin, confirming its sustainability policies.

The commodity market scenario has been characterised, even in 2021, by extreme volatility. In this context, the Group has maintained, thanks to an effective portfolio of dedicated offers, its presence in the segment of **large energy customers**, supporting the promotion of green offers for the supply of electricity produced entirely from renewable sources, as well as the first pilot projects aimed at **offsetting CO<sub>2</sub> emissions from gas supplies** that allow business customers to promote their environmental commitment.

### Marketing and caring campaigns

In 2021, the communication strategies identified as part of the social media project, launched in 2020, were consolidated, focusing on the following objectives: greater differentiation by channel and development of campaigns on a monthly basis aimed at brand awareness and lead generation in order to support the promotion of commodity products, Iren Plus and IrenGO products, aimed at potential customers.

Iren Mercato combined the advertising campaigns on the Google search engine (Google Ads) with SEO (Search Engine Optimization) activities, with the aim of improving the positioning of the website in the search engine results. Google Ads and SEO activities had a significant impact not only on sales, but also on Iren Mercato brand awareness. In addition, the optimisation of SEM (Search Engine Marketing) campaigns was fundamental to the development of the web channel, enabling a significant increase in the number of contracts to be recorded compared with the previous year.

Social media activity, in continuity with the path taken in previous years, continued with the collaboration of influencers and programming aimed at reaching a wider audience. In 2021, digital and physical events were organised, mainly in the industry, dedicated to the presentation of services and products related to electric mobility and energy efficiency.

2021 was also the year of the launch of the new loyalty program “Be Iren”, which aims to bring customers closer to the Group’s values, including environmental sustainability, with an engagement path through gamification.

### Innovative products

The range of products made available in the Iren-GO and Iren Plus offers promotes the improvement of the customer’s health and safety, starting from home safety up to that of the person, and the quality of the urban environment.

### Iren Plus

In 2021, the Group further implemented the range of **Iren Plus** offers: home services, home automation products, internet connection and energy and consumption efficiency products. The development of the range continued with the aim of offering high quality solutions, with a strong focus on the rationalisation of energy consumption and environmental sustainability.

The offer of Iren Plus products, such as photovoltaic systems, condensing boilers, air conditioners, fixtures and thermal coats, the environmental benefits of which are illustrated on page 146, was significantly strengthened in 2021 thanks to superbonus and ecobonus introduced by the Italian Legislative Decree no. 34/2020. Iren Plus products are offered through traditional sales channels, teleselling, physical agencies, e-commerce, call centres, counters, with dedicated display stands and, for complex products such as photovoltaic systems, boilers and thermal coats, through a sales network of agents.

In the field of **home automation**, the attention has been focused on the integration of the latest technological devices (Smart Kit) for the remote monitoring of the house: thanks to the dedicated app, customers can manage lighting, reducing costs for inefficiencies, check for gas or water leaks and verify external intrusions.



## IrenGO

2021 was a year of growth and further consolidation of the business line dedicated to electric mobility **IrenGO**, which offers not only products and services, but also a complete consultancy to all customers (consumer, business and Public Administration). Thanks to partnerships and agreements with selected companies throughout Italy, a wide range of recharging infrastructures for private customers (wall boxes and columns) has been created. In addition, the Group has begun installing public charging infrastructures that will form an important part of the network of charging stations in our country. The most significant projects concern the Group's main areas of operation: Vercelli, where the project has been completed, Reggio Emilia, in the design phase, while in the cities of Turin, Parma, Genoa and La Spezia work has begun. In addition, an own management software platform has been created, through which it is possible to interact with the recharging systems and a mobile app for the provision of the service to end customers on the recharging stations and columns of the main operators on the Italian market.

Iren also offers electric cars for rent, and light mobility means such as pedal-assisted bicycles and electric kick scooters for the sustainable mobility of customers. In 2021, the partnership relationship with MiMoto was consolidated for the provision of scooter sharing service in Turin and Genoa and with Dott for the sharing of kick scooters in Turin and Rome.

The energy that powers the electric vehicles and charging systems is 100% certified renewable. To strengthen this element of coherence with sustainable mobility, formulas have been developed for the supply of electricity from renewable sources that the customer can combine directly with the electric mobility offers with a discount on the supply invoice, such as the "IrenGO Bonus Luce Verde" formula.

Finally, in 2021, Iren proposed to the Municipality of Genoa the *Valpolcevera* project, which consists in the conversion of a public transport line of traditional buses with full electric vehicles, with the installation of recharging infrastructures, the maintenance service and the supply of electric energy to recharge the vehicles.

## Other innovative products

As part of the **home services**, several new products and offers have been launched:

- **Casa h24 plus**, an enrichment of the 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 Verde**, supply of electricity 100% from renewable sources at a single fixed price for all time slots, with the inclusion of an AXA Assistance insurance policy that guarantees 24-hour intervention by craftsmen for small breakdowns in the home and a bonus of 30 Euro on the electricity bill;
- **Iren 4 Zampe**, a combination of pet products and services and a complimentary veterinary surgery policy;
- **Iren casa online**, in partnership with Linkem, through which Iren Group proposes itself as the sole supplier for **internet connectivity** and electricity. The customer who subscribes to the offer has priority access to Linkem support. In 2021, the "Iren Fibra Pura" offering for fiber connectivity provided by Open Fiber was launched.



## 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 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, 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, it implements **control systems** on contract promotion that are also stricter compared to sector regulations.

The agency **selection process** takes place on the basis of a rigorous examination of the requirements, which must 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 agencies is monitored and controlled at various levels and in different ways depending on the type of activity performed, the method of signing and acceptance of the contract. 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 proposal accepted (welcome calls, courtesy calls and confirmation calls).

Pursuing a policy of transparency and protection of the customer's true wishes, Iren Group offers customers with telephone contracts the option of listening to their own 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 agencies, up to the possible resolution of the agency mandate.

Commercial and marketing activities are conducted in accordance with principles of fairness and transparency, in full compliance with all regulations on **privacy** and **personal data protection** (EU Regulation 2016/679 – GDPR, Italian Legislative Decree 196/2003). To this end:

- 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 their informed consent after reading the specific privacy policy (Articles 13 and 14 of the GDPR).

Moreover, in order to guarantee the exercise of the rights provided for by the GDPR, the Group makes 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.

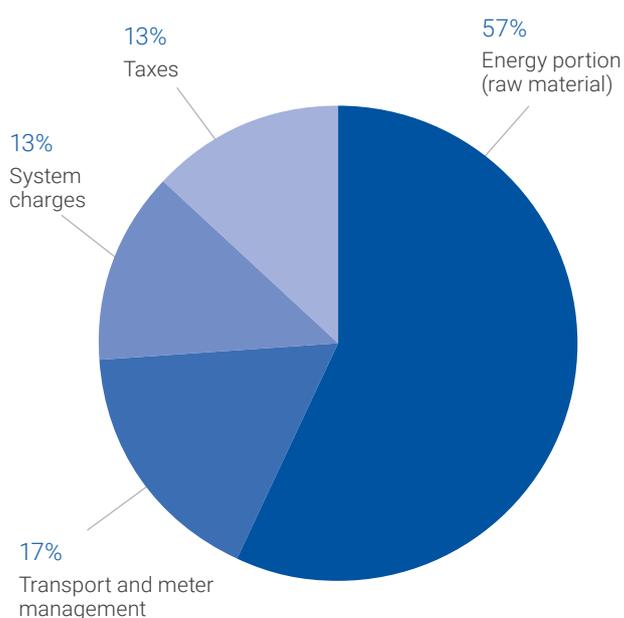
### Electricity tariff

Electricity tariffs are made up of the costs associated with the energy raw material 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.

In 2021, the annual expenditure per typical family (3 kW meter and annual consumption of 2,700 kWh) served in the protected market amounted to 631 Euro (source: ARERA).

#### 2021 Average composition of electricity tariff for protected market



In 2021, Iren Group, thanks also to the beneficial dialogue started in the last months of the year with the Consumers' Associations, has activated concrete initiatives to support its customers in relation to the increase in the cost of electricity and gas, such as the possibility of resorting, even before the government intervention, to instalments at more favourable conditions, for bills that make payments difficult. In December, a particularly advantageous offer for electricity at a fixed price (*Fisso&Basso* - Fixed & Low) was launched, dedicated to protected market customers, who have been most affected by the increase in the raw material, which can be activated directly through online channels.

### Electricity social bonus

With effect from 1 January 2021, ARERA has defined new criteria for the recognition of the social bonus on the domestic supply of electricity to citizens/families in conditions of economic hardship. In order to activate automatic recognition (from July 2021) of social bonuses, it is necessary for those entitled to present an annual self-declaration, regarding the family unit and any income and assets, for access to a subsidised service (e.g. maternity allowance, school canteen, etc.) and obtain an ISEE (Equivalent Economic Situation) indicator within the access threshold, or be holders of a citizenship income/pension. The bonus is also provided for in cases in which a serious disease requires the use of indispensable electrical medical equipment to keep them alive (physical problems).

The bonus values that also allowed a 30% reduction in the bill in 2021 were:

- 174 Euro for a family of 1 or 2 members;
- 206 Euro for a family of 3 or 4 members;
- 241 Euro for a family of more than 4 members.

Electricity social bonus	2021	Amount (Euro)
Number of bonuses awarded	96,098	13,630,730

### Electricity sales service quality

The commercial quality standards are dictated by ARERA (Res. 413/2016 Integrated Text 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 2021 average response time to written complaints reflects a more efficient customer management process, as the 2020 performance was impacted by the temporary reduction in staffing due to the health emergency.

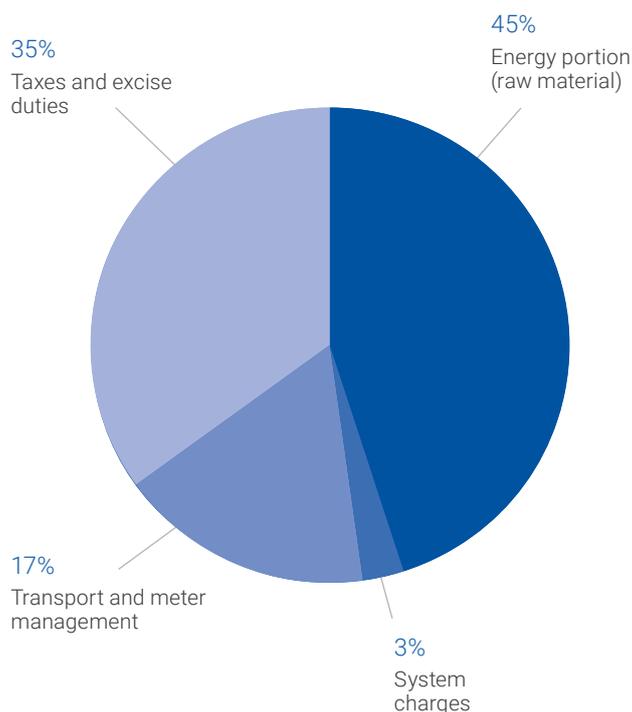
Response to written complaints (days)	2021	2020	2019	ARERA max time
Average time	19.8	27.9	16.7	30

To constantly monitor its commercial quality, the Group considers it strategic to monitor customer satisfaction (see page 198).

### Gas tariff

Gas tariffs comply with ARERA regulations (Integrated Text on Gas Sale – TIVG and Single Text – 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 the energy raw material and commercial activities managed by the sales company (procurement and commercialisation) 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.

## 2021 Average composition of gas tariff for protected market



In 2021, the annual expenditure per typical family (annual consumption of 1,400 scm) served with a protection tariff stood at 1,130 Euro (source: ARERA).

- | As in the case of electricity, in order to mitigate the effects of price increases due to sharp rises in
- | the cost of raw materials and higher consumption during the winter season, the Group offered more
- | favourable instalment terms for bills that make it difficult for households to pay, strengthened direct
- | contact channels with customers via local counters, and further expanded the channels for acquiring
- | gas self-metering to facilitate the accurate recording of actual consumption.

### Gas social bonus

With effect from 1 January 2021, ARERA has defined new criteria for the recognition of the social bonus on the domestic supply of gas to citizens/families in conditions of economic hardship. In order to activate automatic recognition of social bonuses, it is necessary for those entitled to present an annual self-declaration, regarding the family unit and any income and assets, for access to a subsidised service (e.g. maternity allowance, school canteen, etc.) and obtain an ISEE (Equivalent Economic Situation) indicator within the access threshold, or be holders of a citizenship income/pension. The process for the automatic recognition of social gas bonuses has been in place since July 2021, first for direct supplies and, later, for households using condominium supplies (the system excludes the presence of direct supply already in the name of one of the members of the household).

The gas bonus applies only to methane gas distributed to the network for home-of-residence consumption and not cylinder gas or LPG.

Gas social bonus	2021	Amount (Euro)
Number of bonuses awarded	67,223	6,581,016

### Gas sales service quality

As for electricity, the quality standards for gas sales are dictated by ARERA (Res. 413/2016 Integrated Text 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 average time to respond to complaints in 2021 is down from 2020, when there was an exceptional increase in complaints.

Response to written complaints (days)	2021	2020	2019	ARERA max time
Average time	20.2	27.0	20.0	30

## Electricity distribution

Iren Group manages the electricity distribution network plants in the cities of Parma, Turin – as well as some sections of network in some municipalities in the metropolitan area and Valle Dora – and Vercelli. The size of plants owned by the Group at 31 December 2021 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.	1,199	3,371	187
HV/MV transformers	no.	13	24	2
MV/LV secondary substation transformers	no.	1,420	3,146	302
HV power lines (overhead and non-overhead)	km	-	22	11
MV power lines (overhead and non-overhead)	km	927	2,081	205
LV power lines (overhead and non-overhead)	km	1,631	2,640	332
Electronic meters	no.	137,745	593,906	31,882

### Quality of electrical distribution

Quality standards for the distribution of electricity are defined by ARERA (Res. 566/2019/R/EEL), which approved the “Integrated text 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 analysed below.

The level of **network leaks** within the Group 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	2021	2020	2019
Iren Group	2.75%	2.91%	4.23%
National average <sup>1</sup>	6.40%	6.40%	6.40%

<sup>1</sup> 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 (more than 3 minutes) 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 LV customer, of long 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.

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 because 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).

Average no. of interruptions per LV customer - N1 <sup>1</sup>	2021	2020	2019	ARERA obj. 2021
Turin high-density	1.67	1.47	1.43	1.25
Parma high-density	1.18	1.32	0.98	1.20
Parma low-density	3.36	4.01	2.23	4.30
Vercelli medium-density	0.62	0.81	0.75	2.25

<sup>1</sup> 2021 data are estimated. They are subject to verification and are dependent on submission to ARERA on 31/03/2022 for the 2021 financial year.

Cumulative downtime – D1 (min./user) <sup>1</sup>	2021	2020	2019	ARERA obj. 2021
Turin high-density	28.29	26.81	25.70	28.00
Parma high-density	30.23	34.90	23.00	28.00
Parma low-density	75.16	72.90	48.07	68.00
Vercelli medium-density	11.24	11.57	8.12	45.00

<sup>1</sup> 2021 data are estimated. They are subject to verification and are dependent on submission to ARERA on 31/03/2022 for the 2021 financial year.

In 2021, an increase in the average duration of interruptions was recorded for the Turin area, linked to the complexity of the events that involved longer resolution times, while in Parma and Vercelli there was an overall improvement in the number and duration.

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.

### Safety of electricity distribution

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 depending on the areas:

- inspection of electrical substations every two years for Parma and Turin and every year for Vercelli. In 2021, 2,731 out of a total of 5,546 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 49%;
- visual inspection of medium voltage (MV) overhead lines every three years for Parma, every six months for Turin and once a year for Vercelli. The overhead electricity network is approximately 1,378 km and, in 2021, around 14.5% was inspected.

The inspection plan, fully carried out in 2021, provides for quarterly checks of compressed air systems in the Turin area, general inspection of each system every four months, six-monthly thermographic control of the active parts of the systems, yearly control of electrical equipment containing oil with PCB > 50 ppm and of the state of the asbestos manufactured articles.

### Electromagnetic fields

Initiatives are implemented to safeguard the health of customers to ensure compliance with the limits of electromagnetic fields at power generation and distribution plants. Electromagnetic field measurements 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 the inspections and on every new substation realised, the location of the substation is checked, as well as the electrical equipment it contains with respect to any sensitive adjacent buildings and to any potentially environmental and electrical hazardous situations found in the substation. In 2021, the design and construction of new MV/LV substations continued, using techniques that allow to reduce the population's exposure to emissions from electromagnetic fields.

### Acoustic impact

In the electrical energy transformation plants (substations), measurements of the acoustic emissions to the outside are carried out in order to verify the absence of situations of noise pollution towards the population. In 2021, no critical situations emerged in terms of exceeding the noise emission limits allowed by the regulations in force, so it was not necessary to implement noise mitigation systems at the primary electricity transformation plants.

## Gas distribution

### Quality of gas 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 odorization;
- 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 the 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 odorised gas and regular and scheduled inspection of the network.

The Group also manages the distribution of LPG, in particular in the province of Reggio Emilia (21 storage tanks) and in the province of Genoa (7 storage tanks), located in places 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.

Installed gas meters (no.)	2021	2020	2019
<b>Total gas meters</b>	<b>812,940</b>	<b>811,606</b>	<b>809,899</b>
<i>of which electronic</i>	<i>712,096</i>	<i>675,041</i>	<i>613,303</i>
<b>% electronic meters</b>	<b>87.6%</b>	<b>83.1%</b>	<b>75.7%</b>

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)	2021	2020	ARERA max time
Cost estimate for simple jobs	9.9	7	15
Cost estimate for complex jobs	13.1	12.5	30
Execution of simple jobs	6.4	7.1	10
Activating supply	4.1	4.2	10
Deactivating supply	4.1	3.7	5
Reactivation following deactivation due to non-payment	1.2	1.3	2 working days

### Leaks in the gas network and interruption of service

Gas interruptions occur mainly during network renovation works when the user connections are switched from old to new pipelines. The interruptions are divided into **scheduled outages**, if the works are planned and it is possible to promptly communicate the interruption to the citizen, and **unscheduled outages**, that is, those for which it is not possible to notify all the customers involved, since they are generally caused by a local failure in a part of the network or damage caused by a third party.

In the case of scheduled outages, in order to limit the inconvenience to the end customer, the work is carried out with the help of plugging with by-pass systems that allow the work to be carried out without suspending the flow of gas.

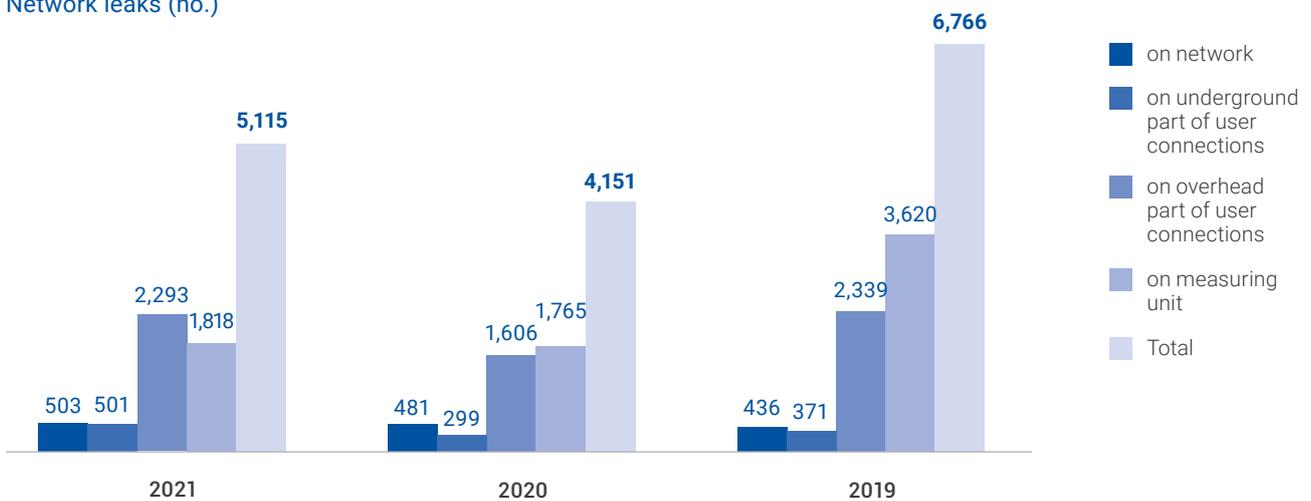
- | In 2021, the easing of restrictions due to the Covid-19 emergency led to an increase, compared to 2020,
- | in excavations by third-party contractors – the main cause of gas pipeline damage – and this resulted in
- | a slight increase in unscheduled outages as a consequence, although maintaining the trend of strong improvement over 2019.

Gas distribution interruptions (no.)	2021	2020	2019
Unscheduled outages	781	662	1,266
Scheduled outages	970	1,023	1,376
<b>Total</b>	<b>1,751</b>	<b>1,685</b>	<b>2,642</b>

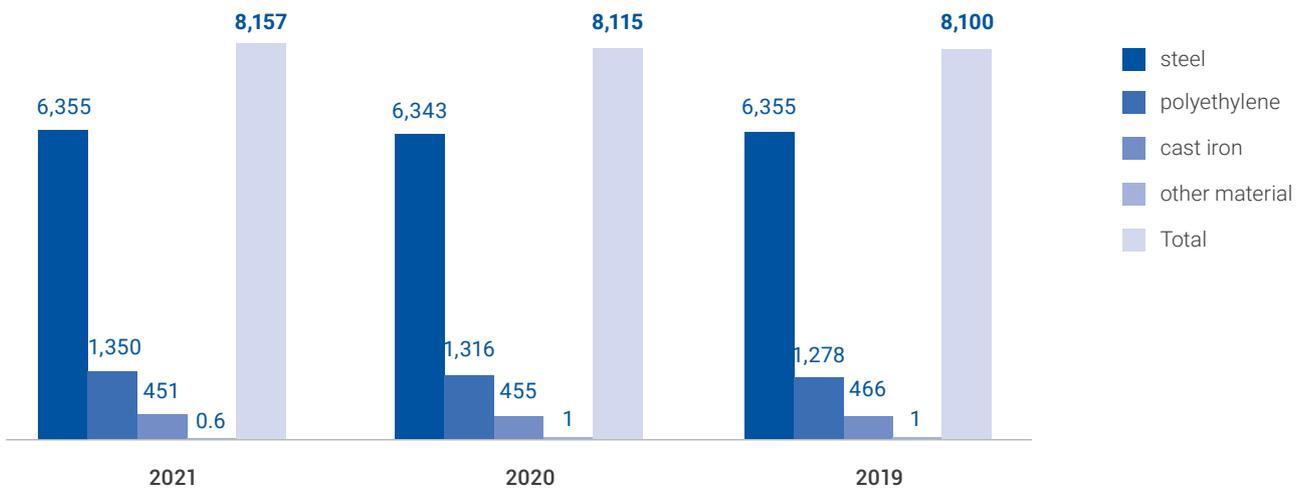
The main initiatives to reduce **leaks in the gas network**, in accordance with the provisions of ARERA, envisage the gradual cathodic protection of the unprotected steel network and the replacement of grey cast iron pipelines with hemp and lead joints. In 2021, in addition to the search for leaks on the underground network established by ARERA, the systematic search for leaks also continued at the measurement groups.

Network leaks are up compared to 2020, a year that recorded an exceptional reduction mainly due to lower customer/citizen reports during the pandemic period; considering a longer time horizon, the trend is significantly positive (-24% compared to 2019). The most numerically significant leaks come from overhead utility derivation plants.

Network leaks (no.)



Gas network composition (km)



The project to replace the gas network with new steel and polyethylene pipes also continued in 2021.

Gas network replaced (km)	2021	2020	2019
Steel pipes	9	15	16
Polyethylene pipes	28	0	0
Cast iron pipes	5	3	4
<b>Total</b>	<b>42</b>	<b>18</b>	<b>20</b>

### Safety of the gas network

People's safety is dominant in gas distribution service. The use of competent and adequately trained resources, together with a continuous monitoring

of the network, are factors that contribute decisively to the prevention of accidents and are subject to continuous analysis and improvement, in order to increase their effectiveness with respect to efficiency.

Network inspection, an effective emergency service and an adequate odorant concentration are fundamentally important for a proper management of a distribution system, together with a continuous modernisation of the networks.

ARERA establishes the safety service obligations, including network inspections. In 2021, Iren Group inspected 8,029 of the 8,158 km of the gas network managed. Scheduled inspection has also led to a greater control of leaks.

Gas network inspected	2021	2020	2019	ARERA requirement
Low pressure network	97.3%	97.6%	84.0%	≥ 25%
Medium and high pressure network	99.2%	100.0%	95.0%	≥ 33%
<b>Total network inspected</b>	<b>98.4%</b>	<b>98.8%</b>	<b>88.0%</b>	



**In 2021, over 98% of gas networks were inspected: more than three times 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 2021, Iren Group injected 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/m<sup>3</sup>), 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 is significantly above the parameters established by ARERA. In 2021, the gas Emergency Service handled 7,505 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	2021	2020	ARERA requirement
Average arrival time at the call site (min.)	30.4-37.9	30.6-36.5	60
Compliance with average arrival time at the call site (%)	97.7%	98.7%	90.0%

### Acoustic impact

In 2021, campaigns to measure the effects of noise produced on the surrounding environment did not reveal any critical issues in gas distribution plants.

## Integrated water service

### Integrated water service tariff

The organisation of the integrated water service in ATOs (Optimal Territorial Areas) entails 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 collection and treatment). The Provinces of Savona, Imperia and Mantova are not reported, where Iren Group only manages the distribution of drinking water.

Average tariff for IWS (Euro/m <sup>3</sup> ) <sup>1</sup>	2021
Province of Asti	2.60
Province of Cuneo <sup>2</sup>	1.77 - 1.79
Province of Genoa	2.34
Province of La Spezia	2.14
Province of Parma <sup>2</sup>	1.90 - 2.45
Province of Piacenza <sup>2</sup>	1.83 - 2.37
Province of Reggio Emilia	2.13
Province of Vercelli <sup>2</sup>	1.76 - 1.86

<sup>1</sup> The average tariff is calculated by adding the basic domestic use tariff for the aqueduct service, the sewerage tariff and the wastewater treatment tariff. In the provinces of Genoa, Piacenza, Reggio Emilia and Vercelli the ARERA 2020-2021 tariffs have been approved. In the remaining provinces, tariffs are provisional.

<sup>2</sup> Minimum and maximum values of the different tariffs in place across the country.

### Water bonus

With Resolution 897/2017 ARERA has introduced the social water bonus for customers in economic hardship. Users with an ISEE (Equivalent Economic Situation) indicator of less than 8,265 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 per day per capita of integrated water service. To support the cost of the bonus, a specific tariff component (UI3) equal to 0.005 Euro/m<sup>3</sup> sold was introduced for the year 2021, which is applied to all Italian users. In addition to the bonus provided by ARERA, the Local Sector Authorities can add an additional bonus financed by the tariff of the area and disbursed according to methods established by the Authorities themselves. ATERSIR (Territorial Agency of Emilia-Romagna for Water and Waste Services) has resolved for 2021 the Supplementary Social Bonus for users in conditions of economic hardship: 240,000 Euro for Parma area, 160,000 Euro for the Province of Piacenza and 350,000 Euro for the Province of Reggio Emilia. The Local Sector Authorities of the Genoa and La Spezia areas have approved an amount for the two Provinces of 400,000 Euro and 220,000 Euro, respectively.

Water social bonus <sup>1</sup>	2021 <sup>2</sup>	Amount (Euro)
Number of bonuses awarded	25,316	1,315,921

<sup>1</sup> Data shown are for bonuses recognised in bills issued in 2021 and related to the year 2020. Calculations and amounts include ARERA Bonuses and supplementary bonuses from Local Sector Authorities.

<sup>2</sup> 2021 data are estimated and subject to verification and are dependent on submission to ARERA on 31/03/2022 for the 2021 financial year.

### 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 2021, the data for 2020 were reported, confirming a very high level of compliance with the established time frames, with an average of over 90% of the services.

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 quality management system (see page 198).

## Service efficiency

At the end of 2021, the Group manages 913,105 water meters serving the various types of users, 14% of which are electronic. These are new-generation meters that, in addition to providing real-time data for billing amounts due, contribute to make residents more aware of their consumption, encouraging behaviour aimed at reducing and improving the use of water, with subsequent environmental benefits.

The water taken from the different sources is introduced in the distribution network that reaches all the users, after having carried out the necessary controls and verifications of the potability requirements. Control, extension and maintenance activities are carried out on the networks with the aim of minimising inconvenience for the public as far as possible. A priority, in fact, is given to the protection of the urban environment and the sustainability of everyday life, in particular with regard to the impact on city streets.

In 2021, out of 20,088 km of managed water network, 15,644 km (nearly 78% of the total) were checked for leaks: 4,578 km (about 23%) through the acoustic research technique carried out on-site and 11,066 km (more than 55%) employing night-time flow monitoring, a structural activity that makes it possible to analyse distribution districts and check for any anomalies that may indicate dispersions of water resources.

In the case of scheduled service interruptions, i.e. suspensions of the water supply necessary for the execution of planned works, warnings are issued through the press and local television stations on 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. In 2021, there were 1,016 planned outages in the managed territories.

For emergency interventions, e.g. a sudden breakage of pipes, all of the necessary measures are implemented in order to restore the water supply in the shortest possible time, in accordance with the provisions of the laws in force. In 2021, there were a total of 8,566 outages in the network, subject to repairs carried out following the search for leaks or reports received.

The average arrival time at the place of the emergency call for the Group is 112 minutes.

## Water safety

In the supply of water for drinking purposes, the health and safety of the customer are an absolute priority, guaranteed by Iren Group through constant control, even beyond the legal obligations, of the quality of the water, through the analysis of the parameters, provided for by Italian Legislative Decree 31/2001 at the various sampling points established by the Control Body (Local Health Authority) along the distribution network and at points located at the exit 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 the purification of 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 Group laboratories to determine their chemical and microbiological characteristics.

In the wastewater 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 Local Sector Authorities, ARPA (Control Body) and Provincial Authorities.

Controls on drinking water and wastewater (no.)	2021		2020		2019	
	Samples	Parameters	Samples	Parameters	Samples	Parameters
Emilia-Romagna	37,365	467,067	36,769	435,516	36,159	426,542
Piedmont <sup>1</sup>	5,087	57,503	5,371	63,865	5,199	64,046
Liguria	13,162	324,700	13,512	287,345	14,216	279,693
Lombardy <sup>2</sup>	517	8,823	473	7,947	485	7,925
<b>Total</b>	<b>56,131</b>	<b>858,093</b>	<b>56,125</b>	<b>794,673</b>	<b>56,059</b>	<b>778,206</b>

<sup>1</sup> As of 2021, the Cuneo area is no longer included, in which the Group has ceased to manage the service.

<sup>2</sup> The data regards samples and parameters conducted on drinking water only, as the Group does not manage the wastewater service.



**Over 56,000 samples and 858,000 parameters analysed on drinking and wastewater to ensure residents' safety**

### Acoustic impact

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.

## Waste management services

The emergency produced by the Covid-19 pandemic, also in 2021, required Iren Group to make a greater commitment in the field of environmental services with significant interventions to support citizens.

The Environment Points (Punti Ambiente) remained always open for the distribution of materials needed for the sorted collection of waste. Residents' access was restricted, ensuring the distance foreseen by the regulations, and the counters were equipped with all health safety devices (plexiglass, disinfectant dispensers, masks and gloves for operators).

During the year, the Group continued to promptly acknowledge and manage the requests of the Municipalities to postpone the deadlines of the TARI payment notices, staggering them both for domestic users and for non-domestic users.

In order to meet the needs caused by the health emergency, specific home collection services of unsorted waste have been arranged, street washing services have been intensified, as well as the cleaning of play areas in parks and urban hygiene. In particular, at the request of Public Administrations and through protocols agreed with regional bodies, ad hoc services have been set up for waste collection, including doubling the frequency of emptying unsorted waste bins and the pick-up at the floor collection service for families with Covid-19 positive cases and in the case of objective and proven inability of people to leave their apartments or private property to take out the container or reach the nearest street bin. Residents were able to request the service through the Group's waste management 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.

The activity of the contact centre operators 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, for domestic utilities, also of 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 Municipality 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 categories of users.

The average tariff for waste collection and hygiene 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 2021 for the main municipalities served.

Type of domestic users - Year 2021	Average TARI by provincial capital (Euro/year)				
	La Spezia	Parma	Piacenza	Reggio Emilia	Turin
1 member families	151.01	132.07	121.95	168.37	131.54
2 member families	195.84	215.09	216.17	253.95	246.53
3 member families	208.42	247.57	270.49	334.52	294.69
4 member families	220.27	288.13	298.54	382.64	326.63
5 member families	232.12	336.78	358.06	430.41	381.69
≥ 6 member families	244.35	380.14	405.58	455.99	433.72

## Safety of environmental services

[GRI 416-1]

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 of the customer.

### Acoustic impact

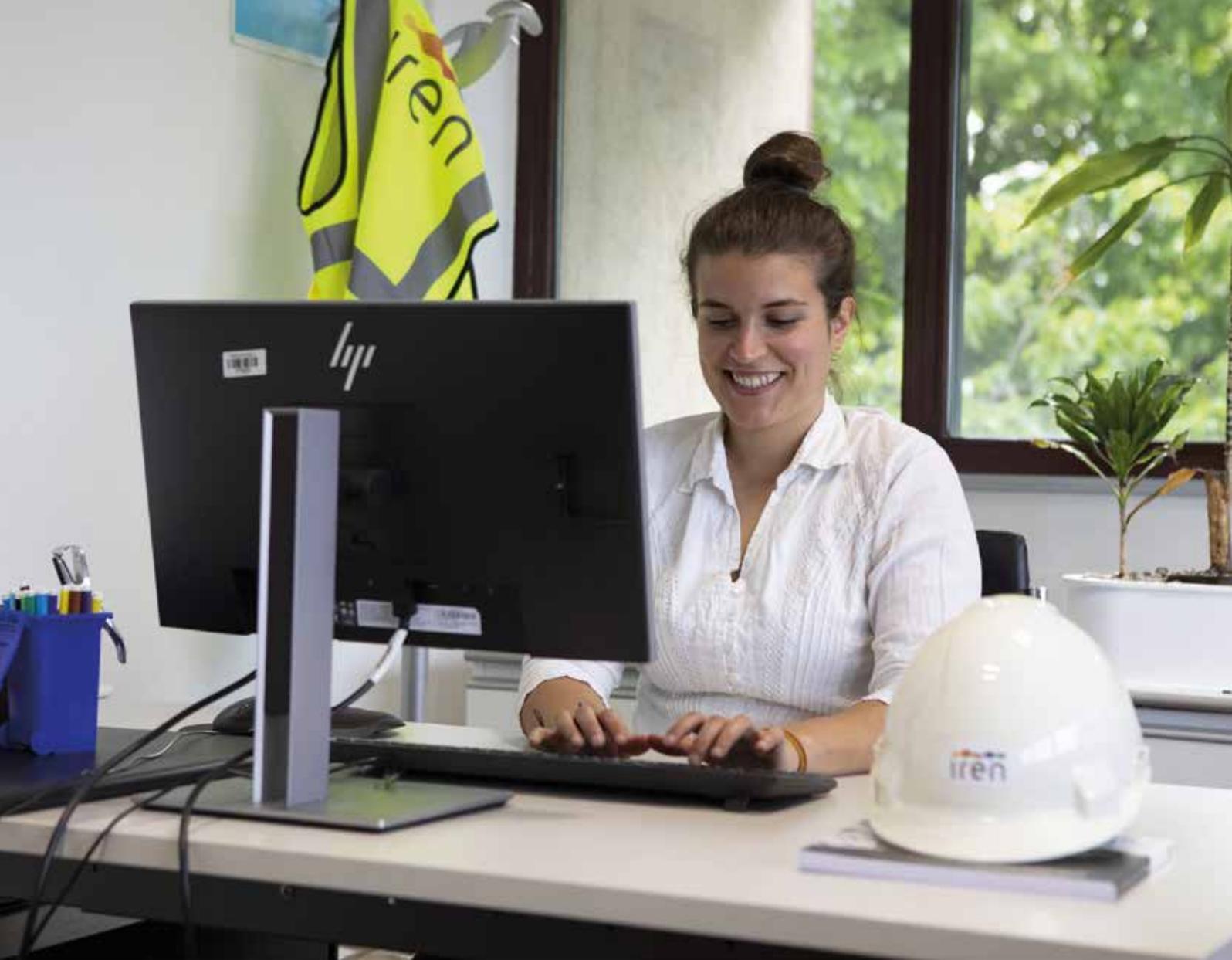
In all the areas managed, sound level checks are periodically carried out on waste collection, street sweeping and collection centres. In particular, in the waste collection sector, the Group is adopting new methods with vehicles with low acoustic impacts, such as electric vehicles. For waste-to-energy plants periodic acoustic monitoring campaigns are carried out. To date, the results of the investigations conducted show that the limits have been respected.

## District heating

Iren Group's district heating service produces and supplies the thermal energy required by customers for heating rooms and producing of domestic 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 Service Charter. 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 objective assessments of compliance with the standards envisaged.

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 198).



### District heating tariffs

District heating tariffs are not currently governed by national regulations and are historically constituted in accordance with the principle of “avoided gas cost”, i.e. in relation to the cost that the customer would have paid using natural gas (expressed in Euro/scm).

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 regards the fiscal components.

### District heating safety

The Department of Environmental, Territorial and Infrastructure Engineering (DIATI) of the Politecnico di Torino University has carried out, since 2017, 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 decentralised 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.

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 about 1,091 km long and was inspected entirely in 2021.

## Smart solutions

The Group offers integrated energy efficiency solutions for condominiums, businesses, Public Administrations, non-profits and charities. In addition, it provides products and services that meet the needs of safety and well-being of customers, such as: energy, building, anti-seismic upgrades, implementation and management of public lighting systems that increase the safety of urban areas, lighting upgrades (LED relamping) to improve efficiency and visual comfort, optimised management of thermal systems that make indoor environments more efficient and comfortable, improving heat distribution. These activities are carried out by providing a complete package and, for energy requalification interventions of buildings-plants, the customer has the possibility to receive the discount on the invoice or to opt for the transfer of the credit corresponding to the tax deduction, as provided by the current legislation.

The proposed solutions are turnkey, including consulting services, design, implementation and monitoring, with the possibility of using incentives and customised financial and contractual solutions.

Thanks to the collaboration with professionals and companies qualified in the Supplier Register, the Group, through Iren Smart Solutions, acts as the only interlocutor towards the customer.

In 2021, the Group launched several initiatives to raise awareness of the importance of urban redevelopment and energy efficiency as levers to improve urban sustainability. Moreover, several territorial roadshows were organised, dedicated to professionals and companies, in order to spread the culture of tax bonuses, provide clarifications on regulatory requirements and support external professionals in the complex processes they are involved in alongside Iren Smart Solutions.

### Smart solutions safety

In managing smart solutions activities, the Group works to minimise impacts on the health and safety of customers and communities. For example, for technological services managed for Public Administrations, 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 requirements in the purchase of lighting equipment. Furthermore, Apps are available for the public lighting and traffic lights service through which citizens can report any faults or malfunctions in real time.

For the technological global service (management of thermal and electrical systems) of public buildings, a detailed process is envisaged for reporting faults and malfunctions, managing calls and solving the problem, with response times defined for each type of request, as well as the analysis and evaluation of the level of service. A 24-hour contact line is provided to manage domestic heating systems, with repairs within 3 hours of the report.

## Energy production

The management model adopted by Iren Group takes into account the health and safety of people, also evaluating the environmental aspects, risk analysis and measurement, in all phases: from design to maintenance of the plants, up to the choice, storage and disposal of materials and products, for which specific certifications are required.

### Acoustic impact

The Group monitors, evaluates and mitigates 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, noise suppressors). 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, appropriate measurements are taken to assess the need for specific mitigation measures.

## Emergency management

In order 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, 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;
- the management of information and relationships with the Prefectures, Civil Defence, Authorities, Regions, Provinces and Municipalities, including their relative operation rooms.

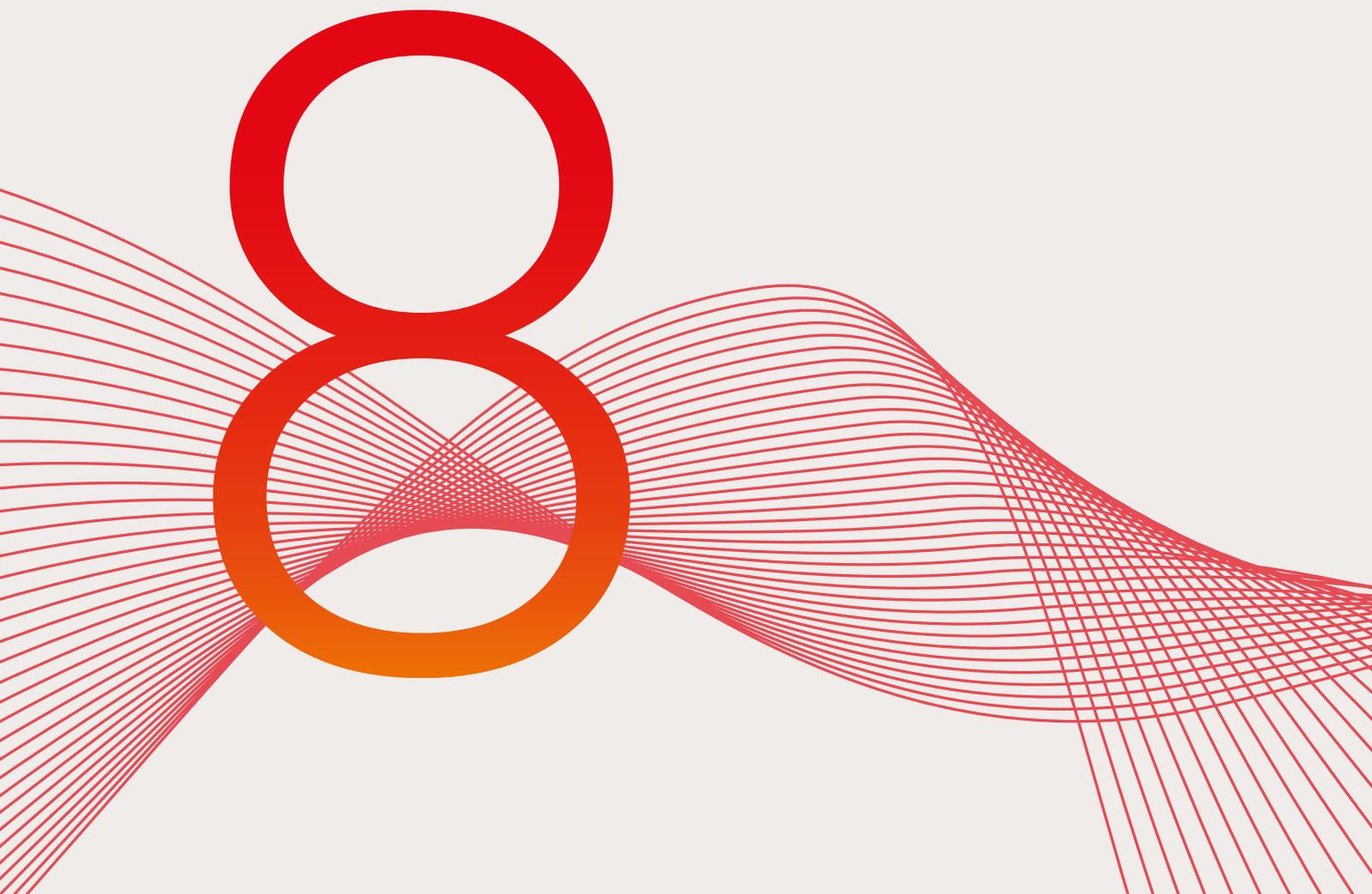
All monitored sites and facilities have specific emergency plans covering the most likely emergency scenarios, including those with possible environmental impacts. Emergency personnel have been identified at each site and plant, who are trained and updated periodically. Evacuation tests are carried out annually involving all persons present, including visitors, customers and suppliers; depending on the site, simulations are also carried out regarding the management of additional emergency scenarios (illness, spillage, etc.). 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, by requesting and calling technicians on call. The action aimed at fixing the failures occurs in the minimum time needed to carry out works.

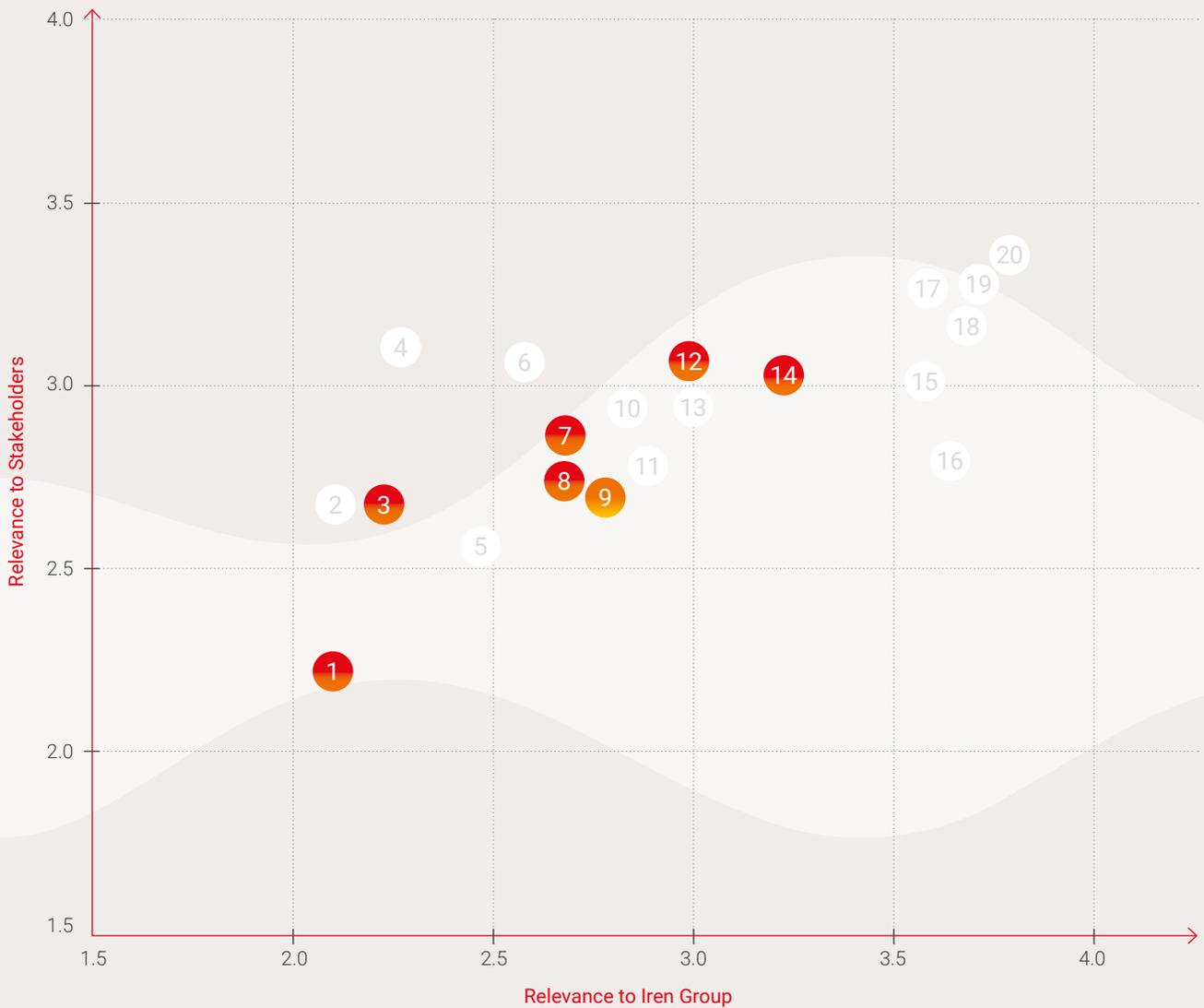
To facilitate access to information relative to any weather alerts, the company smartphones – which are provided to all employees – are equipped with a special App that provides a direct link to the official weather alert sites in the regions where the Group operates. For employees who operate mainly 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.



# Enabling resources



# Priority topics



**14** Employment, development of human resources and welfare



**1** Industrial relations



**12** Occupational health and safety



**8** Diversity and inclusion



**3** Protection of human rights



**7** Sustainable management of the supply chain



**9** Effective and transparent dialogue and communication with stakeholders



# Our people

[GRI 102-7, 102-8, 201-3, 401-1, 403-2, 404-2, 405-1, G4-EU15]

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 which embody the mission and vision in the Strategic Plan (see page 47) and in the actions of personnel.

These values are even more relevant in the pandemic context, which has had a significant social and economic impact and has placed greater emphasis on the value of employment, a key factor for the Group that consider human resources as a fundamental asset for its growth.

Therefore, also in 2021, was active the **Crisis Unit** (consisting of: Chief Human Resources Officer, Head of Personnel, Head of Welfare and Safety in the Workplace and Coordinator of the Group's Occupational Health Physicians) –instituted in February 2020 as soon as the Covid-19 emergency spread, 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 maintain an ongoing dialogue with all Group employees. In fact, **internal communication** was constant to disseminate to all employees – via the company Intranet, e-mail and text messages – the general measures to be observed for preventive and precautionary purposes and specific additional company measures for the protection of the health of workers and business continuity.

**Remote work** for white-collar workers was prevalent for the first part of the year and was combined with face-to-face work starting in the second half of the year when the health emergency eased off; in this way it was possible to ensure the continuity of activities and, at the same time, contain the spread of infection. Employees with technical-operational roles have mainly continued **working in-person**, with procedures and means of protection appropriate to the different operational situations, avoiding situations of contact and crowding as much as possible thanks, for example, to the encouragement, where possible, of the departure from home with the operational vehicles, to the access in shifts to the canteen, to the management of meetings via tele or video conference.

After the acute phase of the pandemic, the new forms of work, in particular remote work, have been consolidated and refined by pursuing company and individual improvement objectives through a precise analysis of the way in which activities are carried out. In this context, in addition to continuing all the interventions to enable the adoption of the new working methods and avoid the risk of reducing internal cohesion, training continued for the **development of new leadership**, a fundamental factor for adequately managing the changes underway.

The Group has also contributed to the national anti-Covid vaccination plan, carrying out, in line with government guidelines, a **company vaccination campaign** aimed at all employees on a voluntary basis.

Despite the continuing health emergency, during the year the Group carried out an important **recruitment** plan, offering employment to a large number of young people.

The maintenance of adequate employment levels, the monitoring and development of skills, the health and safety of workers, are central to the pursuit of the strategies of the Group which, for this reason, is actively committed to improving working conditions and personal growth of its employees, promoting a stimulating and constructive working environment. Investments in training and development, meticulous career planning, targeted strategies to enhance talents, tailored benefits, personalised remuneration policies and an innovative corporate culture are some of the elements the Group continues to focus on.

Moreover, the involvement and engagement of collaborators are considered essential to teamwork and to developing a solid corporate culture. This approach is part of the process, launched in 2020 and continued in 2021, to **manage individual skills and knowledge** as part of a model that aims to maintain a high quality of human resources through policies that aim to increase professionalism and guarantee the necessary involvement (see page 230).

In 2021, Iren Group was awarded the Top Employer Italy certification, for the fourth consecutive year, 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 level and that constantly strive to improve and optimise their best practices in the field of human resources.



### People are a fundamental capital for the Group, as shown by its 2021 Top Employer certification

The Group contributes to maintaining employment levels also by promoting the development of businesses to which it outsources services and work,

requiring them to provide adequate guarantees in terms of 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/information initiatives organised by the Group itself. Through actions aimed at increasing professional skills and improving the level of education, the Group contributes, in a broader way, to the quality of employment in its related industries and in the reference territories.

While having no specific local recruitment policy, given the specific features of the Italian labour market, a high percentage of Group employees reside in the province where their place of work is located. Furthermore, considering the type 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.

At 31 December 2021, Iren Group had 9,055 employees, up from the 8,465 employees at 31 December 2020. The main changes in workforce are due to:

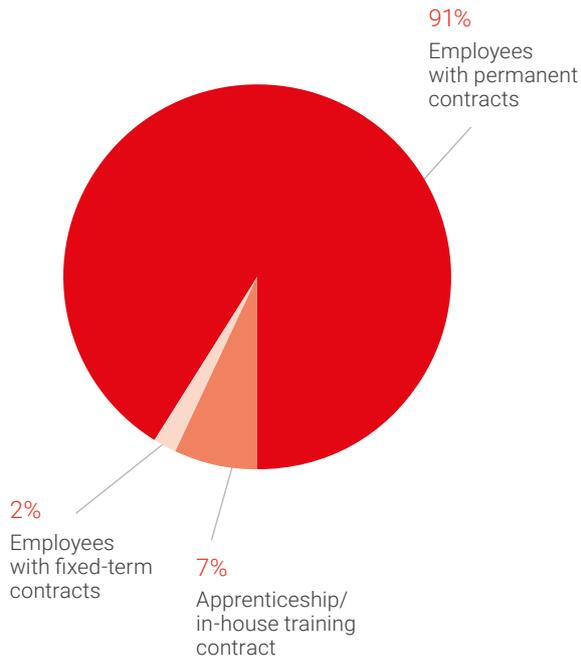
- boundary changes, mainly due to the inclusion of the companies from the former Unieco Environment Division, acquired at the end of 2020 but reported separately in the Sustainability Report 2020, for a total of 186 employees and the acquisition, at the end of 2021, of the company Bosch Energy and Building Solutions Italy, for a total of 155 employees;
- the characteristics of the annual workforce trend of the company San Germano due to the start/termination of contracted services, including those of a seasonal nature;
- continuation of the generational turnover plan.



### More than 98% of the Group's employees are employed on permanent or apprenticeship contracts

Personnel as at 31/12 by position (no.)	2021	2020	2019
Managers	104	92	94
Junior managers	345	305	314
White-collar workers	3,915	3,618	3,495
Blue-collar workers	4,691	4,450	4,199
<b>Total</b>	<b>9,055</b>	<b>8,465</b>	<b>8,102</b>

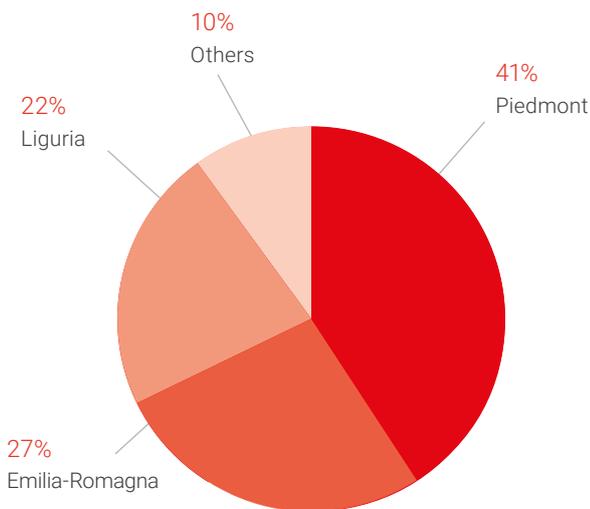
### Personnel by contract type



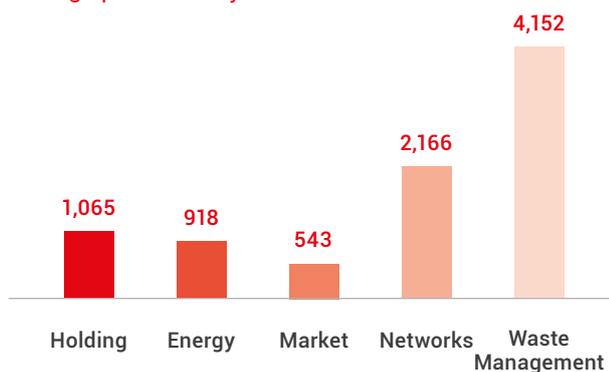
More than 98% of personnel are employed on permanent or, in the case of young people, apprenticeship contracts. This figure confirms that the Group favours long-term working relationships, also offering opportunities for internships with the aim of giving young people, in particular, concrete professional experience. In 2021, 99 people were given internships and 6 students took part in School-Work programmes.

39% of the employees fall within the 30 and 50 age group, while the average age is 47.6.

### Average personnel by area



### Average personnel by business unit



The Group believes that maintaining long-term relations with its own employees, in combination with life-long 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 they 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, with the internalisation of activities which had previously been outsourced. The Group is committed to protecting, in line with legal and contractual provisions, personnel belonging to protected categories and/or suffering from long-term illness, avoiding any form of discrimination in their regard.

## New hires and contract terminations

In 2021, there were 886 hires, up compared to 2020, despite the situation affected by the Covid-19 emergency, in line with the 2030 Business Plan targets.

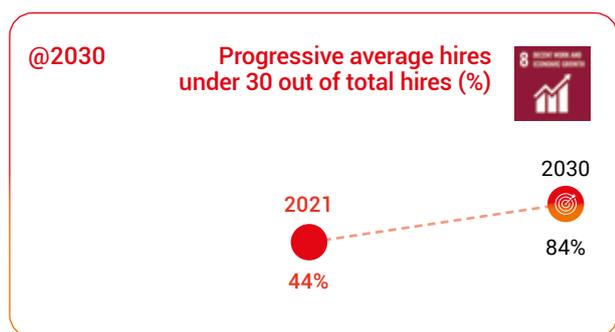


The overall figure is influenced by the characteristics of the San Germano company, which makes use of hiring under fixed-term contracts (210 in 2021) to cope with the start-up of contracted services, including those of a seasonal nature. Excluding this effect, more than 89% of new hires are on permanent or apprenticeship contracts, while the remaining hires on fixed-term are due to seasonal or replacement needs.

Hires by type of contract (no.)	2021	2020	2019
Permanent contract	350	177	202
Fixed-term contract	268	238	238
Apprenticeship contract	268	197	305
<b>Total</b>	<b>886</b>	<b>612</b>	<b>745</b>

Hires by age and gender (no.)	2021	2020	2019
under 30 years old	388	308	360
from 30 to 50 years old	373	199	296
over 50 years	125	105	89
<b>Total</b>	<b>886</b>	<b>612</b>	<b>745</b>
Men	717	515	633
Women	169	97	112
<b>Total</b>	<b>886</b>	<b>612</b>	<b>745</b>

Hires under 30 represent 44% of the total hires, a figure that is destined to grow, in line with the new objective set out in the 2030 Business Plan and demonstrating the attention that the Group pays to hiring young people.



In line with Group policies, among contracts subject to expiration during the year, 100% of apprenticeship contracts were confirmed (except for 6 cases of voluntary resignation), while fixed-term contracts were renewed within the limits of replacement needs and seasonal operations.

Employees with contracts expiring during the year (no.)	2021	2020	2019
Expiring fixed-term/apprenticeship contracts	334	176	341
<i>of which confirmed on a permanent basis</i>	256	132	132

The main reason for termination is related to consensual terminations of employment 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 (118 in 2021). There were no collective redundancies and/or redundancies for economic reasons.

Outbound employees by reason (no.) and turnover	2021	2020	2019
Resignations	197	145	131
Voluntary termination/retirement	278	145	133
Death	14	12	14
Dismissals	36	22	26
Inability to work	5	5	15
Expiration of fixed-term contract	133	140	191
Transfer to other Group Companies <sup>1</sup>	0	0	4
<b>Total</b>	<b>663</b>	<b>469</b>	<b>514</b>
<b>Turnover<sup>2</sup></b>	<b>7.3%</b>	<b>5.5%</b>	<b>6.3%</b>

<sup>1</sup> Agreed transfer to companies which are not part of the analysed perimeter.

<sup>2</sup> 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 anticipation 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 at least 62 years of age and a minimum contribution period of 38 years. Under the agreement signed in 2019 with the Trade Unions in applying these regulatory provisions, 131 employees left in 2021.

Turnover increased compared to 2020 due to the generational turnover process, which also led to a high number of new hires and the use of pre-employment training courses.

In the preparation of the Business Plan, studies and simulations were carried out to assess the Group personnel eligible to retire over the plan period. Consequently, the Group is preparing to handle these potential terminations in the period 2021-2030, taking into account possible organisational changes and the new skills needed. In 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.)	2021	2020	2019
Normal working hours	13,917,526	12,778,051	12,354,017
Overtime	722,756	617,038	781,767
<b>Total</b>	<b>14,640,282</b>	<b>13,395,089</b>	<b>13,135,784</b>

In 2021, there was a slight increase in the number of hours of absence due to strikes, primarily due to the failure to renew the National Collective Labour Contract for the Environment, which involved all companies in the sector, and the national strike regarding the amendment of art. 177 of the Public Contracts Code relating to the "awarding of concessionaires".

Hours of absence by type (%)	2021	2020	2019
Sick leave	56	60	57
Maternity leave	7	4	6
Injuries	6	6	8
Strike	2	0	0
Trade Union meetings and leave	4	4	5
Other absences (paid and unpaid)	25	26	24
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

The sick leave rate<sup>1</sup> is 4.8%, down from 2020 (5.7%), although the Covid-19 emergency persists. The absenteeism rate of 5.1% also shows a decline from 2020 (5.4%)<sup>2</sup>.

## Human resources management

[GRI 102-38, 102-39, 102-41, 202-1, 401-2, 403-5, 404-1, 404-2, 404-3, 405-2]

### Selection system

At Iren Group, the process of searching and selecting human resources 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. 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.

<sup>1</sup> The sickness rate is calculated as the ratio of sick leave hours to hours worked.

<sup>2</sup> The absenteeism rate is calculated as the ratio of days of absence due to sick leave, injuries, 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.

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). Candidates can select the position that best meets their skills and interests or submit their application, without attaching it to a specific job posting.

Other candidates may come from the main universities and schools in the reference territories, with which the Group has built solid partnerships over time. As far as high schools and technical institutes are concerned, mutual acquaintance between the Group and candidates can also take place through "Percorsi per le Competenze Trasversali e l'Orientamento" (PCTO, formerly School-Work programmes), which allow young girls and boys to experience more closely daily working life in existing jobs within the various Group companies.

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 curriculum vitae is assessed on the basis of how well it matches the requirements of the vacant position. If the profile meets these requirements, it is included in the selection process; otherwise, it 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, in order to gain in-depth knowledge of applicants and to guarantee fairness and transparency. The standard selection process involves a number of pre-defined steps: identification of the most suitable profiles from the submitted CVs; an initial interview to find out the candidate's reasons for applying and discuss the experience indicated on the CV in more detail; a 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 case of a negative outcome. In the event of a positive outcome, the new employee is hired into the Company according to a process defined on the basis of the position to be covered.



The Group has joined the national programme Garanzia Giovani (Youth Guarantee), activating the planned internships as the preferred search and contact tool with the labour market, and the Valore D (D Value) programme, committing itself to creating more equal conditions to promote diversity and employment for women.

### Personnel development

To implement its strategy, successfully anticipating and facing the complexity and changes of the market, regulations and technologies, Iren Group invests in order to increase the wealth of internal skills and enhance its human resources, adopting specific policies, means and tools. Discovering, developing and promoting personnel skills is a fundamental commitment 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 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. It is the logical infrastructure on which the main human resource management processes, including training and skills development, are based. Specifically, each standard job within the Job System is weighed, in relation to the contribution that each organisational role 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, and are further divided into sections, into which each of the roles 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 procedures 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 2021, **skill-monitoring** activities continued, through dedicated tools differentiated both by band and professional group. In particular, an extensive mapping project of the Group's specialist skills was completed with the various departments and business areas, leading to the identification and description of the theoretical knowledge and practical skills required for various roles and organisational levels. This work resulted in the creation of a **catalogue of the Group's specialist skills**, which forms the basis of the skills assessment process, which will take place every two years. The activity to complete the Group's competency assessment process, launched at the end of 2020, was conducted on 6,728 Group employees, thanks also to the active participation of over 500 managers who acted as evaluators, after being trained on the process and its founding elements (organisational role, competency, expected level, etc.). The assessment phase was followed by an analysis of the competency gaps found, in terms of role, organisational function and even professional family. Based on the defined competency model and the competency evaluation system, a training and professional development plan was then initiated on a two-year basis.

In addition, the **performance management** system was further refined – aimed at all Group resources – integrated with the individual incentive system (MbO), aimed at orienting performance and behaviour towards shared values and results. During the year, the Group launched various training initiatives aimed at raising the level of awareness of the performance management process: more than 450 new participants were involved in virtual classrooms organised to introduce the system and its founding elements; in addition, training content on the key stages of assigning objectives, assessment and management of the feedback interview was made available in e-learning mode to all participants in the process.

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 energy transition, circular economy, sustainability and digital transformation.

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 Group'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 everyone.

Staff development is supported by creating experiences and opportunities in which everyone can learn and train their skills and increase their awareness of their role within the Group. This path to growth begins immediately, with the **Onboarding** programme dedicated to new hires. The welcoming starts from the moment the contract is signed, with the release of the "ReadyToIren" app. Next, each new hire is invited to attend the Welcome Webinar, an event where they meet colleagues from the functions of Personnel Management, Attendance, Welfare, Communications, Certified Systems, and Performance and Development. This shared step is essential to begin getting to know the Group and the people in it. In 2021, 20 Welcome Webinars (totalling approximately 2,600 hours) were held to welcome new hires. Such training sessions, extended to everyone, are followed by personalised courses based on the level of responsibility and seniority: the **induction courses** dedicated to new managers and professionals, useful for introducing new recruits to meet individually with key people for the performance of their activities (in 2021, there were 11 for a total of 123 hours) and the Virtual Learning Meetings, aimed at new graduate colleagues under 35, to allow them to develop their knowledge of the organisation and the Group's strategic projects (over 1,270 hours in total

in 2021). Learning also continues at an individual level, through a specific welcome area made available on the Intranet, where it is possible to find, in addition to informative and popular materials, slides and videos of the courses followed, videos of the management and of the new recruits of the previous years, as well as links to other areas of the Intranet, such as the Library of Online Training, the virtual tours of the main plants, the videos on the Group's values and the interviews of the Iren People project.

Investments in reskilling and upskilling of personnel have grown over the years in order to carry out training interventions dedicated both to new skills, with the aim of preparing resources to cover different roles within the Group, and on skills already possessed, to improve certain areas of competence, with particular focus on new processes and new technologies.



### Training supports development and professional growth, and meets the needs of innovation and change

The launch of the **training process**, as regards the core competencies of personnel, is carried out through the analysis of competency gaps, at the level of role, organisational function and professional family, detected through the competency assessment process (see page 231). The results of the analysis are shared with managers through specific meetings during which priorities for intervention are assigned to the gaps found, on the basis of their number or the specificity/importance of the activity to which they refer. At the end of the phase of detection and analysis of needs, possible harmonisations between common needs and between homogeneous professional families are implemented.

These needs are included in a two-year **training and development plan** – with periodic updates based on requests for changes or additions received during the year – which contains technical, specialist,

managerial and behavioural skills, mandatory training and training on strategic projects.

The **management of training** is carried out through a dedicated management application (Training Portal), which is updated continuously with employees' personal data and is connected to an open-source platform 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 is continually enriched with useful functions to automate the various phases of the training process, for example that relating to self-enrolment which allows those directly concerned, or their managers, to choose the date and location of the training courses, which are mainly mandatory, with a view to greater flexibility and on the basis of broad planning that mainly involves initiatives on safety issues. 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 skills surveys every two years.



### The paradigm shift in training: from traditional to virtual classrooms

With the development of new technologies, an evolution towards digital transformation and the spread of the pandemic, training in Iren Group has changed paradigm, moving from traditional classroom training to the use of new methods that are able to offer a greater degree of flexibility, usability and personalisation, reaching and engaging even people who work remotely, such as virtual classrooms and webinars, which have been added to the asynchronous e-learning already in use. The virtual classrooms have been used, during the pandemic period, for training in support of strategic digital transformation projects (IrenWay, Market transformation, JustIren, WFM).

The emergency highlighted the need to accompany training linked to specific professional aspects with opportunities for growth, including personal ones, as a sign of attention and closeness to employees: values, emotions and trust were considered fundamental enablers to master this phase of uncertainty. For this reason, alongside the mandatory training, **free consultation training** was made available, accessible to all employees through their own 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), in the library "Online Training" on the Group's Intranet. Employees were thus able to enrich their curriculum, an opportunity also recalled by the union agreements signed in relation to the health emergency.

The Group also continued to invest in training plans through specific programmes to increase awareness of **diversity** topics and create an inclusive work

environment (see paragraph Diversity & Inclusion).

In 2021, the live sessions dedicated to the illustration of **the strategic lines of the Business Plan** to 2030 were particularly appreciated, with the participation in-person of about 300 managers and the live streaming on the company intranet of more than 2,000 people.

Simultaneously, online courses continued to be held for specific groups of employees (e.g., apprentices) on safety and regulatory requirements (e.g., for workers, supervisors and managers, Italian Legislative Decree 231, GDPR).

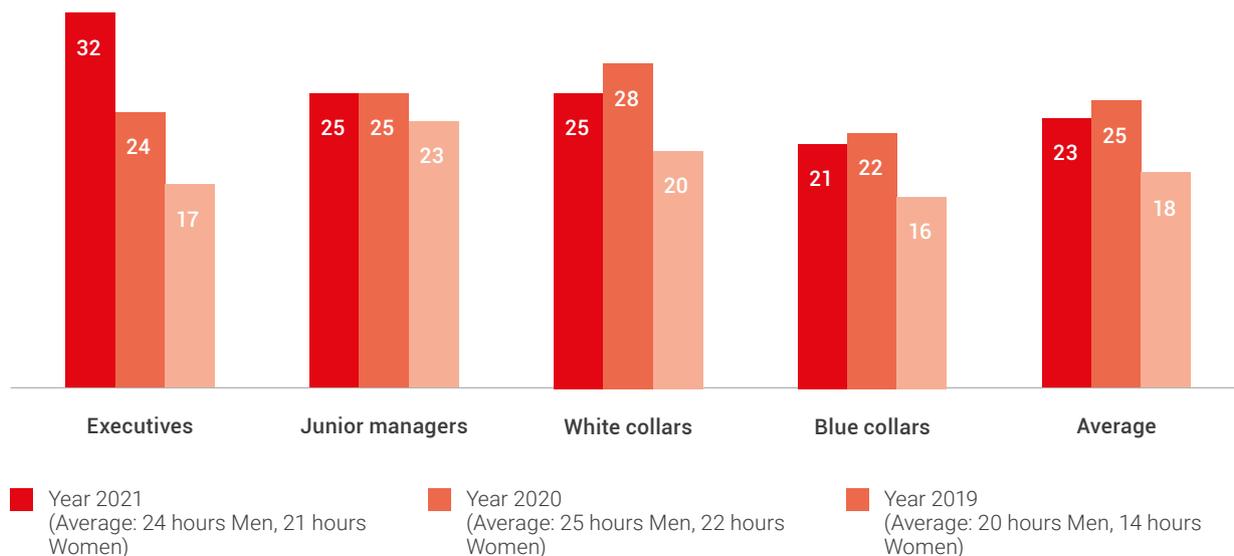
In line with the policies adopted by the Group for **cybersecurity**, the Security Awareness project was developed and, in 2021, offered employees a series of "free use" training modules aimed at increasing awareness and knowledge of IT security issues, thus making it possible to reduce the risk of system violations as well as computer fraud in work and private life. The project also involved, through specific training, the top management, who is essential to convey the culture of IT security, risk assessment and mitigation at all levels of the organisation.

Training hours totals by qualification	2021	2020	2019
Managers	3,272	2,172	1,665
Junior managers	8,477	7,846	6,975
White-collar workers	95,929	98,455	69,342
Blue-collar workers	95,468	93,616	67,253
<b>Total</b>	<b>203,146</b>	<b>202,089</b>	<b>145,235</b>

In a year still heavily impacted by the pandemic, total training hours provided to employees (including apprentices and contract workers) were more than 203,100, up from 2020 and the historical trend, and reflecting the actions taken to turn the health emergency into an opportunity for professional enrichment. The average number of training hours per capita, equal to 23 hours, is however influenced by the gradual application of Group policies to the companies acquired at the end of 2020 and in 2021, which have produced a significant increase in the number of employees.



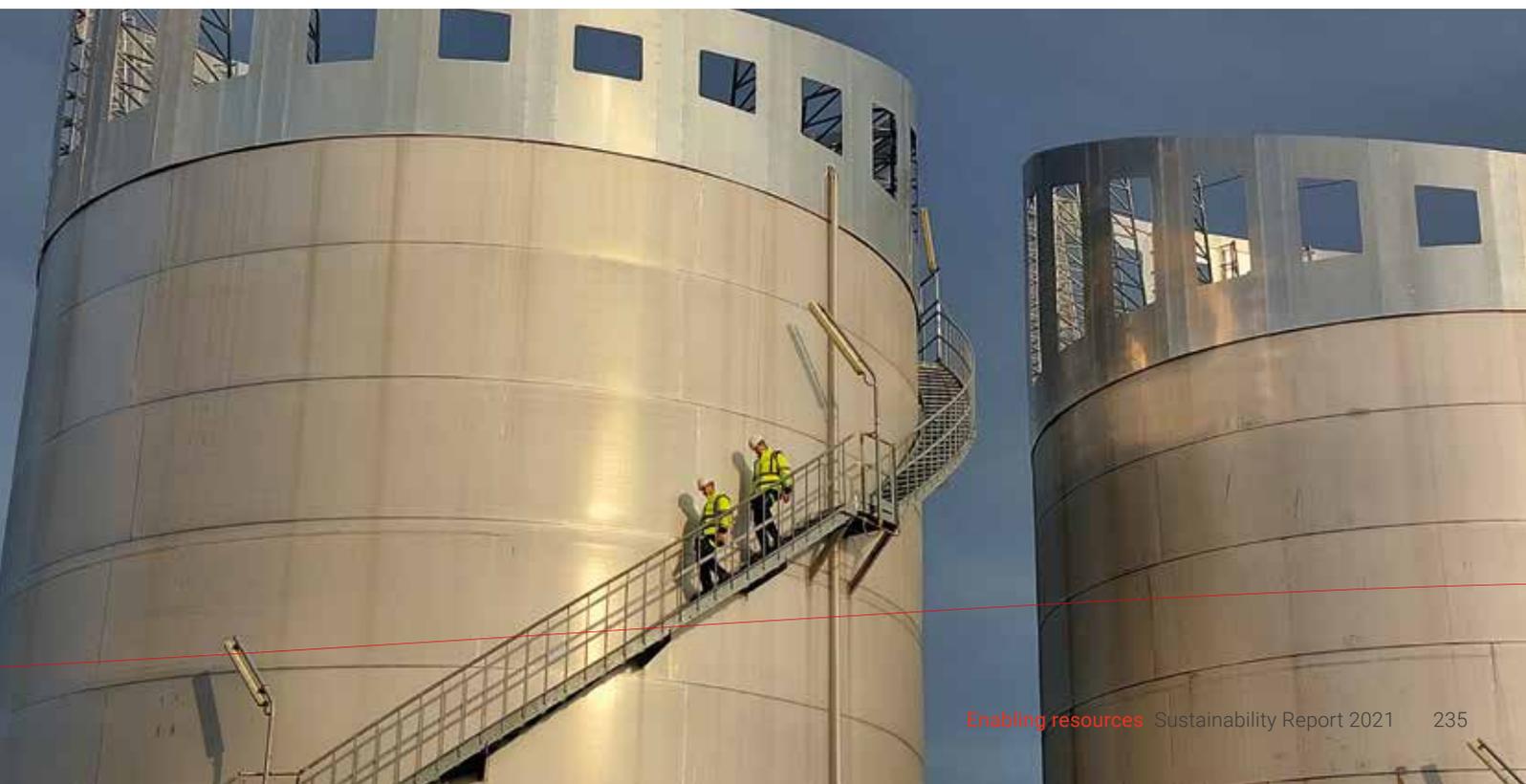
### Training hours per capita by position and gender



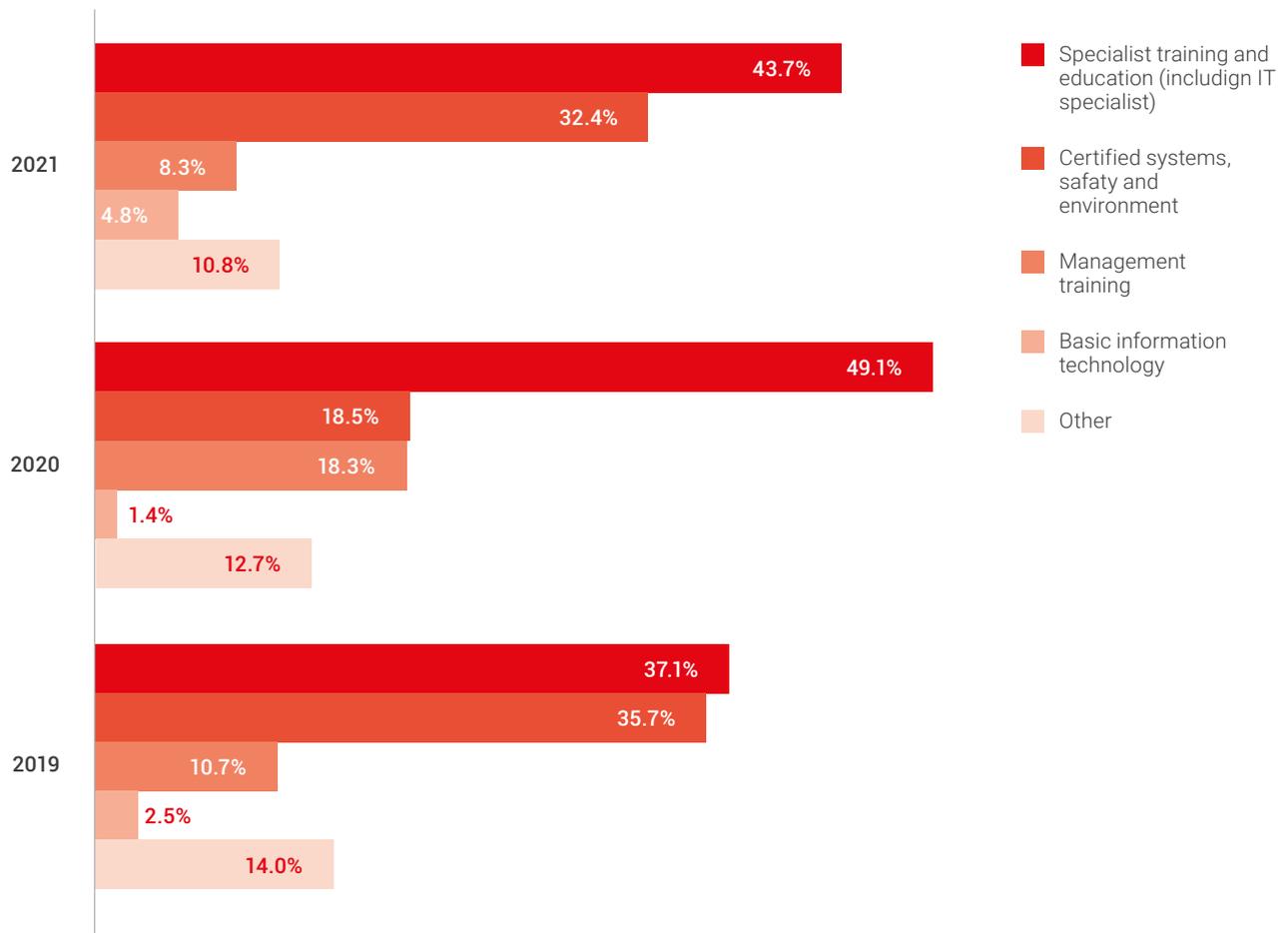
There was a significant increase in the number of employees who took part in at least one training initiative, totalling 8,328 (+14.3% compared with the previous year), in line with the Group’s philosophy of accompanying resources throughout their working lives (life-long learning). The percentage of trained workers is particularly positive, rising from 73% in 2020 to 86% in 2021, thanks to the intense work of acculturation to the use of the new training methods.

Employees involved in training activities (%) <sup>1</sup>	2021	2020	2019
Managers	100.0	100.0	100.0
Junior managers	100.0	100.0	100.0
White collar workers	100.0	100.0	95.9
Blue-collar workers	86.0	73.0	75.0
<b>Total</b>	<b>94.2</b>	<b>88.2</b>	<b>85.4</b>

<sup>1</sup> Ratio between number of people involved in at least one training event and the average annual number of employees.



## Distribution of training hours by topic (%)



In 2021, specialist training (including specialist IT) was still relevant, with an average per capita of 10 hours, recording the highest incidence (43.7%) of 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).

Regarding managerial training, which represents 8.3% of the total number of hours, particular mention should be made of the completion of the "Melagioco" path for leadership development, aimed at 119 managers, the skills assessment for a further 183 managerial figures who will be involved in the new initiative planned for 2022, the webinars and video conferences held on managerial/soft skills and scenario issues, as well as the mentoring, coaching, empowerment and leadership initiatives for women for Industry 4.0 aimed at promoting gender equality.

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 72% of total hours), with 971 courses held in 3,939 sessions. The remaining 28% relates to external training and is purchased by catalogue with participation in inter-company initiatives.

Both the satisfaction index of the training activities (81.3% compared to 79% in 2020), measured on the evaluations made by the participants at the end of the activity, and the learning index (88.9% compared to 88.4% in 2020), measured through the administration of verifications and skill tests, are growing. These results depend on a strong attention to the design of the training contents and the constant support to the participants, especially during the remote sessions.

The investment in training in 2021 of approximately 1,028,000 Euro reflects the significant interventions made in the area of specialised and safety 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 (PCTO, formerly School-Work programmes). Implementation agreements have been signed with universities, mainly present in the reference areas, aimed at activating collaborations for higher education activities, including the creation of 3 research doctorates funded by the Group, and for the recruitment of recent graduates and undergraduates. 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). The Group has also collaborated with the Higher Technical Institutes in the reference territory, making its employees available to provide lessons on specific topics and activating internship and recruitment paths.

Although measures to deal with the Covid-19 emergency prevented many activities from being carried out, during 2021, the Group:

- created webinars and participated in some career days with partner universities, through thematic and job orientation meetings, in which students had the opportunity to get to know the reality of Iren Group more closely and improve their knowledge of the world of work and the skills sought by the Group;
- organised multi-year projects and recruiting days for graduating seniors from affiliated technical high schools;
- launched 33 curricular, 28 extracurricular and 21 internships in the framework of PCTO projects;
- activated scholarships for postgraduate masters, and doctoral training paths.

## Remuneration system

The Group adopts national collective labour agreements (CCNL) for all its employees (the main national collective labour agreements applied include: "electricity sector employees", "gas and water sector employees", "waste management 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 the 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 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 2021, the ratio of the highest annual basic salary to the median of all other employees is 4.75, while the ratio of the increase in the highest basic salary to the median basic salary increase of all other employees is -6.23. The negative trend is due to the inclusion in the 2021 boundary of the companies of the former Environment Division of Unieco, acquired at the end of 2020, and the acquisition of the company Bosch Energy and Building Solutions Italy, which have CCNLs (Metalmechanical, Fise and Chemical Industry) with lower salary levels than those applied to the rest of the Group's historical personnel. The Group's average basic salary by gender is 1.05 compared to the average local salary by gender (Source: Istat 31/12/2018).

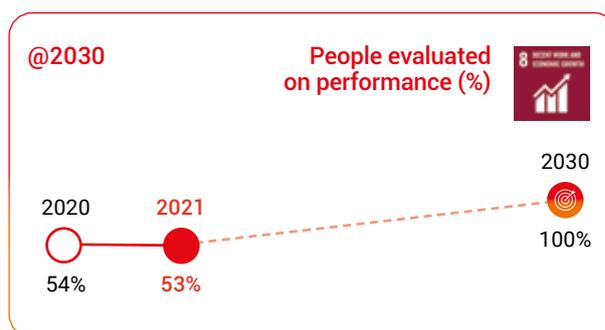
The remuneration and meritocratic policy of the Group aims to reward employees who achieve high levels of results in line with company values, the Group Job System (see page 230) and in accordance with adequate levels of quality and productivity. Personnel are required to be flexible in adapting to new working methods and to demonstrate remarkable professional commitment in terms of versatility.

**Performance bonuses.** In order to further involve staff and direct them towards the achievement of the Group's objectives, a collective performance bonus is envisaged, according to logics consistent with the strategic and management objectives, which enhance the correlation between remuneration and results obtained. 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, in 2021, specific agreements were signed on the subject with Trade Unions based on which bonuses may be paid in the form of one-off compensation or via welfare tools to non-management personnel. Also in 2021, part of the Performance Bonus was consolidated for the current workforce, allocating an additional contribution towards the supplementary pension fund for new hires.

**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. Individuals to be rewarded are identified following a thorough analysis of individual performance results, carried out by the various managers.

**Management by objectives system (MbO).** In most Group Companies, all managers, 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 of assignment. 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.

In 2021, 53% of employees received a **formal evaluation of the performance** achieved, a percentage that was essentially stable compared to last year as the process is being gradually extended to newly acquired companies. The performance assessment process involves the assignment of objectives, a mid-year assessment, an end-of-year assessment and, for certain employees (about 3,610 in 2021), the process is managed through a software.



The amounts for variable remuneration are shown in the table below.

Variable remuneration (Euro/000)	2021	2020	2019
Performance bonuses	12,464	9,581	9,626
MbO <sup>1</sup>	4,687	4,148	3,829
One-off compensation <sup>1</sup>	1,645	4,468	4,534

<sup>1</sup> Amounts allocated.

## 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 Group objectives, which become shared and pursuable through each individual's contribution.

The role of internal communication has been central in dealing with the crisis situation due to the pandemic. It was necessary to communicate in a timely and effective manner, so that each worker was aware of the protective measures and behaviour to be adopted to work safely in a constantly evolving health and regulatory situation. A variety of tools: 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 single text of Group provisions for working in safety were collected. It was necessary to spread and explain the company's choices, to reassure the workers, highlighting the commitment and the actions taken to cope with the emergency and the restart, to maintain a high level of involvement in a context of low interaction, in the first half of the year, and of distrust, in the second half, when the health situation allowed the return to the office, but the company population was still intimidated by a general state of insecurity. These were challenging objectives, pursued through video messages from top management, publication of regular news bulletins, external visibility to the commitment of all the Group's resources to the continuity of essential services, possible 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 to be the **corporate intranet Noi Iren**: more than 6.7 million pages were consulted, and 150 news articles were published

to stay connected and updated, with viewing and interaction also possible through the company smartphone distributed to all staff. Noi Iren is the "common home", a place to feel part of the Group, providing 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 information on cultural, environmental, sporting and social initiatives supported by the Group held in the various areas.

In 2021, the web magazine Iren Informa was the main tool to share, with about 270 articles visible internally and externally, the Group's resilience.

The video storytelling activities were enhanced with the creation of three different columns, which, with different styles and content, accompany workers and allow them to feel close, share a vision, and team up:

- *Iren people* is the column dedicated to the professions, aimed at sharing the many activities and getting to know the colleagues who deal with them. In 2021, 7 videos were made, published on YouTube, recalled on the intranet, on Iren informa and through social campaign;
- *Il tempo di un caffè (Coffee time)* is a column of interviews with business managers to engage the corporate population on long-term strategies and goals. In 2021, it was also the means of introducing everyone to the Group's new CEO;
- *Io lavoro in Iren (I work in Iren)* is the column dedicated to skills, in which expert colleagues talk about the peculiarities of the job, the training and the necessary skills. A useful tool in training new hires as well.

In a context of low internal mobility and reduced opportunities to meet, it has been necessary to devote particular attention to digital activities for the reception of new recruits. The Welcome area has therefore been implemented on the Intranet, dedicated to new people in the Group and aimed at facilitating their

integration, through the collection of information and services essential for moving within the company. In the same area training materials and recordings of onboarding speeches are published. An App was also developed for people waiting to be hired by the company, through which new colleagues can be informed and involved.

In 2021, an important event was the presentation of the Business Plan that involved about 300 managers in-person and all Iren people through a live streaming with over 2,000 connected. The recording of the event was published on the Intranet, available to all those who could not follow in real time, allowing the sharing of objectives and strategies.

The infrastructure set up also made it possible to hold the end-of-year event digitally, which saw around 2,300 employees connected and whose leitmotif was the future. The future of the company and the future envisioned by colleagues, whose voices were shared through recorded videos.

## Corporate Welfare

[GRI 102-8, 403-6]

The Group is developing 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, also involving the Trade Unions. The programmes that have already begun are implemented through a series of initiatives focused on the needs of the individual and its household.

The health emergency has led to 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 Group welfare plan. At the beginning of the year, an internal survey was launched to assess the perception of corporate welfare and the initiatives implemented by the Group to take care of its people and their health, with a particular focus on the effects caused by the Covid-19 pandemic. The survey, which saw significant participation, was an opportunity to verify the considerable interest in certain services, particularly those concerning the health of employees and their families, and made it possible, during the year, to expand information and to carry out further initiatives on this subject.

### 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 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 robust digitalisation process in the human resources area, also in 2021, the Group has responded effectively to the needs of the corporate population related to the pandemic, using the various forms of reconciliation.

**Smart working:** initially adopted as a way of working to better balance private and professional life, since the beginning of the pandemic it has taken on a different and more articulated meaning, offering the possibility of maintaining production capacity and continuity in the provision of the Group's services while protecting employees from the risk of contagion. The improvement of the emergency situation has allowed, in September, the resumption of activities in-person also for the personnel who had been carrying out their activities in continuous smart working since the beginning of the pandemic, while maintaining the possibility of carrying out part of their activities remotely. This allowed for a resumption of personal relationships and social cohesion within the offices, fostering collaboration and active exchange of information. In 2021, 3,435 people were involved in smart working within the Group.

**Teleworking:** 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 2021, 102 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.)	2021	2020	2019
Women	284	250	262
Men	141	90	85
<b>Total</b>	<b>425</b>	<b>340</b>	<b>347</b>

### 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 the eight active Company canteens.

In relation to the continuation of the Covid-19 emergency, the safety and hygiene measures were maintained, implemented to allow, as far as possible, the use of **Company canteens:** hygienisation of spaces, use of personal protective equipment, placement of plexiglass on tables to protect diners, restriction of access. Alongside disposable plastic materials, previously completely eliminated and necessarily reintroduced for health reasons, more eco-sustainable plastic-free solutions have also been made available, with metal cutlery wrapped in paper, to reduce waste production even compared to the use of compostable cutlery. As usual, careful checks and sampling were carried out to verify compliance with contractual and legal provisions in health safeguard, 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 part of 2021 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 2021 performance bonus to corporate welfare initiatives, benefiting, in this case, from a surcharge. Through the **Iren Welfare Portal**, employees can 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, leisure and trips. The services on the portal were presented through special live webinars open to all employees, a recording of which was made available. About 6,000 employees are already registered on the Portal, which managed around 2,180,000 Euro in 2021. Following a specific agreement with the Trade Unions, an amount to be allocated to supplementary pension funds or supplementary healthcare funds was provided to all those who converted at least 30% of their bonuses into welfare benefits. The portal also allows for registration and access to a discount area to which approximately 1,900 employees are enrolled.

In 2021, the Group renewed the collaboration with a wellness provider, a path geared towards improving employee health by encouraging physical activity and availability of a platform, which has more than 2,100 sports facilities nationwide (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 wellness provider has provided Group employees with new digital solutions available in response to the needs created by the pandemic to help people stay active and fit even at home.

As part of the **mobility management** activities, in 2021, the Group completed the drafting and sending to the competent Authorities of the Home-Work Travel Plans (PSCL), required by the regulations, relating to the main company offices in Genoa, La Spezia, Parma, Piacenza, Reggio Emilia, Turin and Vercelli. The elaborations, prepared on the basis of the results of a questionnaire submitted to employees in 2020, constitute the Group's "Home-Work Mobility Plan", a tool for the analysis and development of useful measures to rationalise the travel of Group personnel. In order to facilitate the daily sustainable mobility of employees, in the main company offices, to which the Turin office was added in 2021, special covered racks have been installed for the shelter and parking of bicycles and motorcycles.

From 2020, moreover, each employee can, through a specific IT 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 **Wellness Project** offers 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 in advance, through laboratory examinations and a visit aimed at preventing cardiovascular risk, the main health risk factors in relation to age and gender. A total of 971 employees were screened in 2021, making up for visits that were suspended in 2020 due to the health emergency.

In 2021, the Group launched an experimental telemedicine project in collaboration with *Generali Welion*. The innovative service, proposed to all employees, provides a tele-consultation support for general practitioners and paediatricians for the whole family, with the aim of providing answers in the medical field, safely and promptly, in a context that, due to the Covid-19 emergency, affects the timely availability of various services of the National Health Service. The service also offers access to a vast network of affiliated healthcare facilities at discounted rates, without the need to take out an insurance policy. In the first three months of the trial, 543 employees signed up for the service, making a total of 277 calls to seek medical advice.

### Supplementary pension coverage

Since the legislation reforming the supplementary pension system came into force, employees have been able to decide how to use their post-employment benefits (TFR). 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 ensures a higher social security 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 (CCNL electricity or gas-water), Previambiente (CCNL environment), Fon.Te (CCNL Commerce and Services), Fondo Gomma Plastica (CCNL Gomma Plastica) and Previndai for managers. 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 and to encourage enrolment in the related funds, 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 2021, 7,231 employees had joined the supplementary pension funds

to which the Group had paid a total of 3,826,303 Euro during the year, by way of contribution at its own expense. Employees can also make use of a pension support and advice service.

### Insurance coverage for personnel

Almost all junior managers, white-collar and blue-collar workers 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 ill-health 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 managers, as per the provisions of the Confservizi National Collective Labour Agreements for Managers. A new policy has also been taken out to cover damages involuntarily caused to third parties by the managers or his/her family members in the performance of activities relating to private life (insurance cover for "head of household" liability).

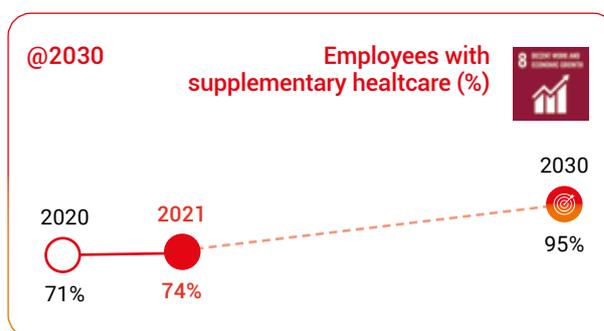
### Supplementary healthcare

Through membership of supplementary health care funds, employees are provided with health coverage in relation to the national collective labour contract to which they belong (FASIE for personnel with gas-water contracts, FASDA for personnel with environmental contracts, Utilitalia and Fise Assoambiente, Metasalute for metalworkers' contracts, EST for trade contracts and FAS G&P for plastic rubber contracts). 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 dependents can benefit from.

All managers, 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 on a reiterated basis – from better conditions than those provided by the legislation in force – by applying for an advance of their post-employment benefits (TFR) 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 managers, whose last working relationship elapsed while holding the position of manager, 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 post-employment benefits 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, recreational, leisure, sports and cultural activities are offered to employees, albeit with the limitations arising from the continuation of the pandemic in 2021. 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 ENÌA 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 schoolbooks and stationery 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)	2021	2020	2019
Leisure activities	900,153	927,495	847,690
Healthcare activities	2,394,082	2,346,442	2,250,435
<b>Total</b>	<b>3,294,235</b>	<b>3,273,937</b>	<b>3,098,125</b>



## Diversity and inclusion

[GRI 102-8, 401-3, 405-1, 405-2, 406-1]

Iren Group is committed, as evidenced by the corporate mission and values and the Business Plan, 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 work as 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.

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 2021, continuing the past trend.



**There were no breaches associated with discrimination practices in 2021**

For years, the Group has activated a series of articulated diversity programmes for the organic oversight of which, as of 2015, the **Welfare and Diversity** organisational unit was established, within which a specific **Welfare&Diversity** area operates. 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 Group. The main areas of attention are gender, age, disability and diversity in nationality, for all of which the Group has activated, in various ways, programmes and initiatives, including the participation, together with 26 other Utilitalia-associated public service companies, to the **"Utilitalia Pact - Diversity makes the difference"** consisting of seven commitments to concretely promote inclusion and diversity of gender, age, culture and ability within company policies.

In confirmation of the importance attributed by the Group to the enhancement of diversity and the inclusion of all the resources present in the company, in 2021, the **"Policy on Diversity and Inclusion in Iren Group"** and the **"Policy on dealing with violence, harassment and bullying in the workplace"** were approved and disseminated (published on the website to which reference should be made for further details). The two Policies are directly linked to the principles of the Code of Ethics and formalise the Group's commitments to the development of an inclusive working environment, respectful of all forms of diversity, inspired by the principles of fairness and dignity in professional relations, and free from discriminatory behaviour.

As part of the diversity, equity and inclusion issues, the Group is launching the Pay Equity & ILM® Maps project, an additional analysis that will identify and correct any pay gaps.

The policies to enhance diversity are also reflected in the adoption of flexible working methods to reconcile life and work, in non-discrimination, in the enhancement of skills, in the drive towards female managerial skills and in training, through specific programmes aimed at increasing the level of awareness of the value of diversity and to create an inclusive work environment.

Reforms in labour laws and pension systems, which prolong people's tenure, have produced a significant effect: for the first time, there are at least four generations working side by side, bringing with them a different perception of work, roles and relationships. **The diversity and coexistence of different generations** offer opportunities for enrichment and openness to change, to address technological revolutions and drive innovation, leveraging the breadth of experience and knowledge. Facilitating cooperation and integration between seniors and juniors requires understanding each generation's strengths, limitations, and values toward their work and creating a company culture that actively demonstrates respect and inclusion. The Group's initiatives in support of generational diversity and training are the tool par excellence for promoting communication and the exchange of experiences between generations, stimulating productive confrontation and the transfer of knowledge and skills to ensure that differences are recognised and valued.

The effect of the policies adopted on **gender diversity** is also demonstrated by the inclusion of **Iren Group in the Bloomberg Gender-Equality Index (GEI)**, which guarantees transparency in the practices and gender policies implemented by listed companies, deepening and expanding ESG information 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 GEI reflects a high level of transparency and overall performance consistent with the five pillars of the framework.

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 monitored periodically, to be shared internally. In order to achieve the objectives included in the manifesto, the Group also implemented several activities in 2021. These include webinars and talks, included in the online training available on the company Intranet, which allow for an in-depth look at topics such as: the influence of stereotypes on decisions and how to fight them, how the pandemic changes the relationship between the genders, sexism in language and awareness of language used in the workplace, and the use and amount of diversity to learn how to work better. In addition to these initiatives, a series of moments of online discussion and reflection has been added, proposed in collaboration with Valore D Talks Academy and open to all Group personnel, to raise awareness and inspiration on issues related to diversity and inclusion, applicable in their own professional and personal environment.

The framework of the fourth industrial revolution (4.0), which requires new skills and continuous personal and organisational improvement, includes the training course aimed at female staff and oriented to develop digital and managerial skills to ensure empowerment and engagement. In 2021, the **Women 4.0 Mini Master Leadership** Programme was launched to promote gender equality. The initiative, which involved 12 female colleagues of the holding company and of the different Business Units, completed the training cycle, carried out in 2020, “Empowerment & leadership of women for Industry 4.0”, aimed at increasing skills and abilities oriented to develop greater familiarity with the processes of innovation.

In 2021, the Group launched a new collaboration with **Fondazione Libellula** – an institution committed to raising awareness of all forms of violence and discrimination and supporting the development of an inclusive culture in organisations – becoming part of the network of adherents. Through this collaboration, a webinar on “**Cultural Diversity as an Opportunity**” was organised to raise awareness of the importance of inclusion and inform about the benefits of properly managing diversity through the use of cultural intelligence.

STEM (science, technology, engineering and mathematics) education currently represents a part of gender inequality, especially in the context of present and future technological revolution. Aware of this gap, the Group has contributed to the **#ValoreD4STEM** survey on women with STEM careers in organisations, administering a questionnaire to all women with a degree or who hold a technical-scientific role within the Group. On this topic, the **Role Model** project continued in 2021, 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 orientate secondary school students to follow their aspirations, with particular attention to the sensitisation of girls towards STEM disciplines. Moreover, the Group supported the fourth edition of the **Ragazze Digitali** [Digital Girls] project, a summer camp, in digital format – organised by the Reggio Emilia and Modena section of the EWMD (European Women’s Management Development)

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.

During the year, the Group launched a new research project with Luiss Business School on the topic **"Women Empowerment @Iren – Enhancing the role of women in companies in the energy, infrastructure and transport sector"**, with the aim of setting, from a methodological point of view, the actions already carried out and planned by Iren, in order to understand the phenomenon of gender equality from different perspectives, and to direct the future strategic lines of the Group.

Iren also took part in the 2021 edition of **4 Weeks 4 Inclusion**, the series of meetings dedicated to inclusion and the enhancement of diversity that involved more than 200 companies, in which it organised its own event for an in-depth analysis of the inclusion strategies and initiatives implemented by the Group.

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	2021	2020	2019
Number of employees	379	370	383

### Female personnel

The average female presence in the Group during the year, equal to 2,195 women, represents approximately 25% of the yearly average number of employees, an increase compared to 2020 (24.3%).

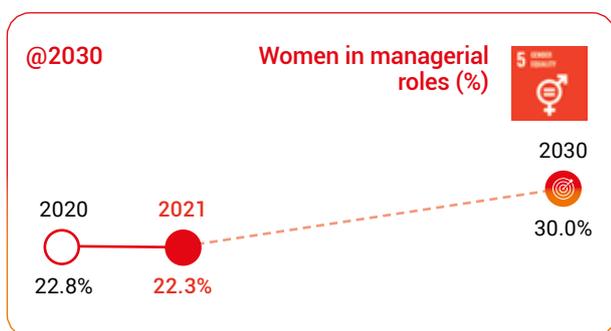
Overlooking the effect of the consolidation, as of 2019, of the company San Germano which, due to the type of activities carried out, consists primarily of male staff, the percentage of female staff (26.7% in 2021) has been steadily increasing over the last five years.

Average personnel by position and gender	2021		
	Total no.	Women no.	Women %
Managers	102	20	19,6 %
Junior managers	337	78	23,1%
White-collar workers	3,825	1,448	37,9%
Blue-collar workers	4,580	649	14,2%
<b>Total average</b>	<b>8,844</b>	<b>2,195</b>	<b>24,8%</b>

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 majority of female personnel (70.4%) are managers, junior managers and white-collar workers (overall constituting 48.2% of total employees, compared to the 51.8% of blue-collar workers). The analysis, also in consideration of the mainly technical characteristics of the managed activities, revealed a non-discriminatory situation for the average female component, who represent around 36.3% in the group of managers, junior managers and white-collar workers.

The issue of female presence is taken up among the objectives of the Business Plan to 2030 in which it is foreseen to increase the number of women in managerial positions in the Group.



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 in the section “Iren People in figures” 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 (12.5% of women compared to 2.1% 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 predominantly male school system. Through selection policies relating to the topic and the introduction of a reward system with homogeneous policies for the entire company population, the Group has set itself the objective of rebalancing this situation as much as possible, in view of the reference labour market, also through specific interventions on selection policies, in order to increase the presence of women and develop a pool of female talent, not only in white-collar roles but also in technical-operational ones.

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 39 women, amounting to approximately 24% of total members (164 people of which 33% in the 30 to 50 age group and 67% over 50).

In 2021, 336 employees (162 women and 174 men) took maternity leave (compulsory, parental leave, paternity leave and breastfeeding), of which 310 (151 men) took compulsory, early and parental leave.

Employees were also able to take advantage of the various forms of flexible working that the Group provides, above all smart working, of the specific training provided in these cases and of the services described in the paragraph on Corporate Welfare. 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.

## Occupational health and safety

[GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-8, 403-9, 403-10]

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 injuries, 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, operational also in 2021, to deal with the situation in a coordinated and timely manner, ensuring continuity of activities and provision of services and paying the utmost attention to the safety of all employees.

The approach adopted, in continuity with 2020, was systemic, with transversal initiatives extended to all employees and other specific initiatives, concerning the differences connected with the business and the various segments of the Company population, evolving from defensive reaction to 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:

- updates, in line with pandemic and regulatory developments, of the “Manual for in-person activities – Covid-19 emergency management” and of the “Single text of Group provisions”, containing prevention and protection measures and practical guidance on how to behave in the work environment;
- alignment of emergency plans and procedures for each Business Unit and meetings of internal committees between management, Trade Unions and Workers’ Health and Safety Representatives;
- management and distribution to employees, through the Group’s warehouses, of over 2,000,000 items of personal protective equipment (masks, gloves, gels) worth over 700,000 Euro;
- delivery of more than 40,000 protection kits (masks, sanitizer, gloves, wipes) to office personnel at the reception desks;
- sanitisation of workplaces and work vehicles;
- organisation in shifts, as required, of personnel called upon to operate in-person to reduce any possibility of infection;
- distancing of people in offices and common areas (through access management, signage, physical partitions, etc.);
- assessments by the occupational health physicians before returning to work for all positive cases;
- more than 400 monitoring visits to identify corrective and improvement actions and to verify employees’ compliance with the rules of conduct;
- a dedicated Intranet area and extensive and timely information on all devices available to personnel (PCs, smartphones, tablets), with news, e-mail, posters;
- 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. Over 36,000 e-mails have been handled since the start of the pandemic;
- use of online training.

In 2021, the Group also initiated a **corporate Covid-19 vaccination campaign**. The path, included

in the implementation of the national emergency management plan, was made possible thanks to the Protocol signed on 06 April 2021 between the Government and Social Parties, which gave companies the opportunity to contribute to the national vaccination campaign. Iren seized the opportunity and immediately started a massive campaign of participation, aimed at all personnel of the Group, which ended with the collection of expressions of interest, while respecting privacy through a dedicated portal. Subsequently, through specific agreements with external health facilities, based on the tipagem and availability of the Regions, it was possible to implement vaccinations for about 600 employees.

Iren, the four parent companies (Iren Ambiente, Iren Energia, Iren Mercato and Ireti) and the main companies of the Group, have systems certified according to the international standard UNI EN ISO 45001 to guarantee the systematic control of aspects relating to the safety and health of workers, who cover 100% of the staff employed in certified companies (equal to 98% of the Group’s total staff).

### 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 procedures and systematic audits allow for the monitoring and the continuous improvement of this system to be pursued. Specific improvement objectives refer to the progressive computerisation of the Safety Management System (through the “G.AM. MA.” app which guarantees uniformity of approach and the relative monitoring activities), standardisation of the management of cross-departmental topics (including the issue of Group procedures regarding PPE, health checks, emergencies, injuries) and the progressive integration of newly acquired Companies incorporated into the Group.

Each Group Company organises at least one annual meeting on corporate security (Article 35 of the 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 the Italian Legislative Decree 81/2008) and are involved in audits of certified systems.

The **reporting and management of** injuries 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. In this regard, the Group companies adopted specific procedures to regulate particular situations and risks (works in confined spaces or in case of suspected pollution, outdoor operations in case of weather alerts or employees operating alone, etc.).

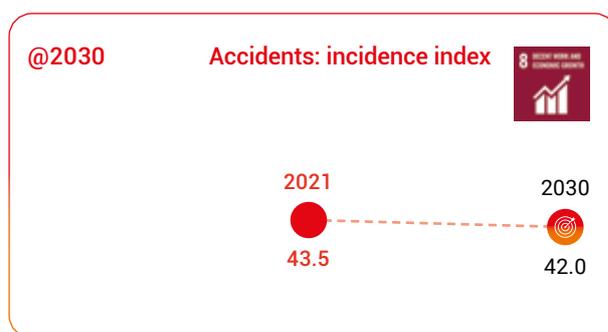
The **process of hazard identification and risk evaluation** is regulated by procedures and a dedicated software that guarantees a standardised approach. For each working activity, the risks and the appropriate prevention and protection measures, personal protective equipment (PPE) necessary to conduct 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 employee, directly or through groups (safety certifications) of the results of the assessments conducted on working activities and workplaces completes the risk profile of each 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.

Group companies with ISO 45001 certification are also subject to periodic audits 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).

Attention to such aspects is also demonstrated by the provision, in the Business Plan and in the MbO system, of specific objectives, assigned to the managers of the operating structures most exposed to these risks.



### Main indicators of safety

Accidents and frequency index <sup>1</sup>	u.m.	2021
<b>Total number of accidents</b>	no.	<b>385</b>
<i>of which with serious consequences – non-fatal<sup>2</sup></i>	no.	3
<i>of which with serious consequences – fatal</i>	no.	0
<b>Hours worked</b>	no.	<b>14,640,282</b>
<b>Frequency index</b>		
(no. total number of accidents/hours worked x 1,000,000)		26.30
(no. total number of accidents/hours worked x 200,000)		5.26
<b>Days of absence due to accident</b>	no.	<b>12,836</b>
<b>Severity Index</b>		
(days of absence due to accidents/hours worked x 1,000)		0.88
<b>Average duration of absence for accidents</b>	days	<b>33.34</b>
(days of absence due to accidents/total no. accidents)		

<sup>1</sup> Accidents during travel and those not recognised by INAIL are excluded.

<sup>2</sup> Injuries lasting longer than 6 months.

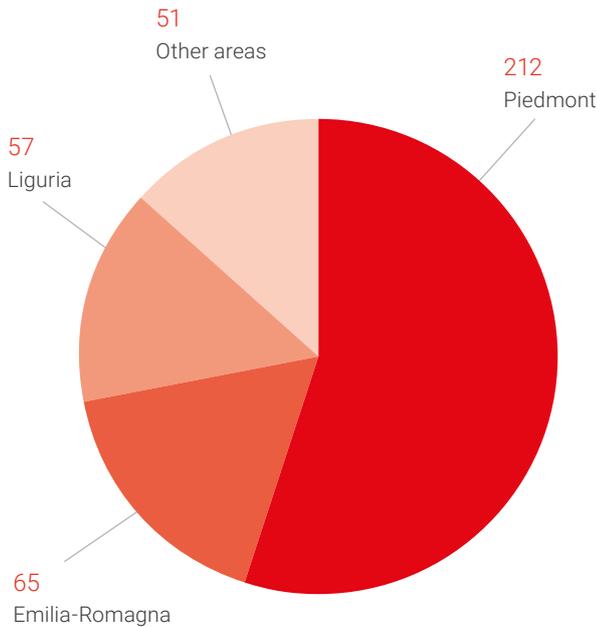
Near-misses <sup>1</sup> by region and gender (no.)	2021
Piedmont	87
Emilia-Romagna	22
Liguria	27
Other areas	22
<b>Total</b>	<b>158</b>
Women	35
Men	123
<b>Total</b>	<b>158</b>

<sup>1</sup> Near-misses pursuant to standard ISO 45001:2018.

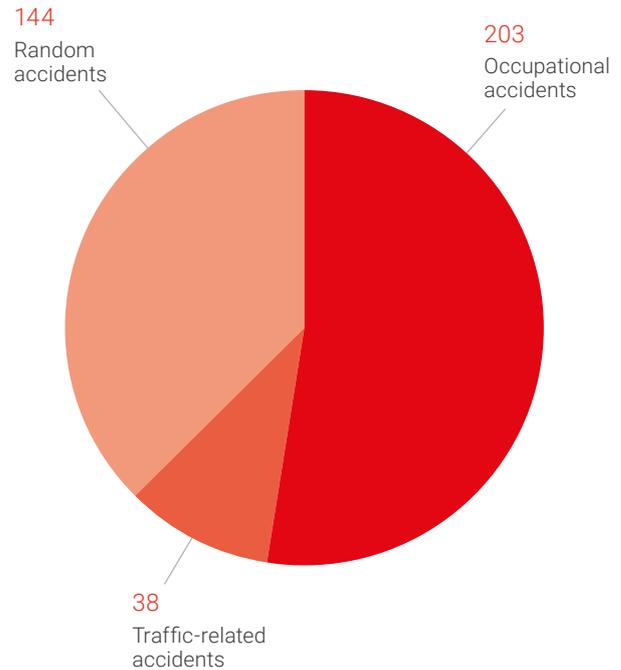
Injury trends in 2021 show a slight increase in indices compared to 2020, which was more characterised by the Covid-19 emergency, both in the frequency index, at 26.30 (24.93 in 2020) and the severity index, at 0.88 (0.82 in 2020), but significantly lower than those in 2019 (30.53 and 0.98, respectively). The average duration of absence for injuries, 33.34 days, remains almost constant (33.03 days in 2020).

The "Iren people in figures" section shows the breakdown of the accident indexes for the last three years.

Accidents by geographical area (no.)



Accidents by type (no.)



### Health checks

Employee health checks are carried out on the basis of their assigned duties; 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 (around 9,000 in 2021) by external Occupational Health Physicians, appointed by the employers of each Group company. A specific Group procedure 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, on which are recorded: workers' risk profiles according to the possible professional exposure level indicated in the risk assessment documents, the obligatory nature of the health checks, the date of the scheduled checks, 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, managers, senior managers, medical professionals and the PPS only when relevant. The G.AM.MA. application is certified to handle the requirements of the UNI ISO 45001:2018 standard.

With regards to **occupational ill-health**, the Risk Assessment Document (RAD) is maintained constantly updated and shows a very low level of professional risk, which vastly reduces the likelihood of occurrence. This probability is minimal both upstream and downstream of the control chain implemented by the Group. Upstream, the results of the risk assessment document of Group companies are drawn up in collaboration with the Prevention and Protection Service Responsible (RSPP) and the Occupational Health Physicians and meetings are called to discuss the outcome of the RAD and as a result of the various inspections 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 2021, two cases of occupational ill-health were recognized as such by INAIL.

No specific initiatives or programmes limited to serious work-related ill-health are envisaged; on the other hand, numerous welfare and prevention initiatives and programmes in general are envisaged, both at the level of collective agreement or special company bargaining and through the company Welfare system (see page 240).

## Health and safety training

Among the primary objectives of the Group's training activity are the improvement of behaviour and the strengthening of the culture regarding health and safety in the workplace, which continue to have a predominant role in initiatives aimed at employees. In 2021, despite the continuation of the health emergency that limited the maximum number of classroom participation and delivery methods, these topics registered a significant increase over previous years, with over 63,400 hours of training delivered, a per capita average of 7.2 hours and the involvement of 6,191 people in at least one initiative, equal to 70% of the average number of employees. The main initiatives were:

- **basic training and updates** for managers, responsables and workers, 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, confined environments);
- **qualification and refresher courses for safety officers** (RSPP/ASPP, HSR, site safety coordinators, fire prevention officers, managers and staff responsible for asbestos removal, disposal and remediation);
- **training and refresher courses on the use of equipment** (fork-lifts trucks, earth-moving machinery, lifting platforms, cranes, tractors, etc.);
- **equipment training** (bridge cranes, mobile generators, portable ladders, trolleys for the transport of goods and people and/or lifts/cable cars, waste collection machinery and compaction and environmental hygiene, manholes lifts and hatches);
- **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. The effectiveness of the safety training is assessed through tests or, as provided for by law, through practical assessments.

## Trade Union and industrial relations

[GRI 402-1, 419-1]

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 and the principles of the Code of Ethics, with particular reference to the ILO conventions (see note on page 92). Iren and the 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 enhance the value of 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 organised on three levels:

- *Group level*, on topics of general interest and/or transversal to businesses and areas and on 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 of Company agreements, 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;
- *local 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 to seek possible points of convergence), and negotiation (discussion between the parties aimed at reaching agreements that are binding on them).

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, education and training, equal opportunities and welfare) are established for analysing specific issues.

Industrial relations also in 2021 were characterised and influenced almost entirely by the Covid-19 health emergency, and the Protocol facilitated, in a highly critical context, relations between the Group and the Trade Unions. The emergency legislation has contributed in this sense, in fact, based on the provisions of the Italian Ministerial Decree of 11 March 2020, the Government and the Social Partners signed (14 March 2020) the "Shared Protocol for the regulation of measures to combat and contain the spread of the Covid-19 virus in the workplace". In this context, the **9 Committees for the application and verification of the rules of the National Protocol**, set up in March 2020 at territorial and sectoral level (made up of company representatives, Trade Unions, HSR and Occupational Health Physician), continued to operate and during the year held 25 meetings with the aim of monitoring and managing any criticality caused by the health emergency.

At Group level, in continuity with 2020, various agreements were signed with the Trade Unions, with the shared aim of seeking and adopting solutions for the management of work activities during emergencies. In 2021, four agreements of a temporary nature were signed, all involving corporate measures to manage the Covid-19 emergency, in line with regulatory provisions issued by the government.

Considering the persistence in 2021 of the critical issues caused by the pandemic, which also made it impossible to hold meetings in-person with the Trade Unions, industrial relations and the related agreements signed have had the flexibility, training and digitalisation that determine the new forms of work organisation, also involving industrial relations in the process of change. In relation to these issues and in application of the national regulations governing the New Skills Fund, the Group and the Trade Unions signed a **New Skills Fund** agreement on 28 May 2021, with the central purpose of focusing strongly on staff training and retraining with the aim of:





- developing projects and interventions to bring about a profound cultural change, with an organisation of work based on processes, objectives and results, as well as flexible working hours to encourage the right balance between private and professional life;
- acquiring and/or expanding digital, technological and soft skills, as a fundamental lever to support the processes of adaptation to new organisational and production models and professional development.

In continuation of the agreement signed with the Trade Unions in 2020, the **solidarity vacation** mechanism was also used in the first few months of the year. The Group workers and companies donated vacation entitlement to those who had used up theirs, in order to adjust the working presence of personnel to situations of reduction or suspension of activities without impacting on wages.

Moreover, on 28 June 2020, an agreement was signed on the 2021 performance bonus, a fundamental tool for redistributing company profitability and one of the main levers for stimulating worker involvement in the Group's performance and improvement.

Consolidated practices provide that, in the event of significant organisational changes (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 formal notifications issued and distributed via the Group Intranet and/or e-mail and posted to Company notice boards. For 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 2021, the Group lost, definitively, 16 lawsuits concerning employees and former employees with an outlay of 348,999 Euro.

## Iren People in figures

[GRI 102-7, 102-8, 401-1, 403-9, 405-1, 405-2]

Personnel at 31/12 by position, contract type and geographical area	2021		2020		2019	
	Count	%	Count	%	Count	%
<b>POSITION</b>						
Managers	104	1.2%	92	1.1%	94	1.2%
Junior managers	345	3.8%	305	3.6%	314	3.9%
White-collar workers	3,915	43.2%	3,618	42.7%	3,495	43.1%
Blue-collar workers	4,691	51.8%	4,450	52.6%	4,199	51.8%
<b>CONTRACT</b>						
Employees with permanent contracts	8,254	91.1%	7,760	91.7%	7,514	92.7%
Employees with fixed-term contracts	150	1.7%	95	1.1%	84	1.1%
Apprenticeship/in-house training contract	651	7.2%	610	7.2%	504	6.2%
<b>GEOGRAPHICAL AREA</b>						
Province of Genoa	1,089	12.0%	1,066	12.6%	1,040	12.8%
Province of Parma	762	8.4%	726	8.6%	715	8.8%
Province of Piacenza	557	6.2%	553	6.5%	555	6.9%
Province of Reggio Emilia	1,117	12.3%	992	11.7%	902	11.1%
Province of La Spezia	738	8.1%	720	8.5%	721	8.9%
Province of Turin	3,204	35.4%	3,145	37.2%	3,137	38.7%
Province of Vercelli	234	2.6%	242	2.9%	239	2.9%
Other provinces	1,354	15.0%	1,021	12.0%	793	9.9%
<b>Total</b>	<b>9,055</b>	<b>100%</b>	<b>8,465</b>	<b>100%</b>	<b>8,102</b>	<b>100%</b>

Personnel by position and gender	2021			2020			2019		
	Total	Women	%	Total	Women	%	Total	Women	%
<b>PERSONNEL AS AT 31/12</b>									
Managers	104	20	19.2%	92	18	19.6%	94	17	18.1%
Junior managers	345	80	23.2%	305	71	23.3%	314	76	24.2%
White-collar workers	3,915	1,518	38.8%	3,618	1,343	37.1%	3,495	1,261	36.1%
Blue-collar workers	4,691	651	13.9%	4,450	657	14.8%	4,199	586	14.0%
<b>Total</b>	<b>9,055</b>	<b>2,269</b>	<b>25.1%</b>	<b>8,465</b>	<b>2,089</b>	<b>24.7%</b>	<b>8,102</b>	<b>1,940</b>	<b>23.9%</b>
<b>AVERAGE STAFF</b>									
Managers	102	20	19.6%	92	17	18.5%	96	18	18.8%
Junior managers	337	78	23.1%	311	75	24.1%	307	73	23.8%
White-collar workers	3,825	1,448	37.9%	3,549	1,300	36.6%	3,443	1,229	35.7%
Blue-collar workers	4,580	649	14.2%	4,313	620	14.4%	4,144	581	14.0%
<b>Total average</b>	<b>8,844</b>	<b>2,195</b>	<b>24.8%</b>	<b>8,265</b>	<b>2,012</b>	<b>24.3%</b>	<b>7,990</b>	<b>1,901</b>	<b>23.8%</b>

Average personnel age by position (years)	2021	2020	2019
Managers	54	53	54
Junior managers	52	52	52
White-collar workers	48	48	49
Blue-collar workers	47	48	48
<b>Overall average</b>	<b>48</b>	<b>48</b>	<b>49</b>

Personnel by qualification (%)	2021	2020	2019
Compulsory education	37	38	38
Professional institutions	8	9	9
Diploma	37	36	37
Degree	18	17	16
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>

Average personnel by Business Unit	2021		2020		2019	
Holding	1,065	12%	1,058	13%	1,047	13%
Energy	918	10%	874	11%	855	11%
Market	543	6%	513	6%	505	6%
Networks	2,166	25%	2,161	26%	2,136	27%
Waste Management	4,152	47%	3,659	44%	3,447	43%
<b>Overall average</b>	<b>8,844</b>	<b>100%</b>	<b>8,265</b>	<b>100%</b>	<b>7,990</b>	<b>100%</b>

Average Company service of departing personnel by age and gender (years)	2021	2020	2019
<b>AGE</b>			
under 30 years old	1	1	1
from 30 to 50 years old	4	5	3
over 50 years	23	22	22
<b>GENDER</b>			
Men	15	15	14
Women	19	16	17
<b>Overall average</b>	<b>15</b>	<b>15</b>	<b>14</b>

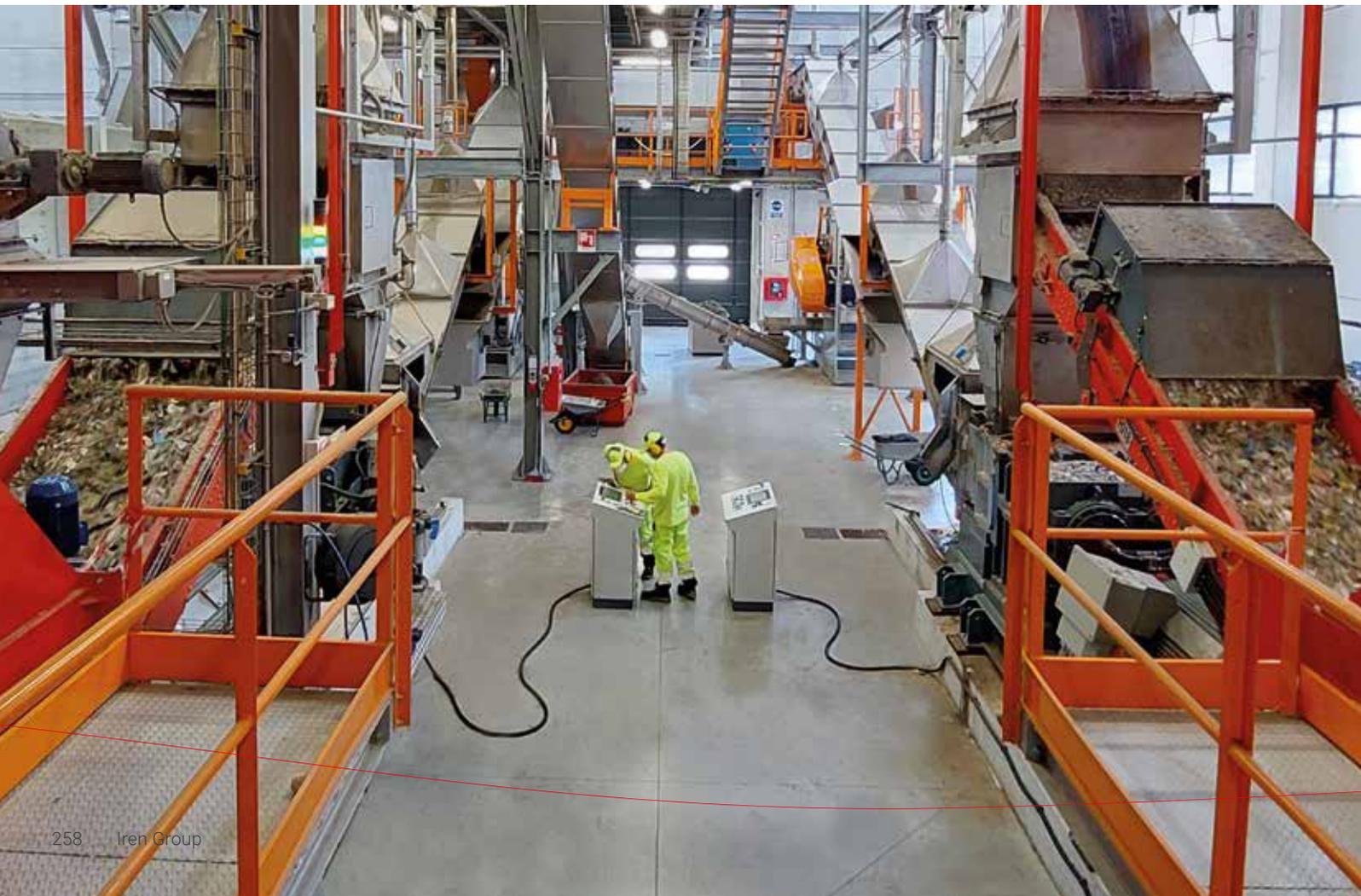
Personnel turnover by gender, province and age <sup>1</sup>	2021	2020	2019
<b>GENDER</b>			
Men	8.3%	6.7%	7.7%
Women	4.5%	1.9%	2.0%
<b>PROVINCIA</b>			
Province of Genoa	4.1%	3.1%	3.3%
Province of Parma	7.3%	3.9%	3.8%
Province of Piacenza	5.6%	3.3%	2.2%
Province of Reggio Emilia	6.2%	4.4%	5.3%
Province of La Spezia	4.6%	3.6%	4.2%
Province of Turin	6.4%	4.4%	4.3%
Province of Vercelli	9.4%	5.0%	5.4%
Other provinces	14.9%	16.6%	27.0%
<b>AGE</b>			
Under 30 years old	8.8%	8.7%	8.8%
From 30 to 50 years old	4.8%	3.4%	4.7%
Over 50 years	9.0%	6.5%	7.2%
<b>Total</b>	<b>7.3%</b>	<b>5.5%</b>	<b>6.3%</b>

<sup>1</sup> Turnover was calculated as ratio of outbound employees to the number of total employees at 31/12.

Hires during the year by gender, province and position (no.)	2021	2020	2019
<b>GENDER</b>			
Men	717	515	633
Women	169	97	112
<b>PROVINCE</b>			
Province of Genoa	74	55	64
Province of Parma	71	41	55
Province of Piacenza	34	15	27
Province of Reggio Emilia	119	62	93
Province of La Spezia	50	23	27
Province of Turin	263	197	242
Province of Vercelli	14	14	14
Other provinces	261	205	223
<b>POSITION</b>			
Managers	4	5	4
Junior managers	9	9	16
White-collar workers	248	178	229
Blue-collar workers	625	420	496
<b>Total</b>	<b>886</b>	<b>612</b>	<b>745</b>

Ratio of basic average salary by gender and position (%)	2021	2020	2019
<b>% Women/Men</b>			
Managers	90.1	89.3	89.3
Junior managers	98.3	98.3	98.3
White-collar workers	91.2	91.4	91.1
Blue-collar workers	95.1	94.7	96.7

	2021			
	<b>% Women/Men</b>			
	Managers	Junior managers	White-collar workers	Blue-collar workers
Piedmont	107.8	102.0	91.8	99.5
Emilia-Romagna	75.9	101.1	93.8	77.2
Liguria	85.1	98.9	90.2	94.0
Other areas	103.7	76.2	81.8	78.3



<b>Accidents and accident indexes<sup>1</sup></b>	<b>u.m.</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Total number of accidents</b>	<b>no.</b>	<b>385</b>	<b>334</b>	<b>401</b>
<i>of which accidents with serious consequences – non-fatal<sup>2</sup></i>	<i>no.</i>	<i>3</i>	<i>0</i>	<i>0</i>
<i>of which accidents with serious consequences – fatal</i>	<i>no.</i>	<i>0</i>	<i>2</i>	<i>0</i>
<b>Accidents by type</b>	<b>no.</b>	<b>385</b>	<b>334</b>	<b>401</b>
<i>of which work-related</i>	<i>no.</i>	<i>203</i>	<i>240</i>	<i>312</i>
<i>of which traffic-related</i>	<i>no.</i>	<i>38</i>	<i>31</i>	<i>33</i>
<i>of which random</i>	<i>no.</i>	<i>144</i>	<i>63</i>	<i>56</i>
<b>Frequency index</b>				
(no. total number of accidents/hours worked x 1,000,000)	-	26.30	24.93	30.53
(no. total number of accidents/hours worked x 200,000)	-	5.26	4.99	6.11
<b>Frequency index for accidents with serious consequences – non-fatal</b>				
(no. of accidents with serious non-fatal consequences/hours worked x 1,000,000)	-	0.21	-	-
<b>Frequency index for accidents with serious consequences – fatal</b>				
(no. of accidents with serious fatal consequences/hours worked x 1,000,000)	-	-	0.15	-
<b>Days of absence due to accident</b>	<b>days</b>	<b>12,836</b>	<b>11,033</b>	<b>12,851</b>
<b>Severity index</b>				
(days of absence due to accidents/hours worked x 1,000)	-	0.88	0.82	0.98
<b>Incidence index<sup>3</sup></b>				
(no. total accidents/no. total employees x 1,000)		43.53	40.41	50.19
<b>Average duration of absence for accidents</b>				
(days of absence due to accidents/no. total accidents)	days	33.34	33.03	32.05
<b>Treatments</b>	<b>no.</b>	<b>18</b>	<b>24</b>	<b>N/A</b>
<b>Accidents during travel</b>	<b>no.</b>	<b>47</b>	<b>38</b>	<b>60</b>
<i>of which non-fatal</i>	<i>no.</i>	<i>47</i>	<i>38</i>	<i>59</i>
<i>of which fatal</i>	<i>no.</i>	<i>0</i>	<i>0</i>	<i>1</i>

<sup>1</sup> Accidents during travel and those not recognised by INAIL are excluded from the accident indexes calculation.

<sup>2</sup> Injuries lasting longer than 6 months.

<sup>3</sup> The incidence index is calculated considering the average number of employees.

<b>Accidents by gender (no.)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Men	297	255	308
Women	88	79	93
<b>Total</b>	<b>385</b>	<b>334</b>	<b>401</b>



# Our suppliers

[GRI 102-9, 102-10, 204-1, 308-1, 308-2, 403-1, 403-2, 403-3, 403-5, 403-8, 403-9, 407-1, 408-1, 409-1, 412-3, 414-1, 414-2, 419-1, G4-EU17, EU18]

The supply chain is considered as an integral part of the sustainability process since the products and services purchased impact the quality of services offered and Iren Group's reputation.

The policies adopted by the Group in managing the Covid-19 emergency had also repercussions on the management of relations with suppliers and led to the definition of a policy to support contractors in order, in particular, to recognise their direct and indirect safety costs. For contracts subject to measures for the protection of health and safety of workers in temporary or mobile construction sites (Title IV of the 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, other interventions have been implemented 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 (Italian Prime Ministerial Decree 22/03/2020).

Iren Group, which has always been attentive to its impact on the environment and on the communities, is also committed to monitoring and reducing its indirect environmental and social impacts, through the adoption of policies for the selection and control of the supply chain: environmental, social and safety criteria and standards are integrated into the supplier evaluation and selection system.

With the aim of pursuing a growth strategy based on the values of its Code of Ethics and committed to achieving the Sustainable Development Goals of the UN 2030 Agenda, the Group adopts a structured procurement process that is consistent with the principles of free competition, equal treatment, non-discrimination, transparency, proportionality and publicity, in the cases provided for by law, as well as inspired by compliance with regulations on human and

workers' rights, health and safety, and environmental protection, to which the utmost importance is given. The process is also based on the traceability of information, by means of suitably profiled IT systems, on the rotation of suppliers, in order to guarantee the best competitive dynamics aimed at effectiveness and efficiency, and on the segregation of duties.

The Group's online Procurement Portal, through which public procedures and invitation to tender procedures 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, by 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. A technical assistance service for the use of the portal is also provided for economic operators who request it.

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 of.

## 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 scope of contracts subject to the Public Contracts Code, art. 30 "Principles for the award and execution of contracts and concessions" requires economic operators to comply, when executing them, with environmental, social and labour obligations established by European and national legislation, collective agreements or international provisions listed in Annex X, including: ILO Conventions 87 (freedom of association and protection of the right to organise), ILO 98 (right to organise and collective bargaining), ILO 100 (equal pay), ILO 111 (discrimination in the field of labour and employment) ILO 29 (forced labour), ILO 105 (abolition of forced labour), ILO 138 (minimum age) and ILO 182 (worst forms of child labour), the Vienna Convention (protection of the ozone layer) and the Montreal Protocol (ozone-depleting substances). 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 the Italian Legislative Decree 24/2014. In the case of public tenders, any finding of non-compliance is grounds for contract termination and reporting to ANAC (National Anti-Corruption Authority).

In case of public contracts pertaining economic values of common interest, as defined by Italian legislation, 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 tender refers. These requirements 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.

In the context of public procurement procedures, the lack of criminal convictions is also verified (by indirectly consulting the 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, exploitation of child labour, etc.).

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**

With reference to contracts not regulated by the Public Contracts Code (so-called "under-threshold"), Iren Group uses supplier qualification procedures that consist of a specific questionnaire divided into sections concerning information on the company profile (attesting to information on turnover, certificates, etc.), on economic-financial capacity (balance sheet indices) and on organisational-operational data. The

questionnaire also covers environmental, health and safety and corporate social responsibility issues. More specifically, for this last section, the supplier is required to declare:

- if, in line with UNI ISO 26000 guidelines on corporate responsibility, initiatives have been identified to develop a socially responsible approach to business planning and management and, if so, to describe the initiatives adopted;
- if the supplier publishes a 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 undergo 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 264).

Also required is a declaration regarding the absence of serious violations, definitively ascertained, with respect to obligations relating to the payment of taxes, or social security contributions, according to Italian law or that of the State of establishment and serious violations, duly established, to the rules on health and safety at work.



### Supplier social and environmental responsibility profiles are evaluated through the certification process

The process of qualification in the Supplier Register also includes the verification of possession of valid certifications, issued by independent bodies (i.e.: ISO certifications, SOA certifications, etc.), and of the economic eligibility requirements of the tender. Furthermore, certain economic indicators are acquired via companies specialising in commercial information (both for corporations and partnerships), which also contribute to determining the supplier's score for qualification purposes. For under-threshold contracts, current provisions require the invitation of at least 5 suppliers among those included in the Supplier Register in order to guarantee competitiveness.

From the point of view of environmental protection, during qualification all potential suppliers of the Group are required to provide evidence of:

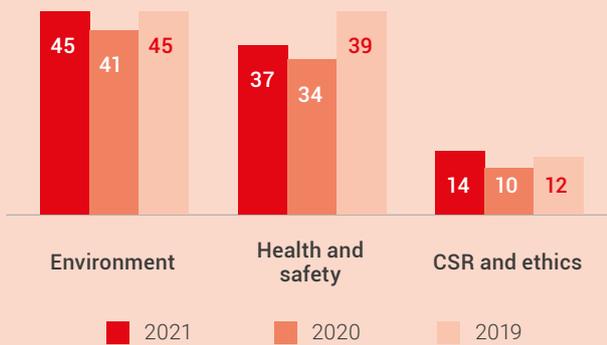
- possession of ISO 14001 certification (issued by a recognised accreditation body);
- possession of EMAS Certification;
- possession of an Environmental Product Declaration – EPD;
- possession of energy management systems in compliance with the ISO 50001 Standard;
- possession of one or more environmental labels (EU Ecolabel, FSC, PEFC, Plastica Seconda Vita (Plastic Second Life), ANAB– ICEA, Natureplus® Certification, CIC Compostability);
- the use of products from one or more of the labels mentioned above in the production process or service rendered, or of another label that highlights a focus on lowering environmental impacts;
- the use of suppliers with ISO 14001 and/or EMAS Certification;
- the use of work instructions that govern the management of waste, including hazardous waste, packaging and packaging waste, from their temporary storage to their disposal within the contract;
- the use, with reference to the categories of products supplied, of recycled or recyclable material, with low emissions and low energy consumption;
- the adoption, with reference to the categories of products supplied, 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 supplied, 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 1,090 qualified suppliers in 2021, 757 reported having at least one of the above environmental profiles. Furthermore, more in-depth environmental profile assessments were conducted on 55 suppliers through category-specific questionnaires that require the compliance of the product/service with minimal environmental and rewarding criteria defined by the Ministry of the Environment.

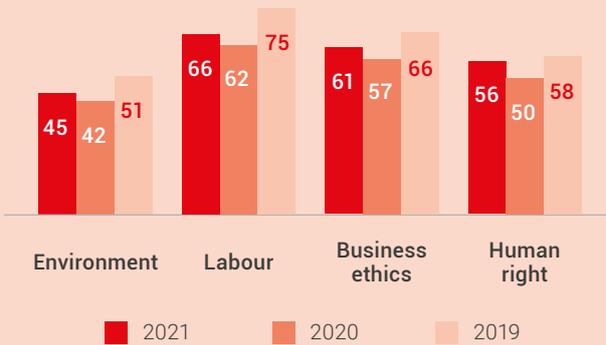
### CSR supplier survey (2021 edition)

Iren Group directly involves its suppliers in sustainability management processes to achieve mutual growth, intending to improve performance. In 2021, the Group carried out its fifth corporate social responsibility survey of 5,145 suppliers, using a questionnaire that explores how environmental, labour, business ethics and human rights policies are managed. A total of 1,332 suppliers responded to the questionnaire (26% of the total). The survey has seen a greater involvement of the suppliers belonging to the category of micro enterprises with less than 15 employees (47%) and a turnover within 1 million Euro (34%). The different composition of the base of companies that participated in the survey is also reflected in the results, summarised in the following graphs.

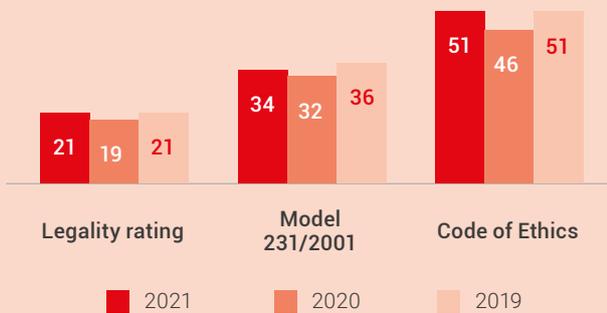
Possession of certifications (% of total)



Adoption formalised policies (% of total)



Instruments used (% of total)



Regulatory violations (% of total)



47% of suppliers have a policy that engages their suppliers on sustainability issues. Furthermore, the companies that took part in the survey in 2021 hired 2,096 employees (63% of whom were permanent, 37% under 30 years of age and 32% women) and employed 1,304 workers in the activities carried out for Iren Group. 56% of suppliers adopt human rights policies (equality of opportunity and treatment, prevention of discrimination, etc.), and 20% state that they have a person within their workforce who is officially responsible for human rights issues.

On aspects regarding human rights see page 92

The most important activities carried out in 2021 to improve supply chain management include:

- the implementation of automated systems to acquire, when filling in the qualification questionnaire, the general and fiscal data, the chamber of commerce visas, the turnover and the number of employees of potential suppliers;
- the implementation of sections within the Supplier Register dedicated to Professional Services and Architecture and Engineering Services with dedicated qualification questionnaires;
- extension of the groups of suppliers subject to reputational and reliability monitoring.

Being a member of the 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, also by being willing to report on CSR profiles, with rewards consequent to the participation shown.



### Being part of the Supplier Register means starting a path of partnership

Many contracts envisage the allocation of technical scores awarded on the basis of the environmental impacts when carrying out the job, such as rewarding the adoption of impact mitigation measures at construction sites (dust, noise, traffic) or during the provision of the service (using low-emissions vehicles).

Compliance with the provisions related to the environment from contractors and subcontractors is required in the specifications. Furthermore, with regard to 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.

If, in carrying out the activities that are the object of the contract, the contractor should generate situations of pollution, Iren Group will ask to implement all the necessary interventions for the safety, reclamation and environmental restoration of the area. In case of non-compliance with the environmental obligations, Iren can order the immediate suspension of the activities until the safeguard measures have been adjusted, without this resulting in requests for compensation for the interruption of the services, for the working site suspension, for the lack of profit and for any other charge connected directly or indirectly, nor constituting grounds for any extension of the contractual terms. This is without prejudice to Iren's right to terminate the contract, without prejudice to its right to bring the consequent actions for compensation and damages.

The contractual documentation expressly prescribes that the supplies and services subject to the contract are carried out in compliance with the **minimum social standards in terms of human rights** and working conditions along the supply chain as defined by the fundamental Conventions of the International Labour Organisation and the United Nations General Assembly – on health and safety in the workplace, definition of minimum wage, working hours, social security, human rights, child labour, forced labour, discrimination, trade union freedom and the right to collective bargaining – and by the national legislation in force in the countries where the stages of the supply chain are carried out. The above contractual commitment, already declared during the tender through the signing of a special declaration, involves, in case of violations, the application of a penalty, without prejudice to the right to terminate the contract.

The monitoring and verification of compliance with the provisions of the contracts, in terms of both environmental and social and safety aspects, during the execution of the works, are under the control of the Group's Works Supervision. Control occurs on two levels:

- the first is documentary and involves checking the consistency and existence of all the documents declared in the contract;
- the second is, on the other hand, the monitoring directly on the site of execution of the work, by the Works Supervisors of the Business Units and by the site assistants, of the compliance with the rules and laws in force by the contract workers operating within the site.

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, of 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 2021, 1,323 suppliers were audited in total, 1,090 of which qualified.

## Employment in supplier companies

Iren Group is aware of the important role employment plays in ensuring the social development of the context in which it operates. It contributes to maintaining employment levels not only towards 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, specific laws are applied which require that 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 incoming contractor to ensure, in line with the provisions established by the collective labour agreement (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, regarding 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 contracts, subcontracts and sub-supplies.

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 and responsible to achieve the results requested; therefore the contractor is entrusted to organise the means and workforce needed to obtain 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 offer is suspected of being anomalous, when verifying its sustainability, the cost of the workforce employed to carry out the tender would also be investigated.

## Supplier 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 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 costs therein have been adjusted for contracts in progress.

During qualification in the Supplier Register, the following aspects are investigated through the evaluation questionnaire:

- 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;
- monitoring of data relating to the number of injuries that the company has recorded in the last three years and any criminal proceedings for breach of health and safety regulations;
- 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 the Italian Legislative Decree 81/08 (in 2021, 191 out of the 1,090 suppliers qualified during the year declared that they had a management system, for a total of 1,905 out of 7,280 qualified);
- existence of a training programme on the subject and systematic verification of the degree of learning achieved by each worker after each training event;
- the integration of Italian language courses within foreign workers' training.

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.

In contract/subcontract situations or, more generally, in situations where third parties operate at Group sites, relevant documentation required to identify and communicate information on workplace 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 tailored as possible to the characteristics of the individual contracted or subcontracted activities.

The ISO 45001 certified systems adopted by the 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.

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 Supervision (pursuant to Article 26 of the Italian Legislative Decree 81/2008) or by the Coordinator during the execution phase (on temporary and mobile construction sites pursuant to Title IV of the Italian Legislative Decree 81/2008).

The Group procedure for the management of injuries provides for a specific injury report form with reference to the personnel of third-party companies, through which third parties are required to inform the Group of the occurrence of any injuries 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 and the Works Supervision; information regarding the context which led to the injury is collected in a database and analysed in depth by the Prevention and Protection Service, also in collaboration with the Works Supervision. In 2021, there were 47 third-party company injuries.

Third-party accidents <sup>1</sup>	u.m.	2021	2020	2019
<b>Total number of accidents</b>	<b>no.</b>	<b>47</b>	<b>33</b>	<b>12</b>
<i>of which with serious consequences – non-fatal<sup>2</sup></i>	<i>no.</i>	<i>0</i>	<i>0</i>	<i>N/A</i>
<i>of which with serious consequences – fatal</i>	<i>no.</i>	<i>0</i>	<i>1</i>	<i>1</i>

<sup>1</sup> Accidents during travel and those not recognised by INAIL are excluded.

<sup>2</sup> Injuries lasting longer than 6 months.

### Training and information activities

In 2021, the Group provided over 204 hours of training to third-party companies, 29.5% related to health and safety at work, involving 34 employees of the companies. In addition to specialist training and operational training on procedures relating to the introduction of new IT systems for the management of activities, extensive information was provided on work equipment, on sites and the specific characteristics of workplaces, in terms of health and safety and the prevention and emergency measures adopted.

## Supplier portfolio and purchase volumes

In 2021, purchase orders were issued to 4,492 suppliers for over 1,580 million Euro.

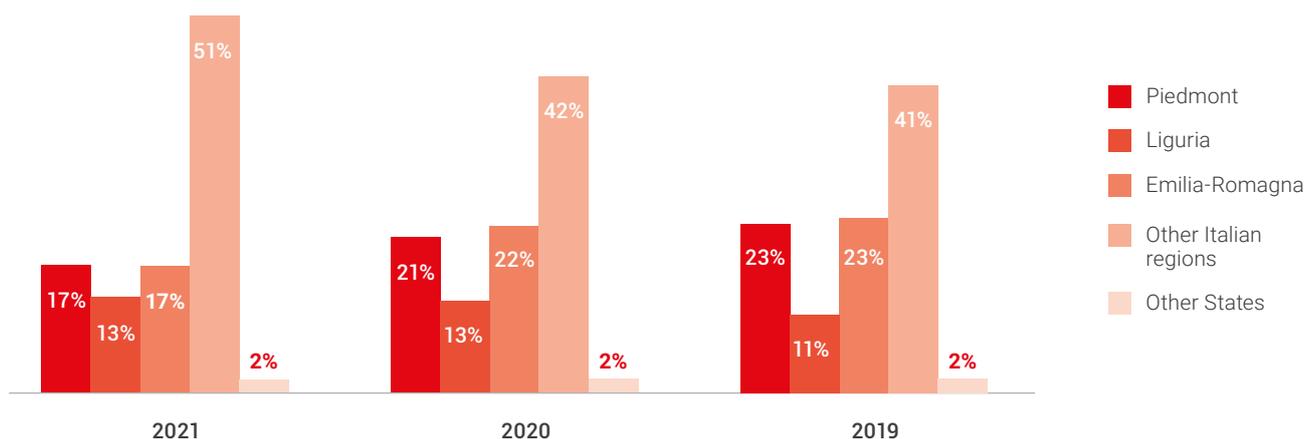
### Impacts on the local areas

Suppliers are deeply rooted in the local areas of reference, both in terms of the number of active suppliers (48%), as well as the economic value of the orders (59%). This highlights the importance of the effects of Iren Group on the territorial areas of reference.

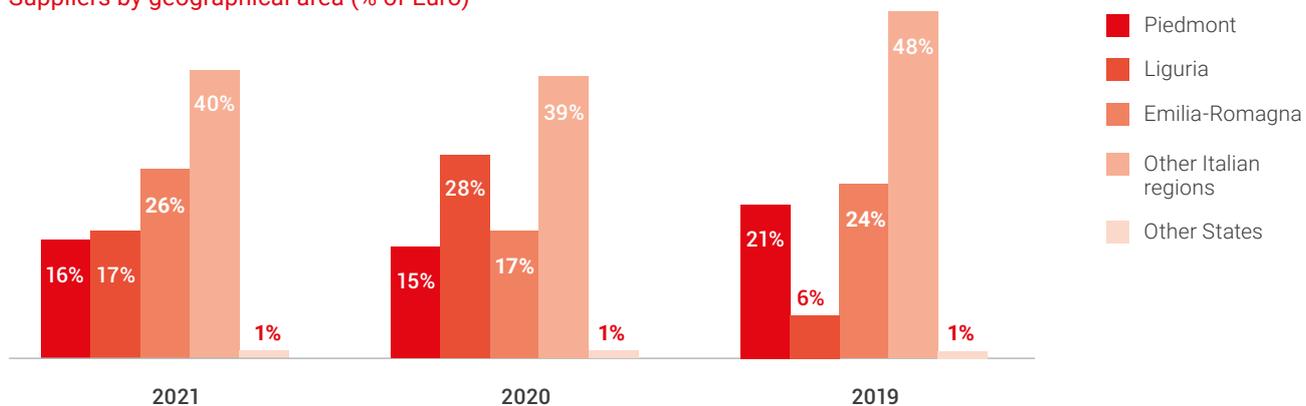
Within the context of public tender procedures, in compliance with current legislation and community principles which require that all companies can compete, no matter their location, the Group does not select suppliers by geographical origin, but on quality and economic criteria, favouring the best quality/price ratio 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 because excluded from the Public Contracts Code, 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 segments of the activities and apply more competitive prices given that they are already present locally and guarantee efficient services due to their local knowledge. 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 labour market. Social cooperatives are particularly active 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 2021, 4 new social cooperatives were acquired, making a total of 60 cooperatives present in the Procurement Portal. Of these, 35 have worked with Group Companies in the year. The overall order amount to social cooperatives was over 20 million Euro, representing 1.3% 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.

Coop. Social	2021	2020	2019
Suppliers (no.)	35	24	38
Orders (Euro)	20,944,620	22,209,800	95,414,752

### Disputes

In 2021, the Group lost, definitively, 28 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 and subsequently implemented all suitable measures for the recovery of the amounts paid.

The Group also incurred an outlay of approximately 1,000 Euro as part of a dispute regarding compensation paid to a supplier for promotional activities carried out by the latter.

# Innovation and digitalisation

[GRI 102-12]

Innovation in Iren Group is central to the strategic choices and the definition of the products and services offered. The Business Plan to 2030 provides for over 2 billion Euro of investments in new technologies and digitalisation which will be carried out, over the course of the plan, in the development of all sectors of operation, with the aim of making the Group an example of excellence in the multi-utility sector.

Considering the macro-trends on which the Business Plan is based – decarbonization, development of energy production from renewable sources, circular economy, energy efficiency and safeguarding of natural resources – the main 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 solutions for the recovery of energy waste and the integration of renewable sources on different assets (e.g. district heating networks);
- solutions for the production of renewable hydrogen and fuel/chemical/synthetic materials combined with the capture of carbon dioxide;
- thermal, electric and hybrid storage systems (e.g. Power-to-X);
- study of business models and analysis of platforms for the implementation of energy communities;
- processes for maximising energy and material recovery from waste;
- systems for reducing quantity and the recovery of material and/or energy from wastewater 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, pre-localisation, identification and reduction of network leaks) and tools to support field sensors;

- detection and removal of pathogens present in water samples;
- innovative solutions related to electric mobility and related charging infrastructures;
- electric distribution cybersecurity systems that take into account the progressive digitalisation of assets;
- electric mobility and systems for smart charging and vehicle to grid (V2G);
- “industry 4.0” solutions supporting 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. Additionally, it takes an active part in working groups and associations on specific research and development and promotes events such as conferences, workshops and hackathons.



**The Business Plan to 2030 provides for more than 2 billion investments in innovative technologies and for digitalisation**

The year 2021 was also characterised by the continuation of technical activities related to the Group’s various co-financed projects and by the development, 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.

The activities of **Iren Up**, the **Corporate Venture Capital programme** launched in 2018, also 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 includes trials, technical support, legal consultancy, market tests, commercial and/or business agreements. The programme envisages investments with tickets ranging from 100,000 Euro to 2 million Euro, depending on the start-up's development phase and requirements.

- | As in 2020, due to the continuation of the Covid-19 emergency, 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 local and international accelerators.

The management of equity investments in start-ups in which the Group has invested saw the conclusion of several supplementary agreements and the disbursement of tranches upon achieving the milestones conceived in these agreements. Among these, an important investment in **Enerbrain**, a start-up active in the field of energy efficiency: the operation, which involved national and international financial and industrial operators, will allow the start-up to expand its business abroad, consolidating its growth. In addition to this, an initial investment was made in polyurethane recycling start-up **Remat**.

Among the initiatives in which Iren has participated, bringing its own contribution in terms of process innovation and applied research, there is, in continuity with previous years, the participation to the Competence Centres (promoted by the Ministries of Economic Development and Economy) established in Turin (Competence Industry Manufacturing 4.0 s.c.a.r.l.) and Genoa ("Competence Centre for the Security and Optimisation of Critical Infrastructures" Association – START 4.0).

In light of the results achieved and the significant projects managed, in 2021, Iren received the **Smau 2021 Innovation Award** as a recognition of Italian excellence for the model of innovation between companies and public bodies.

## Research and innovation projects

In 2021, Iren actively took part in **20 research and innovation projects** for a total multi-year commitment of around 8.6 million Euro, half of which was financed by research and innovation tenders managed by institutions such as the European Union, the Italian State, State bodies and Regions (for example, Horizon 2020, MIUR, MATTM, POR FESR, etc.). Over the year, these projects consisted in a commitment of around 2,165,000 Euro, of which approximately 1,280,000 Euro was funded through tenders. These projects actively involve around 137 Group employees from different business areas, and guarantee collaborations with numerous businesses and academic institutions located in over 100 European cities.

Project	Description
<b>Pump-Heat</b> (European Horizon 2020 programme)	Concluded at the end of 2021, it is an example of international collaboration with 14 partners from 8 different European countries that aimed to introduce innovative solutions to increase the flexibility of major power generation plants in favour of renewable sources. At the Moncalieri (TO) power plant, a pilot project was carried out in which the technologies studied and developed during the project (high temperature heat pump and phase change storage system) were tested.
<b>Planet</b> (European Horizon 2020 programme)	Concluded in January 2021, it studied technologies and analyses of regulatory constraints for the synergistic exploitation of distribution networks (electricity, gas and thermal). Iren Group has been involved in the development of a physical pilot project in which a heat pump connected to a thermal storage for heating has been tested, capable of modulating the load, putting into system the needs of the building with those of the electrical network.
<b>eVolution2G</b> (EMEurope Call 2016)	The project ended in January 2021 and saw Iren Group involved in the study and field testing of enabling technologies for vehicle to grid (V2G), i.e. a system in which electric vehicles play a balancing role on the electricity grids. For this purpose, two direct current recharging columns have been installed and tested with the possibility of bidirectional energy exchange.

Project	Description
<b>Recovery of material from WEEE</b> (Ministry of the Environment Call for Tenders)	Concluded in August 2021, the project aimed to develop highly replicable and transferable technologies 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 a secondary raw material and the optimisation of the separation of cement from the carcasses of washing machines.
<b>Prelude</b> (European Horizon 2020 programme)	Testing of innovative solutions in building and plant management, maximising the interaction with users to optimise consumption. Iren Group is in charge of the development of the Italian pilot, which will focus on a residential building in the municipality of Turin and in particular on the tenants of 8 apartments within it.
<b>Chester</b> (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.
<b>RES-DHC</b> (European Horizon 2020 programme)	The project will develop 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 in favouring the increase of renewable sources in district heating and cooling systems.
<b>Marilia</b> (European Horizon 2020 programme)	The project 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.
<b>WaterTech</b> (MIUR tender)	Optimised, synergistic and innovative management of Group's assets with testing of 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 and the management of water leaks.
<b>Everywh2ere</b> (European Horizon 2020 programme)	Iren, as a third party, will test a hydrogen-powered generator based on fuel cell technology for the sustainable production of electricity during events/fairs (uninterruptible power supply/mobile generator mode).
<b>INCIT-EV</b> (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 promote large-scale adoption of electric mobility. Iren Group is developing the Italian pilot, which will be built in Turin, with the installation of 10 slow and 1 ultra-fast columns for the recharge of electric cars through the tram network.
<b>Saturno</b> (Bioeconomy Technological Platform – Piedmont Region Call for Tender)	Validation, on an industrial platform, of the conversion of the organic waste and CO <sub>2</sub> 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.
<b>OnlyPlastic</b> (RFCS – 2019)	Substitution of fossil carbon sources (coal, coke, petroleum coke) in the electric arc furnaces of a steel plant in northern Italy with densified polymers derived from residues from the treatment of plastic waste.
<b>PolynSPIRE</b> (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.
<b>5G-Solutions</b> (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. Iren Group is in charge of the Italian pilots concerning the management of a heat pump central heating system and the charging of electric vehicles.

Project	Description
<b>Energy shield</b> (European Horizon 2020 programme)	Development of an integrated cyber security platform that can be used by all actors of the energy chain (network operators, distributors, aggregators, producers). Iren Group is taking part as a distributor (through Ireti), supporting the other partners in the definition of 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.).
<b>BestSafe4Iren</b> (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 (Long Range) wireless infrastructure and a next-generation DLT (Distributed Ledger Technology) 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 developed a solution that was tested with positive result, on a portion of TRM’s plant and will be tested on a portion of the city of Turin’s hillside where Iren operators deal with waste collection.
<b>ENERGYNIUS</b> (POR-FESR 2014-2020 Emilia-Romagna)	Definition of development models that enable 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 tools and possibly with pilots in the field.
<b>MULTIPLIERS</b> (European Horizon 2020 programme)	The project aims at facilitating the introduction of new ideas, practices and scientific approaches in schools, which can offer to the communities, of which teachers and pupils are part, a space for open innovation, on scientific issues that have an impact on citizens’ lives.
<b>RUN</b> (Liguria Region)	The project involves the development and demonstration of a now-casting service of the flood risk in urban areas in the presence of heavy rainfall, using IoT technologies and big data analysis tools, designed for smart cities and urban drainage network managers, allowing faster actions to protect people, properties and those in charge of the maintenance of the drains, who will be able to plan interventions for optimal operation of the system.

## 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 through 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 2021, 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 for initiatives launched by other organisations aimed at the management of network services and sustainability. Among other things, the Foundation is also responsible for the management of the Water Thematic Library and the Water and Gas Museum in Genoa.

A summary of the activities realised by the Foundation in 2021 is provided below.

## Research projects

- **Application of Water Safety Plan (WSP) to the water service, methodological and informative aspects:** implementing WSP in the integrated cycle by assessing and managing risk in the supply chain of water intended for human consumption. In this context, a new methodology has been applied in the definition of potential risks, identifying sample sites and involving stakeholders (water service companies) and institutional bodies (ARPA, ATO, ASL, etc.) in the definition of potential risks.
- **Reuse of purified wastewater. Hygiene and sanitation impact analysis:** monitoring of the hygienic and sanitary quality of the wastewater leaving different treatment plants. Plants with different disinfection treatments were studied to evaluate the possible reuse of the produced wastewater for agronomic/industrial purposes. An assessment of the impact of effluents on receiving water bodies was also carried out. The analysis was carried out using, in addition to the microbiological and ecotoxicological parameters required by law, other more specific parameters in the field of hygiene and health.
- **Methods for the optimal management of urban drainage systems based on innovative monitoring of rainfall:** study and trial of a new tool for more efficient management of the sewer networks during extreme weather events, through the development and testing of advanced methods for the elaboration of two-dimensional rainfall intensity maps updated in real-time. Precipitation fields were calculated from measurements acquired by the Smart Rainfall System (SRS) network consisting of IoT sensors compatible with LoRaWAN telecommunication technology. 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 sewer networks.
- **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.
- **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. In order to provide useful indications for the strategic management and policy choices of regulators, the relationships between the economic-environmental performance of companies and their ownership structure, as well as the effect of other impacting variables, have been analysed. For the integrated economic and environmental performance measurement phase, correct for water leaks, a non-parametric efficiency method is used, which enables the operators with the most significant leaks to be penalised.
- **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. The analysis is also extended to assess possible incremental impacts on distributed water quality.
- **Regulation of water and environmental services, analysis of the factors that determine operating and capital costs and possible reflections on the models of recognition of tariff costs:** investigation of possible regulatory synergies between the water and environmental sectors and the specificities of each. The research also aims to verify, with an econometric study, the applicability of alternative regulation models based on the recognition of standard/parametric costs, or if these parametric references can lend themselves to support the definition of price limits, regulatory menus and/or reward/sanction systems in an output-based logic. In this latter logic, the survey could be integrated with a study oriented towards appreciation of the perceived value of the qualitative attributes of services, evaluating the priorities for intervention also taking into account the point of view of citizens.
- **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 from the treatment of mined waste, through an analysis of the situation and management in the long term. With this in mind, guidelines will be established with a proposed method for evaluating the feasibility of landfill mining.
- **Evaluation and reduction of residual risk in effluent and sewage sludge for the presence of emerging micropollutants:** assessment of the risk associated with possible micropollutants present in effluent and sludge discharge from wastewater treatment plants and identification of the most appropriate technologies to be used for removal. Utilities will be involved in collecting the data necessary to obtain a picture of critical cost-effectiveness issues in order to achieve the goals. Project results will be a tool to support regulatory compliance to ensure protection of the aquatic ecosystem and human health.

## Research projects

- **Evaluation of the presence of viral indicators in sludge by molecular biology methods:** identify, by molecular biology analysis, the viral component present in sludge samples from wastewater treatment and organic wastewater treatment. Development of a protocol to identify, by electron microscopy, some viruses particularly significant for their impact on human health or for their role as indicators of contamination by enteric pathogens.
- **Development of an innovative technology for the degradation of emerging pollutants:** technology for the treatment of water contaminated by emerging pollutants (in particular antibiotics and drugs), based on innovative photocatalysts, consisting of titanium dioxide nanoparticles, which will be tested in a pilot treatment plant, specifically built to evaluate an industrial scale up.
- **Multifunctional nanostructures as catalysts for clean energy production and water purification:** fabrication of innovative nanostructured electrocatalysts with high activity, stability and low cost, for the production of hydrogen from water and simultaneous purification of contaminated aqueous solutions. The activities will be focused on the design and engineering of catalysts controlling their composition, structure and morphology at the nanoscale, with the aim of identifying the most suitable combinations of materials in relation to their final use in watersplitting and reforming processes. The catalysts will also be able to be activated by sunlight, a clean and renewable energy source.
- **Wastewater treatment plants, possible hot-spots in the spread of antibiotic resistance?** Water is a prime route for the propagation of bacteria that play an important role in the spread of antibiotic resistance, and wastewater treatment plants can act as a reservoir and source of release of antibiotic-resistant bacteria into the environment. The project aims to assess the spread of antibiotic resistance throughout the wastewater treatment supply chain and investigate the steps that can lead to a reduction and/or selection of antibiotic-resistant bacteria.
- **Water quality and exposome:** innovative strategies for the identification of emerging micro-contaminants and their metabolites in wastewater. Passive samplers will be used to selectively accumulate substances in situ, allowing pre-concentration with screening methods and instrumental analytical methods. The pilot study is part of a broader multidisciplinary research known as “exposome”, a strategy that can be used in various types of aqueous matrices even when environmental concentrations are very low.
- **Stabilisation of PFAS in landfill leachate:** identification and development of a technology able to remove, through a combined chemical-physical and thermal action, the fraction of PFAS (Poly- and Per-Fluoro Alkyl Substances), emerging contaminants present in landfill leachate. PFASs are used in a wide range of industrial applications because of their waterproofing properties and ability to withstand extreme environmental conditions. Although PFASs have hydrophobic properties, their functional groups make them hydrophilic and, therefore, extremely soluble and persistent in water. The lack of effectiveness of traditional treatment methods requires the application of innovative removal technologies prior to their re-entry into the water cycle.
- **Analysis of retail prices on energy markets:** investigation of the dynamics of retail prices of energy services in the national territory, analysing the information present in the portal for comparison of offers of operators, published by ARERA (Regulatory Authority for Energy Networks and Environment). The identification and contact data of the seller, the descriptive parameters of the offers, the parameters and economic conditions of the offers, including protection services, will be analysed. The analysis will make it possible to identify the entry and exit dynamics of operators in the individual local markets and their positioning choices; moreover, it will be possible to study consumer response to the proposals of the various tariff menus.
- **Integrated asset management in a context of geo-hydrological risk and climate change:** propose solutions for an efficient and resilient management of multi-utility assets for the mitigation of geomorphological hazards in contexts where there are strategic infrastructures, contributing to greater safety of urban and peri-urban areas and citizens who live there. In particular, the most functional nature-based solutions to an area and its issues will be considered, drawing on specific case studies.
- **Tariff regulation to stimulate user engagement and awareness in sustainable waste management:** assessing the ways in which the various players in waste cycle management (municipalities, companies, users) interact, providing responses that encourage the achievement of desired environmental and economic results. Through the pay-as-you-throw tariff, and the relative arrangements that foresee incentives/premiums, it is possible to orientate the behaviour of the users towards a minimisation of the production of unsorted waste and an increase in the quality of the sorted collections. These tools are enabled by technologies for the recognition of users and to calibrate the tariffs on the basis of behaviour that can also allow to use the lever of flexibility (services on demand) as an incentive, in order to offer a service that is increasingly close to the needs of citizens.

## Cultural and educational projects

- **Eco-games:** online project realised in collaboration with Liguria Digitale. The application includes a virtual playground, with 36 quizzes and interactive games in two languages, to entertain and educate to eco-sustainable behaviour in the use and management of water resources, energy and waste.
- **Un mare senza plastica (A sea without plastic) Ecomusical:** the show was proposed to children and families in the framework of the event Ocean Race and of a project on sustainability in collaboration with Liguria Region and Ente Parco Antola.
- **Un mare senza plastica e Cacche Spaziali (A Sea Without Plastic and Space Poo) Ecobooklets:** the booklets of the two shows, illustrated with funny cartoons, provide insights and educational ideas on the history of water and plastic, purification techniques, pollution caused by the abuse of plastics and virtuous behaviour to protect the environment.
- **Il canto dell'albero (The song of the tree):** green game, under construction, on the harmful effects of climate change, which will be able to support environmental protection projects.
- **Collaboration in cataloguing the Group's historical archives:** in 2021, the collaboration with Iren continued with the aim of reorganising the historical archives of the Brugnato aqueduct.
- **Summer school "The Ecological Transition between Green Deal and Recovery Plan. Relapses for the territory and the enterprises":** the initiative, organised in collaboration with the University of Genoa, provided advanced training on the effects of the ecological transition and the National Recovery and Resilience Plan for the territory and businesses.

## Digitalisation

Digitalisation and computerisation are among the enabling levers that will allow the Group to grow in line with the objectives stated in the 2030 Business Plan, which envisages a significant increase in investments (around 600 million Euro over the plan period) and operating costs to support the **Group's digital transformation and development process**.

In particular, investments will be dedicated to **technological initiatives** to:

- raise levels of cybersecurity;
- consolidate the transition to a data-driven approach by adopting a new organisational model that supports processes and effective data management;
- consolidate the business continuity strategy, through the progressive divestment of servers in favour of the use of data centres that guarantee continuity, thanks to data centres redundancy, and of the cloud for greater flexibility;
- develop the Internet of Things (IoT) through the use of 5G connectivity (sensor and field data transmission in both plant management and distribution networks) and 6G connectivity (applicability study and preliminary activities). A pilot project is planned in the management of smart dumpster sensors and data transmission of the smart metering network.

Technological **initiatives** will be integrated by **functional initiatives** to:

- enable businesses through digital transformation programmes, use of sensors, IoT platforms, wearable devices, predictive maintenance, and creation of customisation programmes for customer offers;
- digitalise processes through warehouse management software, systems for digitalising customer transactions, and integration of digital identity and electronic signature systems.

A number of actions in these areas to improve operational efficiency were initiated and continued in 2021:

- the implementation of efficient management systems for company fleets and personnel processes;
- the introduction of digital tools, such as on-board computers on waste collection vehicles, smartphones and smart containers, which make it possible to optimise plant planning and waste logistics (**Just Iren**);
- the review and standardisation of the processes and information systems supporting the technical-commercial activities of the management of the distribution networks (**Iren Way**);
- the redesign of the entire management and customer relationship process (**Market Transformation** programme).

In **telecommunications**, 2021 also saw a major increase in bandwidth usage for internet connections, especially to cloud providers. Technological upgrading of the main network nodes was planned and the equipment of the Turin metropolitan network backbone was replaced. The replacement of security equipment with new Next Generation Firewalls was completed, both to improve network traffic control and to comply with new regulations. Equipment upgrades were conducted with the goal of improving performance, cybersecurity, and monitoring, control, and resiliency mechanisms. Finally, new services were tested to make the most of the new technologies implemented: the creation of private networks with SD-WAN technology and experiments to facilitate disaster recovery projects and the cloud-based remoting of data centres.

## Cybersecurity

Particular attention is paid by the Group to activities in the field of cybersecurity, thanks to the definition and adoption of organisational models, procedures, security measures and technological tools to reduce vulnerabilities and mitigate threats.

Given the importance of the issue, the Group has adopted a **cyber risk policy** that defines the principles, provides guidelines on the subject and outlines roles and responsibilities in order to achieve an adequate level of protection of information, starting with the technical and organisational actions identified that concern:

- identification, classification, and management of information and assets;
- cybersecurity awareness and culture;
- use of computing devices and software;
- access control;
- physical and environmental security;
- communications and systems security;
- information exchange and cooperation;
- cybersecurity incident management;
- relationships with third parties;
- insurance coverage.

Consistent with this approach, the Group works to ensure the design of inherently secure systems, as well as monitoring (24 hours a day) and analysing all cybersecurity events to ensure timely interventions in case of issues. In this context, the National Cybersecurity Perimeter Risk Assessment and Analysis project and an awareness campaign on cybersecurity issues, directed at all employees, were implemented in 2021 (see page 236). In addition, the implementation of an enhanced authentication system for access to systems was completed with the adoption of a tool for the management of privileged users.

The Group has obtained **ISO27001 certification** and extended it to the main Group companies in 2021, with related risk analysis of IT assets. The certification defines the requirements for setting up and implementing an information security management system.



# Compliance



# Note on methodology

[GRI 102-32, 102-45, 102-48, 102-50, 102-51, 102-52, 102-54]

The Iren S.p.A. 2021 Sustainability Report, referring to the period 1 January – 31 December 2021, also constitutes a Consolidated Non-Financial Statement (NFS), pursuant to Italian Legislative Decree 254/2016.

The document was prepared in accordance with the Global Reporting Initiative (GRI) Standard: Comprehensive Option and the Electric Utilities Supplement – G4 Sector Disclosure.

Starting with this edition, the Sustainability Report integrates the transparency information required by the **European Taxonomy** (EU Regulation 2020/852 and EU Delegated Regulation 2021/2178) regarding the managed activities considered sustainable (see page 120) and reports the main indicators related to the projects financed by the Green Bonds issued by Iren Group (see page 124).

In addition, it includes, in line with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), information to clearly and transparently report the financial impacts of **climate change** on the Group (see page 80).

| The document also provides extensive information on the management of the **Covid-19 emergency** 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 allows 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 2020 Report was published in April 2021) 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 2021 was approved by the Board of Directors, along with the draft of the Consolidated Financial Statements, on 29 March 2022, assessing its completeness and consistency with the topics identified in the materiality matrix.

The document was audited by the appointed auditor KPMG 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). KPMG S.p.A. is also the company appointed to perform the legal audit of the Consolidated Financial Statements of Iren Group.

## 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 Pact", the UN Sustainable Development Goals, the Group's values and strategies. In view of the commitments made 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.



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 UN Global Compact



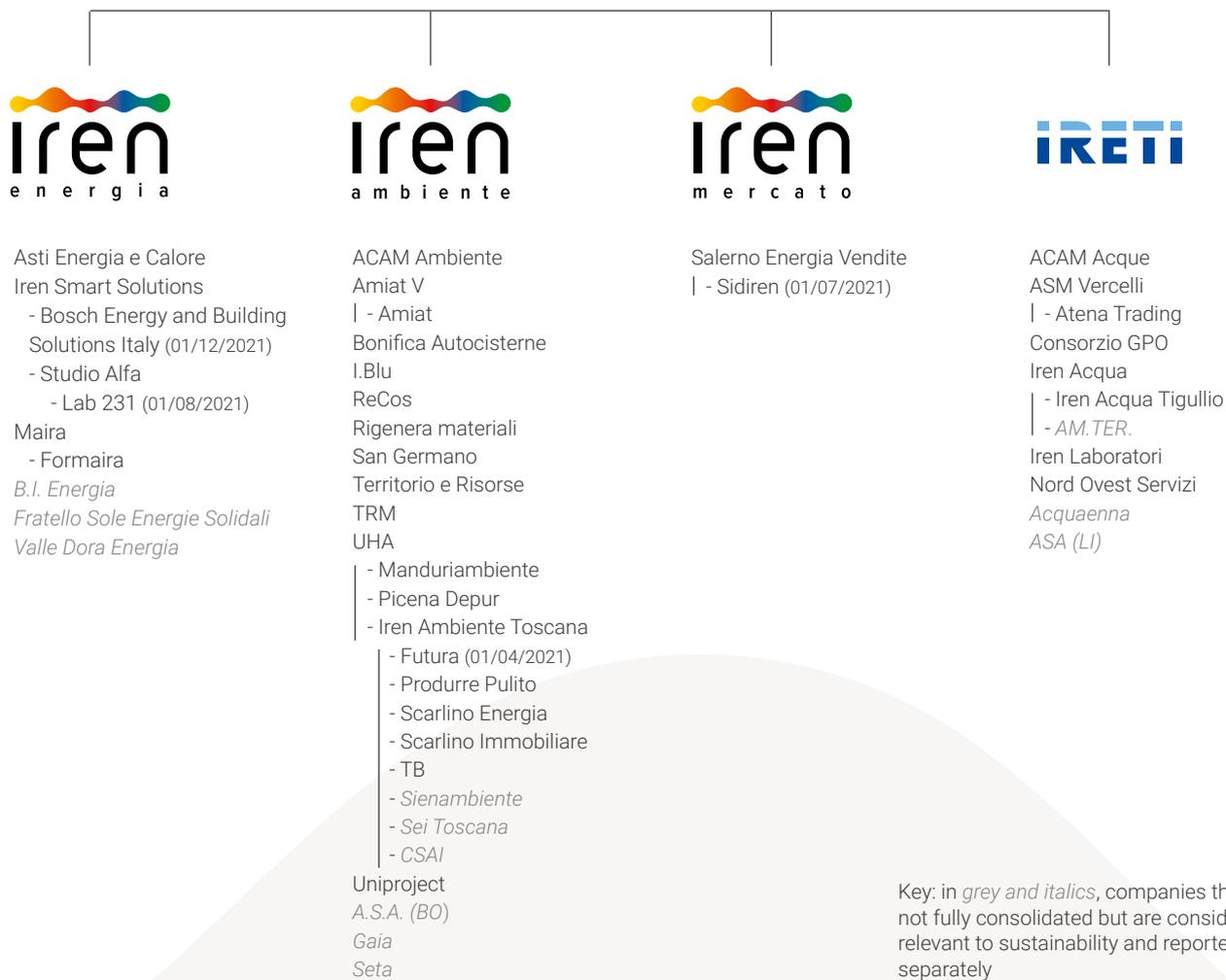
The compliance schedule (see page 284) shows the link between the GRI standards and the 10 Principles of the United Nation Global Compact and the 17 Goals of the UN 2030 Agenda (SDGs), allowing for an integrated reading of the information provided in this Report.

## Reporting boundary

The reporting boundary for the preparation of the Sustainability Report/NFS takes into consideration:

- all of the fully consolidated companies of Iren Group, with the exception of those in liquidation as at 31/12/2021, inactive, sold or destined to be transferred;
- 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 24). 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.



Key: in *grey and italics*, companies that are not fully consolidated but are considered relevant to sustainability and reported separately

Changes in the reporting boundary compared to 2020 are shown below.

**Full consolidation** of companies:

- Bosch Energy and Building Solutions Italy acquired 100% by Iren Smart Solutions;
- Lab 231 – a company operating in the field of consultancy on health and safety in the workplace, environmental management practices, waste, privacy and professional training – acquired 100% by Studio Alfa;
- Futura, following the acquisition by Iren Ambiente of a further 20% of the share capital, which led to a total equity investment of 60%;
- Rigenera Materiali (inactive in 2020);
- UHA, Manduria Ambiente, Picena Depur, Iren Ambiente Toscana (formerly STA), Produrre Pulito, Scarlino Energia, Scarlino Immobiliare, TB, and Uniproject (reported separately in NFS 2020);
- Sidiren acquired 100% by Iren Mercato.

**Change of name** of STA to Iren Ambiente Toscana (effective 14 April 2021).

**Merger by incorporation** of:

- Nove in Iren Energia (effective 31 December 2021) following the acquisition of 51% of the share capital, in addition to the 49% already held;
- A.M.A., Gheo suolo e ambiente and Sereco Piemonte in Iren Ambiente (effective 1 July 2021);
- Uniservizi in Uniproject (effective 1 December 2021);
- Unirecuperi in UHA (effective 1 July 2021);
- UCH Holding in Iren Ambiente Toscana (effective 1 December 2021);
- Scarlino Holding in Iren Ambiente Toscana (effective 1 December 2021).

**Deconsolidation due to cancellation from the Companies Register** of:

- Bio Metano Italia from 6 October 2021 following the deed of dissolution and liquidation dated 22 January 2021;
- Energy Side as of 24 November 2021 following the deed of dissolution and liquidation dated 18 May 2021;
- STA Partecipazioni as of 29 December 2021 following the deed of dissolution and liquidation dated 02 December 2021.

**Change in unconsolidated companies reported separately** for significance for sustainability purposes:

- inclusion of the investee companies CSAI, Sienambiente and Sei Toscana (acquired as of 17 November 2020);
- exclusion of the investee companies Aiga and Amat, which were dissolved and liquidated due to their inability to achieve their corporate purpose by deed dated 14 April 2021 and 18 March 2021, respectively.

Any limitations in regard to 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 2021 refer to the consolidation period of these companies by Iren Group, and in particular:

- Futura from 1 April to 31 December 2021;
- Sidiren from 1 July to 31 December 2021;
- Lab 231 from 1 August to 31 December 2021;
- Bosch Energy and Building Solutions Italy from 1 December to 31 December 2021.

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 Global Compact (UNGC)

[GRI 102-55]

### 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 281) 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".

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102-6	Markets served	•		20, 21-23
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Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes	
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102-16	Values, principles, standards and norms of behaviour		10	16	12-13, 85-86
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Report on corporate governance					
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102-22	Composition of the highest governance body and its committees	●		5, 16	59-66
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102-26	Role of highest governance body in setting purpose, values, and strategy	●			12-13, 55-62
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102-33	Communicating critical concerns				62, 70
102-34	Nature and total number of critical concerns	●			88, 104, 108
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102-36	Process for determining remuneration				90-92
102-37	Stakeholders' involvement in remuneration			16	63-64
102-38	Annual total compensation ratio				237-238
102-39	Percentage increase in annual total compensation ratio				237-238

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes
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207-1	Approach to taxation			1, 10, 17	118-119
207-2	Tax governance, control and risk management			1, 10, 17	118-119
207-3	Stakeholder engagement and management of concerns related to tax			1, 10, 17	118-119
207-4	Country-by-country reporting			1, 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.
<b>SPECIFIC STANDARDS – ENVIRONMENTAL AREA</b>					
<b>301 - MATERIALS (2016 STANDARD)</b>					
301-1	Materials used by weight or volume	•	7 8 9	6, 8, 12	170
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 due to the characteristics of the materials used
<b>302 - ENERGY (2016 STANDARD)</b>					
302-1	Energy consumption within the organisation	•	7 8 9	7, 8, 12, 13	19, 133, 163
302-2	Energy consumption outside of the organisation	•	7 8 9	7, 8, 12, 13	164
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	16, 143
302-5	Reductions in energy requirements for products and services	•	7 8 9	7, 8, 12, 13	145-147

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes	
<b>303 - WATER AND EFFLUENTS (2018 STANDARD)</b>					
303-1	Interactions with water as a shared resource		⑦ ⑧ ⑨	6, 12	148-153
303-2	Management of water discharge related impacts	●	⑦ ⑧ ⑨	6	149
303-3	Water withdrawal	●	⑦ ⑧ ⑨	6	19, 148    According to the World Resources Institute "Aqueduct Water Risk Atlas" analysis, withdrawals, discharge and consumption did not take place in water-stressed areas
303-4	Water discharge	●	⑦ ⑧ ⑨	6	149    According to the World Resources Institute "Aqueduct Water Risk Atlas" analysis, withdrawals, discharge and consumption did not take place in water-stressed areas
303-5	Water consumption	●	⑦ ⑧ ⑨	6	149    According to the World Resources Institute "Aqueduct Water Risk Atlas" analysis, withdrawals, discharge and consumption did not take place in water-stressed areas
<b>304 - BIODIVERSITY (2016 STANDARD)</b>					
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	165-168    Qualitative reporting, subject managed in accordance with the regulations applicable to the Group's activities
304-2	Significant impacts of activities, products, and services on biodiversity	●	⑦ ⑧	6, 14, 15	165-168
304-3	Habitats protected or restored	●	⑦ ⑧	6, 14, 15	167
304-4	IUCN Red List species and national conservation lists species with habitats in areas affected by operations	●	⑦ ⑧	6, 14, 15	167-168
<b>305 - EMISSIONS (2016 STANDARD)</b>					
305-1	Direct GHG emissions (Scope 1)	●	⑦ ⑧ ⑨	3, 12, 13, 14, 15	19, 134-136, 163
305-2	Energy direct GHG emissions (Scope 2)	●	⑦ ⑧ ⑨	3, 12, 13, 14, 15	19, 137
305-3	Other indirect GHG emissions (Scope 3)	●	⑦ ⑧ ⑨	3, 12, 13, 14, 15	134-139
305-4	GHG emissions intensity	●	⑦ ⑧ ⑨	13, 14, 15	16, 136
305-5	Reduction of GHG emissions	●	⑦ ⑧ ⑨	13, 14, 15	17, 139-141, 164, 169
305-6	Emissions of ozone-depleting substances (ODS)	●	⑦ ⑧ ⑨	3, 12	136
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulphur oxides (SO <sub>x</sub> ) and other significant air emissions	●	⑦ ⑧ ⑨	3, 12, 14, 15	139

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes	
<b>306 - WASTE (2020 STANDARD)</b>					
306-1	Waste production and significant waste-related impacts	•	⑦ ⑧	3, 6, 11, 12, 14	154-156
306-2	Management of significant waste-related impacts	•	⑦ ⑧	3, 6, 11, 12	154-156
306-3	Waste generated	•	⑦ ⑧	3, 6, 11, 12, 14	19, 154
306-4	Waste diverted from disposal	•	⑦ ⑧	3, 11, 12	155, 162
306-5	Waste directed to disposal	•	⑦ ⑧	3, 6, 11, 12	156, 162
<b>307 - ENVIRONMENTAL COMPLIANCE (2016 STANDARD)</b>					
307-1	Non-compliance with environmental laws and regulations	•	⑦ ⑧	16	171
<b>308 - SUPPLIER ENVIRONMENTAL ASSESSMENT (2016 STANDARD)</b>					
308-1	New suppliers that were screened using environmental criteria	•	⑧		261-263
308-2	Negative environmental impacts in the supply chain and actions taken	•	⑧		261-263
<b>SPECIFIC STANDARDS – SOCIAL AREA</b>					
<b>401 - EMPLOYMENT (2016 STANDARD)</b>					
401-1	New employee hires and employee turnover	•	⑥	5, 8, 10	226-228, 258
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	•	⑥	3, 5, 8	237-238
401-3	Parental leave	•	⑥	5, 8	248
<b>402 - LABOUR/MANAGEMENT RELATIONS (2016 STANDARD)</b>					
402-1	Minimum notice periods regarding operational changes	•	③	8	253-255
<b>403 - OCCUPATIONAL HEALTH AND SAFETY (2018 STANDARD)</b>					
403-1	Occupational health and safety management system		③	8	248-252, 267-268
403-2	Hazard identification, risk assessment, and incident investigation		③	8	250, 267-268
403-3	Occupational health services		③	8	252, 267
403-4	Worker participation, consultation, and communication on occupational health and safety	•	③	8, 16	249-250    Data related to Group employees
403-5	Worker training on occupational health and safety		③	8	253, 268
403-6	Promotion of worker health		③	3	242-243    Data related to Group employees
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

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes
403-8 Workers covered by an occupational health and safety management system		3	8	249, 267
403-9 Work-related injuries	•	3	3, 8, 16	251-252, 259, 268    Accident indices relating to Group personnel
403-10 Work-related ill health	•	3	3, 8, 16	252    Data related to Group employees
<b>404 - TRAINING AND EDUCATION (2016 STANDARD)</b>				
404-1 Average hours of training per year per employee	•	6	4, 5, 8, 10	19, 234-235
404-2 Upgrading employee skills and transition assistance programmes	•	6	8	223-224, 230-232, 236-237
404-3 Percentage of employees receiving regular performance and career development reviews	•	6	5, 8, 10	19, 230-232, 238
<b>405 - DIVERSITY AND EQUAL OPPORTUNITIES (2016 STANDARD)</b>				
405-1 Diversity of governance bodies and employees	•	6	5, 8	19, 225, 247-248, 256-257
405-2 Ratio of basic salary and remuneration of women to men		6	5, 8, 10	247-248, 258    Data on remuneration is not available as it was partly paid in the following financial year
<b>406 - NON-DISCRIMINATION (2016 STANDARD)</b>				
406-1 Incidents of discrimination and corrective actions taken	•	6	5, 8	93, 199, 245
<b>407 - FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016 STANDARD)</b>				
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	•	1 3	8	266
<b>408 - CHILD LABOUR (2016 STANDARD)</b>				
408-1 Operations and suppliers at significant risk for incidents of child labour	•	1 5	8, 16	262
<b>409 - FORCED OR COMPULSORY LABOUR (2016 STANDARD)</b>				
409-1 Operations and suppliers at significant risk of incidents of forced or compulsory labour	•	1 4	8	262
<b>410 - SAFETY PRACTICES (2016 STANDARD)</b>				
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
<b>411 - RIGHTS OF INDIGENOUS PEOPLES (2016 STANDARD)</b>				
411-1 Incidents of violations involving rights of indigenous peoples	•	1	2	Not applicable given the location of the Group's activities

Indicator	It. L.D. 254/16	UNGC	SDGs	Page/Notes
<b>412 - HUMAN RIGHTS ASSESSMENT (2016 STANDARD)</b>				
412-1	Operations that have been subject to human rights reviews or impact assessments	•	1 2 4 5 6	92-93
412-2	Employee training on human rights policies or procedures	•	1 2 4 5 6	93
412-3	Significant investment agreements and contracts that include human rights clauses or are that underwent human rights screening	•	1 2 4 5 6	262, 265
<b>413 - LOCAL COMMUNITIES (2016 STANDARD)</b>				
413-1	Operations with local community engagement, impact assessments, and development programmes	•	1	177-189
413-2	Operations with significant actual and potential negative impacts on local communities	•	1	1, 2 187-189
<b>414 - SUPPLIER SOCIAL ASSESSMENT (2016 STANDARD)</b>				
414-1	New suppliers that were screened using social criteria	•	1 2 6	5, 8, 16 269
414-2	Negative social impacts in the supply chain and actions taken	•	1 2 6	5, 8, 16 261-266
<b>415 - PUBLIC POLICY (2016 STANDARD)</b>				
415-1	Political contributions	•		16 110
<b>416 - CUSTOMER HEALTH AND SAFETY (2016 STANDARD)</b>				
416-1	Assessment of health and safety impacts by product and service categories	•		187-189, 200-202, 208, 212, 214, 216-218
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	•		16 199
<b>417 - MARKETING AND LABELLING (2016 STANDARD)</b>				
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 products and service information and labelling	•		16 199
417-3	Incidents of non-compliance concerning marketing communications	•		16 199
<b>418 - CUSTOMER PRIVACY (2016 STANDARD)</b>				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	•		16 199
<b>419 - SOCIO-ECONOMIC COMPLIANCE (2016 STANDARD)</b>				
419-1	Non-compliance with laws and regulations in the social and economic area	•	10 10	16 108-109, 189, 255, 269

Indicator		It. L.D. 254/16	UNGC	SDGs	Page/Notes
<b>ELECTRIC UTILITIES SUPPLEMENT</b>					
EU-1	Installed capacity	●			21, 142
EU-2	Net energy output	●			16, 21, 142
EU-3	Number of customers				18, 21, 195
EU-4	Length of transmission and distribution networks				18, 21, 207
EU-5	Compliance with the Kyoto Protocol	●			Level of compliance: 3,8%
EU-10	Planned capacity				114
EU-11	Average output of heat production plants	●			Cogeneration, boilers and thermoelectric plants: 68.6% Waste-to-energy plants: 75.2%
EU-12	Transmission and distribution losses as a percentage of total energy	●			208
EU-13	Habitats restored (offsetting)	●			167
EU-15	Percentage of employees eligible to retire in the next 5 to 10 years				228
EU-17	Hours worked by contractor and subcontractor employees				266
EU-18	Health and safety training programmes carried out for contractor and subcontractor employees	●			268
EU-22	Number of people physically displaced following the construction of new plants and economical compensation	●			187-189
EU-25	Number of injuries and fatalities to the public involving Company assets	●			189
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				208
EU-28	Power outages: average number of interruptions per LV customer (N1)				208
EU-29	Power outages: cumulative downtime (D1)				208
EU-30	Average plant availability factor	●			Cogeneration plants: 57.7% Waste-to-energy plants: 88.8%

## Priority topics and GRI standards

Priority topics	Indicators
Solid and transparent governance for sustainable growth	102-18; 102-19; 102-20; 102-21; 102-22; 102-23; 102-24; 102-25; 102-26; 102-27; 102-28; 102-29; 102-30; 102-31; 102-32; 102-33; 102-34; 102-35; 102-36; 102-37; 102-38; 102-39; 103-1; 103-2; 103-3
Ethics, fight against corruption and legal compliance	103-1; 103-2; 103-3; 205-1; 205-2; 205-3; 206-1 307-1; 417-2; 417-3; 418-1; 419-1
Effective and transparent dialogue and communication with stakeholders	102-15; 103-1; 103-2; 103-3; 415-1
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
Decarbonization and reduction of emissions	102-15; 103-1; 103-2; 103-3; 305-1; 305-2; 305-3; 305-4; 305-5; 305-6; 305-7
Circular waste management	102-15; 103-1; 103-2; 103-3; 306-1; 306-2; 306-3; 306-4; 306-5
Innovation, smart city and sustainable mobility	103-1; 103-2; 103-3; 203-2
Protection of biodiversity	103-1; 103-2; 103-3; 304-1; 304-2; 304-3; 304-4
Development of local communities	102-15; 103-1; 103-2; 103-3; 203-1; 413-1; 413-2
Sustainability education	102-15; 103-1; 103-2; 103-3
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
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
Protection of human rights	103-1; 103-2; 103-3; 412-1
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
Efficient, reliable and safe management of processes and infrastructure	102-15; 103-1; 103-2; 103-3; 301-1; 306-3
Service quality and customer orientation	102-15; 103-1; 103-2; 103-3; 406-1; 416-1; 416-2; 417-2; 417-3; 418-1

# TCFD reconciliation table

	TCFD Recommendations	Reference
<b>GOVERNANCE</b>		
Organization's governance around climate related risks and opportunities	a) Describe the Board's oversight of climate-related risks and opportunities	Sustainability governance, pages 55-66
	b) Describe management's role in assessing and managing climate-related risks and opportunities	Sustainability governance, pages 67-68
<b>STRATEGY</b>		
Actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	a) Describe the climate-related risks and opportunities identified over the short-, medium-, and long-term	Risk Management, pages 80-84
	b) Describe the impact of climate-related risks and opportunities on businesses, strategy, and financial planning	Risk Management, pages 80-84
	c) Describe the resilience of the strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Sustainable development strategy, pages 38-51
<b>RISK MANAGEMENT</b>		
Process for identifying, assessing, and managing climate-related risks	a) Describe the processes for identifying and assessing climate-related risks	Risk Management, pages 69-80
	b) Describe processes for managing climate-related risks	Risk Management, pages 69-80
	c) Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management	Risk Management, pages 69-80
<b>METRICS AND TARGETS</b>		
Metrics and targets used to assess and manage relevant climate-related risks and opportunities		Sustainable development strategy, pages 47-51 (e.g. installed capacity from renewable sources)
	a) Disclose the metrics used to assess climate-related risks and opportunities in line with the strategy and risk management process	Risk Management, pages 80-84 (e.g. Strategic Plan investments)
		Governance tools, pages 90-92 (e.g. MbO system)
	b) Disclose Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, and related risks	Decarbonization and process efficiency, pages 133-139
	c) Describe the objectives used to manage climate change risks and opportunities and performance against the objectives	Sustainable development strategy, pages 47-51

# Analytical table

## European Taxonomy

The criteria adopted for the calculation of KPIs are as follows:

- **turnover** – the proportion (%) is calculated as the part of the net turnover associated with Taxonomy-eligible activities (numerator) divided by the net turnover (in accordance with IAS 1, point 82, letter a) (denominator);
- **operating expenditure (OpEx)** – the proportion (%) is calculated as the part of operating expenditure related to Taxonomy-eligible activities – including training and other human resources adaptation needs, and direct non-capitalised costs that present research and development – (numerator) divided by direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the day-to-day serving of assets of property, plant and equipment by the company or by third party outsourcee that are necessary to ensure the continued and effective functioning of such assets (denominator);
- **capital expenditure (CapEx)** – the proportion (%) is calculated as the part of capital expenditure related to Taxonomy-eligible activities (numerator) divided by additions to tangible and intangible assets during the financial year considered before depreciation, amortisation and any re-measurements, including those resulting from revaluations and impairments, for the relevant financial year and excluding value changes (denominator). The denominator also covers additions to tangible and intangible assets resulting from business combinations. Specifically, CapEx cover costs that are accounted based on: IAS 16 Property, Plant and Equipment, paragraph 73 (e), points i) and iii); IAS 38 Intangible Assets, paragraph 118 (e), point i); IAS 40 Investment Property, paragraphs 76 (a) and 79 (d), points i) and ii); IFRS 16 Leaseing, paragraph 53 (h).

The values analysed refer only to items with third parties; therefore, items between Group companies are excluded, in order to avoid double counting in the calculation of KPIs. In addition, the effects of IFRIC 12 on expenditures (amounting to 225,846,040 Euro) have been neutralised, in particular regarding the integrated water service concession.

The following table shows the business areas of Iren Group to which the Taxonomy-eligible activities relate (for each activity, the relative numerical code indicated by EU Delegated Regulation 2021/2139 is reported).

Areas of business of Iren Group and Taxonomy-eligible activities	Turnover		OpEx		CapEx	
	€	%	€	%	€	%
<b>Energy production from renewable sources and storage</b>						
4.1	Electricity generation using solar photovoltaic technology					
4.5	Electricity generation from hydropower					
4.8	Electricity generation from bioenergy	125,062,248	2.6%	14,321,009	1.6%	22,184,421
4.10	Storage of electricity					
4.11	Storage of thermal energy					
<b>Energy networks</b>						
4.9	Transmission and distribution of electricity					
4.14	Transmission and distribution networks for renewable and low-carbon gases <sup>1</sup>	403,005,400	8.5%	20,920,233	2.3%	144,566,822
4.15	District heating/cooling distribution					
<b>Integrated water service</b>						
5.1	Construction, extension and operation of water collection, treatment and supply systems					
5.2	Renewal of water collection, treatment and supply systems					
5.3	Construction, extension and operation of wastewater collection and treatment	426,458,031	9.0%	95,326,729	10.7%	191,404,545
5.4	Renewal of wastewater collection and treatment					
5.6	Anaerobic digestion of sewage sludge					
<b>Waste collection and treatment</b>						
5.5	Collection and transport of non-hazardous waste in source segregated fractions <sup>2</sup>					
5.7	Anaerobic digestion of bio-waste					
5.8	Composting of bio-waste	298,363,196	6.3%	185,189,269	20.7%	122,546,444
5.9	Material recovery from non-hazardous waste					
5.10	Landfill gas capture and utilisation					

<sup>1</sup> The turnover related only to the retrofit activity of the portion (equal to approximately 4.5% of the total) of the managed distribution network, that enables the integration of hydrogen and other low-carbon gases, and turnover related to the leak detection and repair of network activity to reduce methane leakage, were reparametrized proportionally to investments made.

<sup>2</sup> A criterion based on the direct costs of the activities has been used to determine turnover relating solely to the non-hazardous waste in segregated fractions.

Areas of business of Iren Group and Taxonomy-eligible activities	Revenue		OpEx		CapEx	
	€	%	€	%	€	%

 **Smart solutions: e-mobility and energy efficiency**

6.3	Urban and suburban transport, road passenger transport						
6.4	Operation of personal mobility devices, cycle-logistics						
6.5	Transportat by motorbikes, passenger cars and light commercial vehicles <sup>3</sup>						
6.15	Infrastructure enabling low-carbon road and public transport						
7.1	Construction of new buildings						
7.2	Renovation of existing buildings						
7.3	Installation, maintenance and repair of energy efficiency equipments						
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and in parking spaces attached to buildings)	197,228,246	4.2%	156,623,027	17.5%	22,422,285	2.6%
7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling the energy performance of buildings						
7.6	Installation, maintenance and repair of renewable energy technologies						
9.3	Professional services related to the energy performance of buildings						
<b>Internal services</b>							
8.1	Data processing, hosting and related activities <sup>4</sup>	0	0,0%	0	0.0%	5,265,217	0.6%
<b>Eligible Activities [A]</b>		<b>1,450,117,121</b>	<b>30.7%</b>	<b>472,380,267</b>	<b>52.9%</b>	<b>508,389,734</b>	<b>59.2%</b>
<b>Non-eligible Activities [B]</b>		<b>3,279,908,846</b>	<b>69.3%</b>	<b>421,119,303</b>	<b>47.1%</b>	<b>349,665.566</b>	<b>40.8%</b>
<b>Total [A+B]</b>		<b>4,730,025,967</b>	<b>100.0%</b>	<b>893,499,570</b>	<b>100.0%</b>	<b>858,055,300</b>	<b>100.0%</b>

<sup>3</sup> This activity refers to the electric vehicles used by the Group for the management of its activities and, therefore, does not generate turnover.

<sup>4</sup> The activity relates to investments made for the Group's data centres.

# Report of the Independent Auditors

[GRI 102-56]



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**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

## **Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018**

*To the board of directors of Iren S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2021 consolidated non-financial statement of the Iren Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 29 March 2022 (the "NFS").

Our procedures did not cover the information set out in the "EU Taxonomy eligible and non-eligible activities" and "EU Taxonomy table" sections of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

### ***Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Iren S.p.A. (the "parent") for the NFS***

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree, the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards") and the "G4 Sector Disclosure – Electric Utilities" (the "G4 Sector Disclosure"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

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Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

### ***Auditors' independence and quality control***

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Auditors' responsibility***

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree, the GRI Standards and the G4 Sector Disclosure. We carried out our work in accordance with the criteria established by "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 applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.

2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
  - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
  - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
  - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel and personnel of Iren Ambiente S.p.A., Ireti S.p.A. and Iren Energia S.p.A.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent level,
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we held meetings and videoconferences with the management of Iren S.p.A., Iren Ambiente S.p.A., Ireti S.p.A., Iren Energia S.p.A. and the Moncalieri and Turbigio sites, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2021 consolidated non-financial statement of the Iren Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree, the GRI Standards and the G4 Sector Disclosure.



**Iren Group**  
*Independent auditors' report*  
31 December 2021

Our conclusion does not extend to the information set out in the "EU Taxonomy eligible and non-eligible activities" and "EU Taxonomy table" sections of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

***Other matters***

The NFS presents the corresponding figures included in the 2020 consolidated non-financial statement for comparative purposes, on which other auditors performed a limited assurance engagement and expressed an unqualified conclusion on 14 April 2021.

The NFS presents the corresponding figures included in the 2019 consolidated non-financial statement for comparative purposes, on which other auditors performed a limited assurance engagement and expressed an unqualified conclusion on 8 April 2020.

Turin, 20 April 2022

KPMG S.p.A.

(signed on the original)

Roberto Bianchi  
Director of Audit

# Glossary

## A

### **ARERA (FORMERLY AEEGSI, ELECTRICITY, GAS AND WATER AUTHORITY)**

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 microorganisms 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.

### **CO<sub>2</sub>**

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.

## 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 Community Regulation 761/2001.

### **EMISSIONS 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 basket of companies according to economic, ethical, environmental and social criteria.



### **GIGAJoule (GJ)**

Unit of measurement of energy (of any kind) 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 kind) 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 plants 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.

### **GUARANTEE OF ORIGIN (GO)**

Electronic certification that attests to the renewable origin of the sources used by qualified plants with Guarantee of Origin. A GO title is issued for each MWh of renewable electricity fed into the grid by these facilities.



### **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. May be of the flowing water, basin and reservoir type.



### **IEA**

Integrated Environmental Authorisation.

**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.

**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 sorted management.

**LEAD GENERATION**

Process for attracting the interest of potential customers and turning it into sales transactions.

**LV:**

Low voltage, i.e. 220/380 V.

**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.

**NET PRODUCTION**

Gross production minus consumption for services required to operate the generating group.

**NOTCH**

Level in the rating measurement scale.

**NO<sub>x</sub>**

Nitrogen oxides.

**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.

**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.

**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 Responsible.

## **RSU**

Unitary Union Representative Body



## **SBTi (Science Based Target initiative)**

Collaboration between CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) with the goal of promoting best practices for the definition and independent verification of science-based GHG emission reduction targets.

## **SDGs (Sustainable Development Goals)**

17 sustainable development goals to be achieved by 2030, defined by the UN.

## **SERVICE CHARTER**

A document setting out the quality standards for company services.

## **SMART METERING**

Systems enabling remote reading and management of electricity, gas and water meters.

## **SCM**

Standard cubic meter.

## **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 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 (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.



## **TCFD (Task Force on Climate-related Financial Disclosures)**

Established in 2015 by the Financial Stability Board to improve, through its recommendations, the reporting of financial information related to climate-related risks.

## **TERAWATT-HOUR (TWh)**

One billion kilowatt-hours.

## **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.



## **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.



## **VOLT**

Unit of measurement of electrical voltage.



## **WATT**

Unit of measurement of electrical power.

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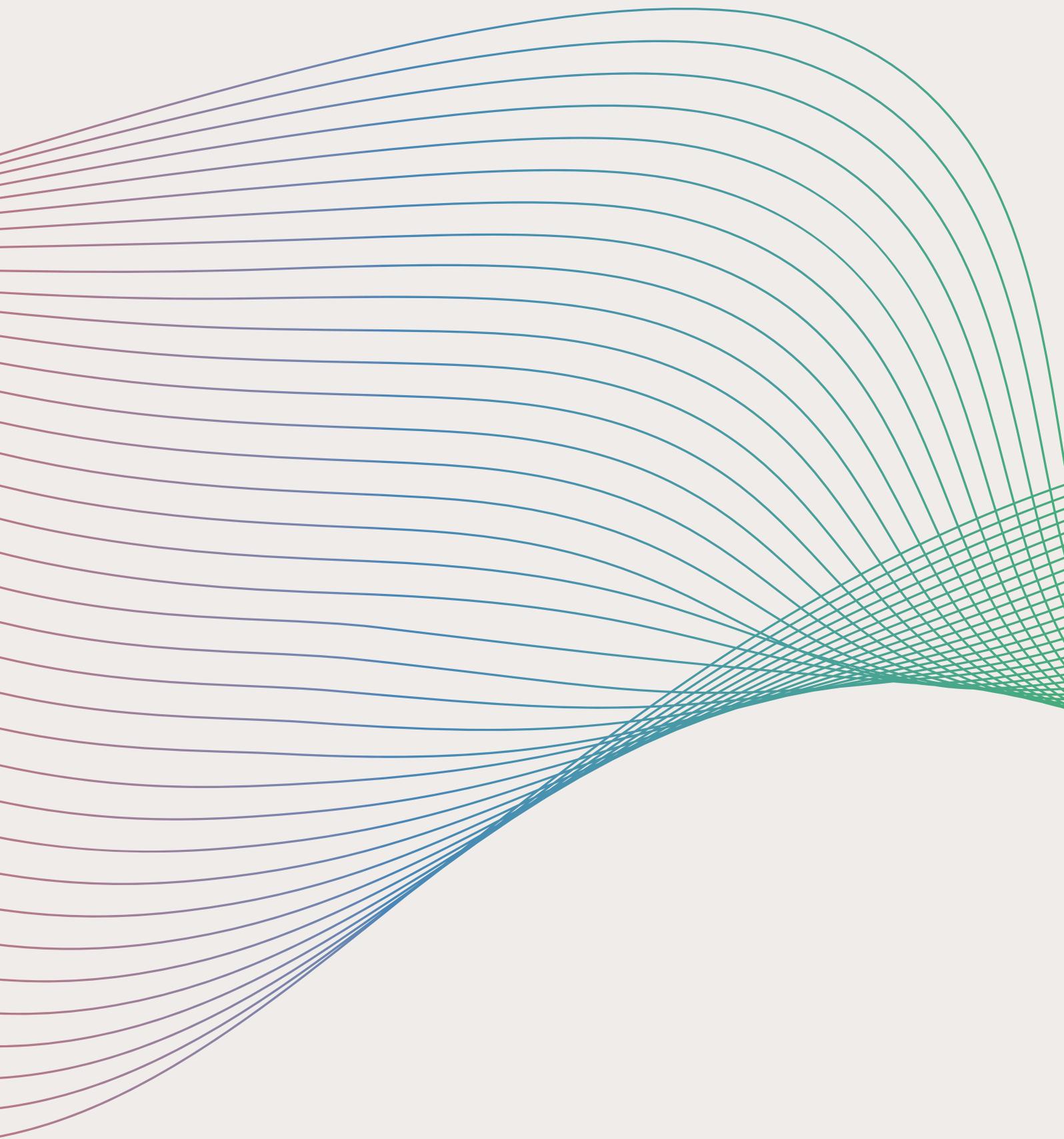
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A special thanks to all the colleagues of Iren Group  
who contributed to the preparation of this  
Sustainability Report and to the members of the Local Committees  
for their commitment in the materiality analysis.



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