



Our suppliers

[GRI 2-6, 2-23, 2-24, 3-3, 204-1, 308-1, 308-2, 403-1, 403-2, 403-3, 403-5, 403-7, 403-8, 403-9, 407-1, 408-1, 409-1, 414-1, 414-2, G4-EU17, EU18]

The integration of sustainability in the Group's development strategy is expressed, as defined in the Sustainability Policy, also through the management of the supply chain where the Group promotes the adoption of sustainability commitments in line with those defined internally, including also through the adoption of environmental and social criteria and standards in the supplier selection and evaluation system. By managing and improving its environmental, social and economic impacts and ensuring good supply chain governance, the Group acts not only to achieve its strategic objectives and to generate a positive reflection on its resilience and competitiveness, but also in the interest of stakeholders and society at large, with the aim of creating value over time.

Sustainable supply chain management



Risks

- Qualification in the Register of a supplier not complying with the Group's quality/sustainability standards
- Professional injuries and work-related illness of employees of third-party companies
- Non-compliance with health and safety regulations by suppliers
- Violation of the Code of Ethics and current regulations by suppliers with relative reputational impacts
- Behaviour of suppliers that does not comply with human rights standards and the values of diversity and inclusion
- Supplier behaviours that do not comply with the Group's environmental regulations and policies



Opportunities

- Integration of ESG factors in the supplier qualification process
- Contribution to the improvement of ESG profiles of SME suppliers



Management methods

- Vendor management system with ESG criteria
- Code of Ethics
- Organisational Model 231 and information flows to the Supervisory Bodies
- Compliance with social standards for the supply chain
- Monitoring of potentially sensitive contracts concerning environmental protection and health and safety at work
- Supply chain monitoring on workers' rights and human rights
- Procurement audits
- Contracts that enhance the work of disadvantaged personnel
- Legality protocols with the Prefectures for the prevention of attempts by organised crime to infiltrate public works contracts and concessions
- Procedures: Group Procurement Consolidation Act; Management of procurement safety obligations; Management of injuries, near misses, company accidents; Methods for implementing suspension and/or exclusion from the Supplier Register; Whistleblowing

Iren Group recognises the importance and value of governing the environmental, social and economic dimensions along its supply chain, in line with national, European and international guidelines to foster a sustainable economy.

Attention to the identification and management of the positive and negative impacts produced by business activities and the supply chain on an environmental, social and governance level is the focus of the Group's attention which, in this direction, continued in 2023, a growth project in the sustainable management of the supply chain (**ESG Supply Chain Project**) to take on an increasingly leading role in its own supply chain with a view to sustainable and resilient development, accompanying its suppliers along the way and enhancing the capacity of the territory and of local companies. The project led to the adjustment of the supply chain assessment with respect to ESG parameters and principles, the upgrading of the Supplier Register by expanding, in the qualification process, the information required from suppliers on their sustainability profiles, and the joining of an external platform for the direct involvement of the Group's qualified suppliers, which will be fully operational from 2024.

Management of the supply chain is the responsibility of the Procurement structure, within the Procurement, Logistics and Services Department, which operates for all Group companies. The Business Units that mainly contribute to the order volumes are Networks, Energy and Waste Management and the majority of the order volume is attributable to a limited part of the supplier base, in which there is a high incidence of small-medium sized companies.

To pursue its growth strategy, guided by the Sustainability Policy and the Code of Ethics, as well as aimed at contributing to the achievement of the Sustainable Development Goals of the UN 2030 Agenda, the Group adopts a structured procurement process consistent with the principles of free competition, equal treatment, non-discrimination, transparency, proportionality and publicity, in the cases provided for by the law, as well as inspired by respect for human and workers' rights, health and safety, and environmental protection, which is given the utmost importance. The process - based on the IT traceability of information, on the rotation of suppliers to guarantee the best competitive dynamics aimed at effectiveness and efficiency, and on the segregation of

tasks - is structured into the following phases:

- vendor management: aimed at the qualification and management of suppliers to support the procurement process, through the Supplier Register;
- analysis and planning developed, as a rule, at the strategic planning and budget stages;
- purchasing through private and public procedures, carried out through the Group's Procurement Portal, in the manner set out in the Public Contracts Code (Legislative Decree 50/2016);
- post-allocation contract management through support and possible training to the contract manager in the application phase, where required or necessary;
- vendor rating for the evaluation of supplier performance.

The Group's online Procurement Portal, through which public procedures and procedures for invitation to tender are managed, and the Supplier Register, divided into product categories which are functional to business needs, allow for better monitoring of the supply chain, which is a strategic aspect in the management of the Group's business activities.



The Group has adopted various tools to broaden supplier involvement in the sustainable development approach

The Procurement Portal constitutes an important opportunity for economic operators interested in becoming suppliers of the Group, increasing opportunities for involvement. To guarantee absolute transparency 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 and Model 231, as well as company procedures, particularly concerning the transparency and traceability of transactions and the confidentiality of any information they become aware.

Qualification, selection and monitoring of suppliers

The supplier qualification system 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 of 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 Legislative Decree 24/2014 will not apply. In the case of public tenders, any finding of non-compliance is grounds for contract termination and reporting to ANAC (National Anti-Corruption Authority).

Within public contracts for amounts of community interest, supplier selection is carried out, for each tender, by indicating the requirements of economic-financial and technical capacity in the calls, which are directly linked to the activity to which the call refers. These 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 their Criminal Record and Record of offence related administrative sanctions) which, by nature and severity, entail the exclusion from contracts and sub-contracts (including offences related to safety, the use of child labour, etc.).

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 regulations. 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 assignments attributable to excluded contracts (so-called "below the threshold")

or unrelated to the procurement and concession code, Iren Group uses supplier qualification procedures that provide for the compilation of a specific questionnaire divided into chapters relating to the company profile (with attestation of information relating to turnover, certifications, etc.), information on economic-financial capacity (financial statements ratios), information on operational-organisational capacity and insights into environmental, health and safety and corporate social responsibility aspects. More specifically, for this last section, the supplier is required to declare:

- if, in line with UNI ISO 26000 guidelines on corporate responsibility, company initiatives to develop a socially responsible approach to business planning and management have been identified and, if so, to describe the initiatives adopted;
- if the supplier publishes its Sustainability Report and, if so, to indicate where it can be found, or to attach a copy or excerpt of the significant sections;
- if the supplier is willing to carry out a CSR Audit, in the instance it were to sign one or more contracts with the Group, and if it is willing to take part in the Iren annual CSR survey >> [SEE PAGE 337](#).

Also required is a declaration of lack 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



To be qualified for the Supplier Register, the verification of being in possession of valid certifications, issued by independent bodies (i.e.: ISO certifications, SOA certifications, etc.), as well as the possession of economic eligibility requirements of the tender, is required. Furthermore, certain budgetary

indicators are acquired via companies specialising in commercial information (both for corporations and partnerships), which contribute to determining the supplier's score for qualification purposes. The current provisions provide for the invitation of at least 5 suppliers among those included in the Suppliers' Register for "below the thresholds", 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, 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 the environmental impact;
- the use of suppliers holding ISO 14001 and/or EMAS Certification in the production process or service rendered;
- the use of work instructions that govern the management of waste, including hazardous waste, packaging and packaging waste in the production process or service rendered, from their temporary storage to their disposal within the contract;
- the use, with reference to the categories of products indicated by the supplier, of recycled or recyclable material, with low emissions and low energy consumption;
- the adoption, with reference to the categories of products indicated by the supplier, 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 indicated by the supplier, 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 1,075 qualified suppliers in 2023, about 70% (747 suppliers) reported possession of at least one of the above environmental profiles. In addition,

specific questionnaires were administered to suppliers in the product categories for which compliance with minimum environmental criteria, defined by the Ministry of the Environment and Energy Security, is required. During 2023, 92 suppliers were analysed under these environmental profiles.

As part of the ESG Supply Chain project, additional supplier evaluation requirements, initially rewarding a large number of product categories, will become “blocking” over a three-year period, i.e. suppliers will have to prove that they meet these environmental requirements in order to qualify.

CSR SUPPLIER SURVEY (2023 EDITION)

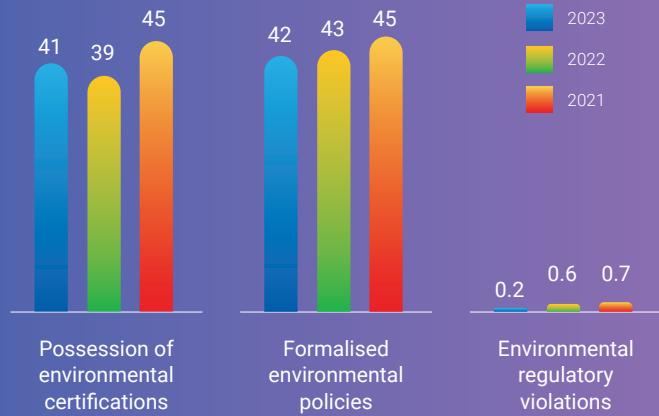
Iren Group directly involves its suppliers in sustainability management processes to achieve mutual growth, intending to improve performance. In 2023, the Group carried out the sixth corporate social responsibility survey of 3,506 suppliers, through a questionnaire that explores how environmental, social and governance (ESG) policies are managed. In this new edition, the questionnaire has been expanded in order to capture in a more timely precise manner the results produced by the ESG policies adopted by the supply chain. Furthermore, the survey saw greater involvement of suppliers belonging to the category of micro-enterprises with fewer than 15 employees (50% of the total respondents) and a turnover of less than 1 million Euro (33% of the total respondents). The different composition of the responding company base and the new features introduced by the questionnaire are reflected in the results summarised in the following graphs.

Of the **1,101 suppliers** that took part in the survey (31% of the total, up from 29% in 2022), **25% defined priority ESG topics**, of which the 5 most recurring were worker **health and safety**, human resources **training and development**, **energy efficiency and saving**, **decarbonization** and **diversity and inclusion**.



ENVIRONMENTAL ASPECTS (% ON TOTAL)

42% of respondents have a **formalised environmental policy** with commitments regarding: **waste management** (31%), **energy consumption** (28%), **water management** (18%) and **emissions** (15%). Moreover, 27% of respondents have a policy that engages their suppliers on environmental sustainability issues.



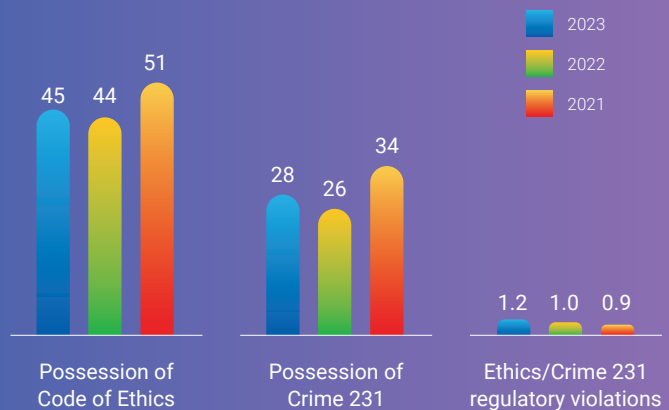
SOCIAL ASPECTS (% ON TOTAL)

64% of respondents have **formalised human resources management policies** related in particular to: **employee health and safety** (60%), **working conditions** (33%), **recruitment management, training and career development** (28%), **diversity and inclusion** (18%). 35% adopt formalised **human rights** policies and 20% state that they have identified a person officially responsible for human rights issues (➤ SEE PAGE 83).



GOVERNANCE ASPECTS (% ON TOTAL)

45% of the respondents have adopted a **code of ethics** and/or conduct, which in 61% of cases is referred to in the contracts concluded by the company, while 28% adopt an **organisational model in accordance with Legislative Decree 231/2001**. 20% are included in the list of companies with a **legality rating** published by the Antitrust Authority.



Finally, responding suppliers report the adoption of formalised policies on: **customer privacy** (44%), **information security** (33%), **anti-bribery and corruption** (29%), **conflict of interest** (18%) and **anti-money laundering** (19%).

To improve supply chain management, the Group has implemented automated systems for the acquisition, during qualification, of general and fiscal data, chamber of commerce records, turnover and the number of employees of potential suppliers.

Being part of Iren Group's Supplier Register means sharing the reputational and sustainability values that are the founding elements of the Group's policy, sharing for which the willingness of suppliers to report on CSR profiles is required, with a view to rewarding the willingness shown, and which entails the development of a partnership path that may envisage, over time, the identification of binding qualification profiles, with a view to continuous improvement.

Being part of the Supplier Register means starting a path of partnership with Iren Group



Many contracts provide for the attribution of technical scores based on the lower environmental impact in carrying out the order, for example by rewarding the adoption of measures to contain environmental impact (e.g. dust, noise, traffic), decarbonization (e.g. less polluting vehicles), waste management, air and water protection, energy efficiency.

Compliance with the provisions related to the environment from contractors and subcontractors is required in the specifications. Furthermore, in regards regarding the 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 asks 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 (site stoppage, lack of profit and 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 the 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 ILO (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 (» [SEE PAGE 83](#)). Said contractual commitment, already undertaken 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 contractual clauses on the environment, health and safety, human rights and workers' rights are in addition to the express acceptance of the principles of Organisational Model 231 and of Iren Group's Code of Ethics, which is a condition for admission to tenders and for the effectiveness of contracts. Violation of the provisions of the Code of Ethics results in exclusion from the tender or, if the violation is discovered at a later stage, revocation of the award or termination of the contract attributable to supplier misconduct. Depending on the seriousness, it may also lead to disqualification for one year from participating in tenders called by Iren Group.

The monitoring and verification of compliance with the provisions of the contracts, in terms of environmental and social and safety aspects, during the execution of the works, are under the control of the Group's Works Management. 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 Directors of Works of the Business Units and by the site assistants, of the compliance with the contractual conditions and rules 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, 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.

During 2023, a total of 1,175 suppliers were verified, of which 1,075 successfully qualified.

Employment in supplier companies

Iren Group, aware of the importance of work for the social development of the context in which it operates, contributes to maintaining the employment level not of its employees, as illustrated above, but also by promoting the development of the companies to which services, interventions and works are contracted, requiring adequate guarantees from them in terms of personnel and safety policies, through the application of some of its own standards; moreover, the Group often offers employees of supplier companies the opportunity to use certain company services and to participate in training/information initiatives managed by the Group.

Particular attention is paid during the assessment stage to compliance with the regulations relevant to the correct application of the employment contracts and the payment of the relevant mandatory insurance and social security contributions; the specifications provide for the obligation of the supplier to comply with the laws concerning the protection of the workers and the National Collective Labour Agreements in force and applicable to the sector of reference. These obligations are controlled through the regular acquisition of DURC (statement of correct fulfilment of welfare contribution obligations) and the documents provided by occupational safety legislation (OSP – Operational Safety Plan, and DUVRI – Interference Risk Assessment Document). In the case of non-compliance with remuneration and social security contributions, the laws of alternative means are

applied, meaning employees and social security funds are paid directly and these amounts are deducted from the amount paid to the contractors. Subcontracts are also authorised and monitored in compliance with the law. As well as fully implementing the regulations for employee health and safety, in many contracts the score attributed by the Group focuses on the commitment of the contractor to ensure, in line with the provisions established by the collective labour agreement (social clause) and with the organisation it intends to implement, occupational safety through the hiring of the personnel of the outgoing contractor (the latter may be scored for the maintenance of the resources used). Furthermore, in with regard to Contact Centre services, the awarding tenders state that the personnel costs cannot be lowered.

In order to participate in the public tenders of Iren Group, companies must comply with the obligations provided by Law 68/1999 on the recruitment of disabled workers. All the Group's specifications include clauses designed to control the problem of undeclared employment, with regard to tendering and subcontracting.

During qualification procedures for the Register, and concerning information on operational and organisational capacity, companies are requested to indicate the number of employees on permanent- and fixed-term contracts and to specify the ratio of permanent employees to the total number of employees, a ratio that increases the score in a directly

proportional manner.

For tenders, Group contracts state that the contractor is responsible for complying with current sector legislation. As the contract is characterised by the assumption of the responsibility to achieve a result, the contractor is entrusted to organise the means and workforce needed to attain said result. In the context

of public tenders, the bidder is required to specify the applicable National Collective Labour Agreement and the number of hours estimated for the performance of the contract. If an obvious anomaly were to become apparent when verifying the sustainability, the cost of the workforce employed to carry out the tender would also be investigated.

TRAINING AND INFORMATION ACTIVITIES

831
hours of
training to
third-party
companies

In 2023, the Group provided a total of 831 hours of training to third-party companies, including on occupational health and safety, with the involvement of 112 employees of the companies themselves. The main initiatives concerned the illustration of safety procedures, technical/operational instructions related to the types of electricity and water distribution systems, technical training for external sales and call centre staff.

Supplier health and safety

Attention to occupational health and safety aspects is extended to contractors and self-employed workers through prior qualification of suppliers, contractual provisions, safety documentation and on-site monitoring. 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 art. 30 of Legislative Decree 81/08 (of the 1,075 new suppliers that qualified during 2023, 188 declared to have such a tool; the total number of suppliers with a health and safety management system thus amounts to 2,180 out of a total of 9,055 qualified suppliers);
- any pending criminal proceedings for violations of security regulations;
- 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 of occupational health and safety to be implemented in the operational management phase of the contracts are defined by specific procedures.

In contract situations or, more generally, where third parties operate at the Group sites, the 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 appropriate as possible to the characteristics of the individual contracted 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 Management (pursuant to art. 26 of Legislative Decree 81/2008) or by the Coordinator during the execution phase (on temporary and mobile construction sites pursuant to Title IV of Legislative Decree 81/2008).

The Group procedure for the management of injuries provides for a specific injury reporting form for the personnel of third-party companies, through which these companies are required to inform the Group of any injuries occurring as part of the activities carried out on behalf of and /or in environments of which the Group has legal availability. The compilation of the form requires the involvement of the supplier company and the Works Management; information regarding the situations resulting in injury are collected in a database and subjected to in-depth analysis by the Prevention and Protection Service, also in collaboration with the Works Management.

In 2023, 93 third-party injuries were recorded, up from 2022, as a result of both the expansion of the Group's perimeter, which entailed a greater number of contracted activities, and the constant outreach to contractors to report all injuries of their workers.

Third-party injuries ⁽¹⁾	u.m.	2023	2022	2021
Total number of injuries	no.	93	73	47
of which high-consequence injuries – non-fatal ⁽²⁾	no.	0	0	0
of which high-consequence injuries – fatal	no.	0	1	0

⁽¹⁾ Commuting injuries and those not recognised by INAIL are excluded.

⁽²⁾ Injuries lasting longer than 6 months.

Supplier portfolio and purchase volumes

5,481
suppliers

In 2023, purchase orders were issued to 5,481 suppliers for about 1,270 million Euro (52% of purchase volumes related to services, 28% to works and 20% to supplies).

1,270
million Euro
purchase
orders

Orders have a continuous evolution from year to year, justified by various aspects such as, for example, changes in requirements determined by changes in the company perimeter, the incidence of investments and multi-year contracts and the strategic choices of the purchasing functions.

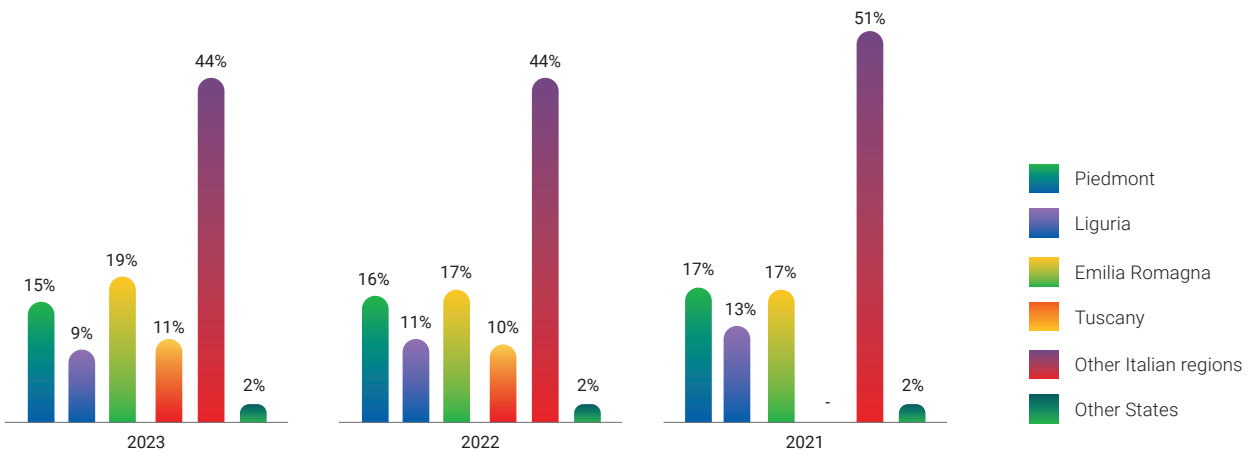
IMPACTS ON THE LOCAL AREAS

Sourcing of suppliers in the local areas of reference is well-established, both in terms of the number of active suppliers (54%), as well as the economic value of the orders (57%). These figures highlight the importance of the effects of Iren Group on the local areas of reference.

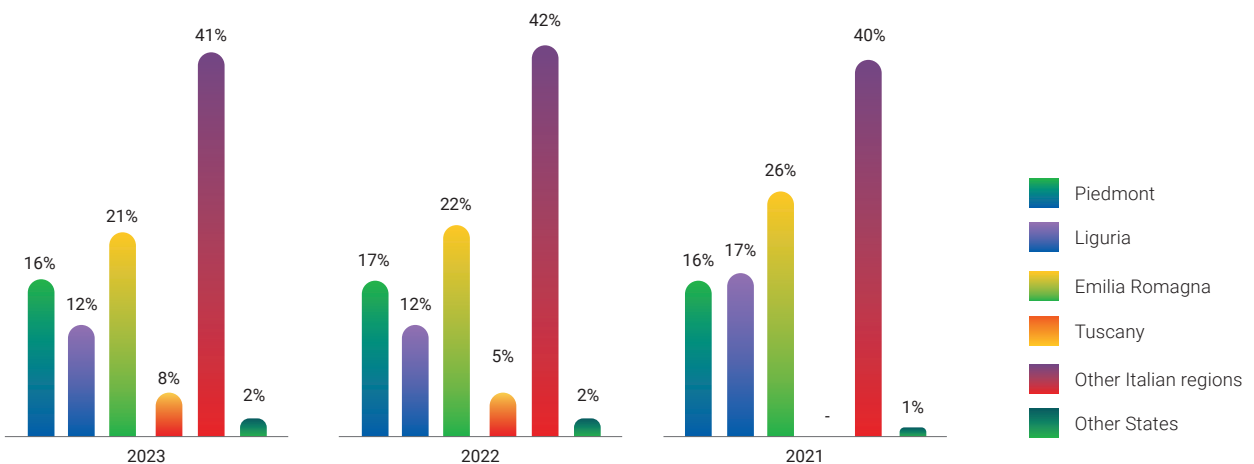
Within the context of public tender procedures, in compliance with current legislation and Community principles which require that all companies can compete, no matter their location, the Group does not select suppliers by geographical origin, but on quality and economic criteria, favouring the best value for money as the determining factor. In order to guarantee an adequate level of competition, where feasible, the Group arranges the tender into functional lots, so as to allow separate awards and greater participation by economic operators, including those that are small and medium enterprises. Nonetheless, with reference to the instrumental tenders, which are carried out via invitation, or irrelevant to the Contracts and Concessions Law, Iren Group reserves a 50% share for local economic operators with suitable qualifications that are present in the Register when identifying the panel of qualified suppliers to invite to the tender. This measure aims to favour local development and, consequently, social cohesion.

The local economic impacts generally occur due to subcontracting to local companies – within the limits allowed by law – that are able to work on a portion of the activities and apply more competitive prices given that they are already present in loco and guarantee efficient services due to their knowledge of the area. The large number of suppliers by geographical area and the relevant volumes ordered are shown below and refer to all purchases with exclusion of contracts for the supply of raw materials.

SUPPLIERS BY GEOGRAPHICAL AREA (% OF NUMBER)



SUPPLIERS BY GEOGRAPHICAL AREA (% OF EURO)



SOCIAL COOPERATIVES

The Group supports social cooperatives whose main aim is to ensure the incorporation of disadvantaged people within the world of work.

Social cooperatives are mostly active in particular in waste collection and environmental hygiene services. Within the general qualification questionnaire, suppliers are asked if the company's main purpose is the social and professional integration of disadvantaged people or those with disabilities (pursuant to art. 4, paragraph 1, Law 381/1999 "Social Cooperatives Regulation").

In the Procurement Portal, the number of social cooperatives for 2023 amounts to 44; of these, 31 worked with the Group companies during the year.

The overall order amount to social cooperatives was about 30 million Euro, representing 2.2% of the total value of Group orders.

The order trends can vary significantly from one year to the next in relation to the signing of multi-year contracts, including ones for significant sums.

Social Coop.	2023	2022	2021
Suppliers (no.)	31	32	35
Orders (Euro)	28,317,246	40,443,440	20,944,620

DISPUTES

In 2023, two lawsuits brought in previous years by employees of a supplier against their employer, in which Iren Group was held liable under the joint and several liability of principal and contractor, were definitively settled. However, there are no monetary disbursements relating to these cases in 2023 because the amounts, which had already been paid in previous years within the time limit set forth in the immediately enforceable injunction order, were offset against the accounting items, at that time, open with the supplier.