

Sustainability Policy

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1. Policy Objectives

Iren Group has set out its own Sustainability Policy (hereinafter the “Policy”) ⁽¹⁾ to guide its decisions and make concrete commitments to ensure responsible business management.

In line with the Group’s mission, vision, values and the Code of Ethics on which the Group’s principles of conduct are based, the Policy has been developed to guide the integration of sustainability issues at a strategic and operational level and to foster awareness of the commitments made in pursuing sustainable development in the medium and long term.

Iren views sustainability as a vital lever, incorporating it into its corporate culture, its strategy and its efforts to build long-term value for the Group and its stakeholders. To this end, Iren is committed to conducting its activities with the interests of its stakeholders in mind, in the knowledge that dialogue and the sharing of objectives are tools through which to create shared value.

The Policy also expresses the conviction that the sustainable development of the Group is based on the principles of business ethics, continuous improvement, and criteria of management efficiency and economy. Consistent with the mission, vision and the Code of Ethics, the Policy outlines Iren Group’s approach to ESG (Environmental, Social, and Governance) factors, which are deemed “material” for the Group according to the definition in the materiality analysis, subject to periodic review, and which identify priority sustainability issues for the Group’s strategies and stakeholders.

In accordance with the Group’s risk management system, the Policy specifies the Group’s commitments and plans of action to support the creation of a sustainable future. It also describes how the Group will monitor its obligations and manage and mitigate the ESG risks to which it is exposed. The Policy is oriented towards:

- supporting the strategic choices - including the governance of risks, opportunities and impacts - that are operationally articulated in the Strategic Plan;
- creating the framework for specific corporate management policies, for example, the Integrated Management System Policy - Quality, Safety, Environment and Information Security⁽²⁾, the Risk Management Policies (such as the Energy Risk Policy, Operational Risk Policy, Climate Change Risk Policy, Cyber Risk Policy and Tax Risk Policy), the Diversity and Inclusion Policy, the Policy for Managing Dialogue with Shareholders and Investors, the Privacy Management Model, the Biodiversity Policy and other relevant policies;
- improving the ESG risk management process;
- facilitating the non-financial reporting process;
- increasing the level of knowledge and awareness of the expected outcomes regarding the material topics;
- spreading the culture of sustainability.

1.1. Approval, scope of application and disclosure

The Sustainability Policy was approved by Iren’s Board of Directors on 28 September 2023, following a preliminary investigation by the Control, Risk and Sustainability Committee. It is reviewed annually and, if appropriate, remodelled according to the results of the materiality analysis and when regulatory requirements, business strategies or changes in the context so require.

The Policy applies to all fully consolidated subsidiaries of the Group.

It is disclosed and made available in full to all Group personnel, via the corporate intranet, and to stakeholders through publication on www.gruppoiren.it.

(1) The Policy is consistent with the Model of Organisation, Management and Control, adopted pursuant to Legislative Decree No. 231/2001 and the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana in January 2020. The Policy is drafted in accordance with the regulations on non-financial reporting and initiatives to promote sustainable investments.

(2) Known as an Integrated Management System - Quality, Safety, Environment and Information Security, this system complies with ISO 9001, ISO 45001, ISO 14001, and ISO 27001 standards. It is a system structured to implement adequate control over all operational processes, with a focus on increasing customer orientation and based on the identification and management of risks, against a continuous analysis of the organisation’s context, needs, and stakeholders’ expectations.

2. Commitments to Sustainability

Through its activities, Iren Group desires to contribute to the Sustainable Development Goals (SDGs)⁽³⁾ outlined by the United Nations, integrating this commitment into its business model to create value over time for stakeholders and generate opportunities for the communities and territories in which it operates. For this reason, the Group is committed to implementing actions aimed at promoting respect for people and their rights, for the environment and, more generally, for the widespread interests of communities.

The Group evaluates the SDGs to which it already contributes and can contribute in the future as it develops its strategy. It examines each of the 17 SDGs with their corresponding targets, determines the Group activities that can contribute to their accomplishment, and prioritises the SDGs with the help of its stakeholders before incorporating them into the Strategic Plan.

The Group's work is inspired by the principles of fairness, transparency, ethics and integrity and adopts the highest standards and guidelines in managing its activities.

Iren adheres to the United Nations Global Compact (UNGC)⁽⁴⁾, recognising coherence between the 10 principles upheld by the United Nations with the "Global Compact" and the Group's strategies. The Group is committed to supporting these principles over time, to promoting them within its own framework and to reporting on them publicly.

To this end, the Group has adopted an ESG risk assessment system, detailed in the corporate risk map. It has also developed a system for sustainable supply chain management⁽⁵⁾ and actively participates in study and discussion activities with institutions and the world of manufacturing.

2.1. Corporate governance, ethics and business integrity

Corporate governance and ethical conduct are two cornerstones that allow Iren Group to maintain a high level of excellence in fulfilling its commitments and responsibilities.

The first pillar of corporate responsibility is the proper management of the business, considering indispensable aspects such as **listening to stakeholders, regulatory compliance, ethics and anti-corruption** as the foundations on which to build an integrated sustainability strategy.

That is why the Group applies the most advanced **corporate governance principles**, keeps abreast of developments in national and international best practices in order to incorporate them into its own internal corporate governance standards, and constantly strives for excellence in transparency in disclosures to the markets. Similarly, the Group promotes an **ethical culture** that ensures that all members of its governing and supervisory bodies, and all individuals working for it or on its behalf, act responsibly, transparently and honestly and in accordance with applicable legislation and key compliance principles, requiring the same level of commitment and compliance from its suppliers.

Iren Group operates in the conviction that business growth must be combined with respect for the ethical principles of lawfulness, integrity, impartiality and transparency in all relations with stakeholders, rejecting all forms of corruption and applying continuous improvement methodologies and criteria of management efficiency and economy.

Iren Group has drawn up its own **Code of Ethics** with the aim of translating its mission, vision and values into rules of conduct for all employees and all those who work with and for the Group.

The Code of Ethics⁽⁶⁾ defines general criteria of conduct concerning compliance with rules, 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 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, as well as political and trade union organisations. Other rules of conduct concern confidentiality, internal management and communication of information (in particular confidential and privileged information), rewards and benefits, management of

(3) Goals defined under the 2030 Agenda for Sustainable Development, a programme of action for people, planet and prosperity signed in September 2015 by the governments of the 193 UN member states. There are 17 objectives, which in turn are broken down into 169 specific targets (for more details see <https://sdgs.un.org/goals>).

(4) United Nations Global Compact (UNGC): a United Nations initiative to promote a culture of corporate social responsibility through the sharing, implementation and dissemination of common principles and values. This resulted in the elaboration of 10 universal principles divided into four areas: Human Rights, Labour, Environment and Anti-Corruption (for more details www.unglobalcompact.org/).

(5) Sustainable Supply Chain Management System, used in the qualification, selection and evaluation of suppliers, as well as in the definition of tender specifications and contract clauses.

(6) The Code of Ethics is available at www.gruppoiren.it.

promotional activities, sponsorships and contributions, aspects of accounting, taxation and internal controls, reporting and whistleblowing.

Each company of Iren Group also adopts an **Organisation, Management and Control Model** aimed at preventing conduct that might fall under the offences contemplated by Legislative Decree No. 231/2001, which also include crimes related to corruption.

Control over the adequacy, effectiveness, constant updating and observance of the Organisation, Management and Control Model, of which the Code of Ethics is an integral part, is carried out by the Supervisory Board, a body endowed with autonomy, independence, professionalism and continuity of action⁽⁷⁾.

In order to enhance the culture of lawfulness, Group employees are guaranteed specific and continuous training on the Organisation, Management and Control Model in relation to their roles and levels of responsibility.

Within this framework, and in line with regulatory developments⁽⁸⁾, the Group makes available to stakeholders, including its own employees, a procedure for reporting irregularities or breaches, actual or alleged, of the rules of the Organisation, Management and Control Model and of the conduct criteria of the Code of Ethics, which can also be addressed to the Supervisory Board, an autonomous and independent body. The platform through which the procedure is managed allows all reports to be processed on a confidential basis.

The evolution of the competitive context in the markets in which Iren Group operates requires increasing attention to the principles of the **free market** and **competition**, as fundamental values recognised by the Articles of Association and the Code of Ethics. Iren Group's commitment to the observance of these principles has led to the adoption of an **Antitrust Compliance** programme aimed at strengthening internal controls, promoting the development of a corporate culture on the subject and, at the same time, preventing the emergence of any violations of the reference legislation.

Lastly, Iren has adhered to the **Corporate Governance Code approved** by the Corporate Governance Committee in January 2020 (available on Borsa Italiana's website), which, among other things, contains provisions on sustainable business management. Iren has also approved a document highlighting the specific governance solutions adopted with reference to the provisions of the Corporate Governance Code.

2.2. Integration of sustainability at strategic and operational levels

Iren is committed to operating responsibly through a business model that identifies sustainability as a driver of business decisions with a view to sustainable success in the medium and long term.

The Group elaborates its sustainability objectives and related activities by considering the expectations of stakeholders, identified and analysed in the materiality analysis process, the UN Sustainable Development Goals and the UN Global Compact Principles.

For this reason, the Group has adopted a model, articulated in processes and oriented towards the achievement of medium- and long-term objectives, one that integrates in its strategic planning the analysis of current and emerging social and environmental phenomena, with a risk management system that contributes to their prevention or mitigation, by identifying, assessing, prioritising and managing risks of all kinds that could affect the achievement of objectives, and by continuous supervision and control.

The **Strategic Plan** is therefore the programmatic document through which the Group implements the commitments and principles set out in this Policy.

The integration of economic, environmental, social and governance factors at strategic and operational levels is ensured through a structured process based on:

- **analysis** of the macroeconomic, financial, social, energy and climate **context and scenarios** in the short, medium and long term;
- **materiality analysis** to identify material environmental, social and governance topics from the perspective of stakeholders and the Group from an inside-out (impact materiality) and outside-in (financial materiality) perspective;
- an **ESG risk management integrated into the risk management system** and, in particular, into the risk map, which, within the framework of each individual risk, assesses ESG impacts with the production of a detailed risk register in which the mitigation measures for reducing the risk level are also identified;

(7) Pursuant to Legislative Decree No. 231/2001, the Supervisory Board is vested with powers of initiative and control to supervise the operation of and compliance with the Organisation, Management and Control Model and to ensure that it is kept up to date. The Supervisory Board carries out audits on the areas of activity found to be at risk pursuant to Legislative Decree No. 231/2001 and reports to the Board of Directors every six months on the activities carried out and the findings resulting therefrom.

(8) In order to implement the provisions of Legislative Decree No. 24/2023 transposing Directive (EU) 2019/1937 on the protection of persons who report breaches of Union law (the "Whistleblowing Directive"), a procedure has been adopted that provides operational guidance on the subject matter, the addressees, the means of transmission and handling of reports concerning breaches, as well as on the protection measures provided for. Whistleblowing reports can be transmitted by accessing the special computer application which, by means of encryption tools, guarantees the confidentiality of the whistleblower and the content of the report.

- **strategic planning** that defines the economic, financial and ESG development objectives, the related short-, medium- and long-term targets, measurable through specific KPIs, and the underlying actions and investments;
- **operational management** aimed at implementing the strategy, using processes and resources consistent with the sustainability policies adopted by the Group and developed within the Integrated Management System;
- **remuneration policies** linked to the achievement of planned short- and long-term economic, financial and ESG objectives;
- **monitoring and reporting** to measure and account for economic, environmental, social and governance performance, reporting progress towards the achievement of objectives defined in the planning and budgeting phases.

2.3. Due diligence

The Group is committed to implementing its due diligence in a structured manner to **identify, prevent, mitigate and account for actual and potential negative impacts** on corporate governance, employment, human rights, the environment, corruption and consumer care in its operations, supply chain and business relationships. Iren has incorporated the due diligence into its Code of Ethics, approved by the Board of Directors, which defines the principles, rules and standards of conduct to be followed by all those working for and with Iren, including business partners.

Through the materiality analysis (impact and financial), which involves the Group's stakeholders, and the risk management system, Iren identifies the actual or potential negative impacts of its activities.

Materiality analysis and risk assessment, both approved by the Board of Directors, are used as input into strategic planning including for the purpose of preventing and/or mitigating potential negative impacts by taking appropriate measures in the short, medium and long term.

The certified management system, based on risk analysis, includes specific **procedures for the prevention of negative impacts and continuous monitoring**, also through third parties, of the effectiveness of the system itself. The system's procedures also provide for ways to put an end to or minimise the effects of negative impacts. In the case of negative impacts not covered by the management system, a procedure is in place that provides for specific activities and roles to assess the severity of the impacts, manage them strategically, tactically and operationally, up to and including actions to be taken to prevent future occurrences, with an indication of costs, key lessons learned and action plans for improvement.

The Group has also developed and implemented a **risk assessment** model for **extraordinary transactions** (with a particular focus on M&A) in order to ensure an overall view of the risk associated with the development and management of such operations, to highlight any critical issues, identify possible risk mitigations, and ensure the success of the deal and the achievement of the objectives of the Strategic Plan. The risk assessment model is structured according to risk domains, including the ESG domain. Specific assessment sub-parameters are provided for each area of risk.

Furthermore, in order to consider stakeholder concerns on a continuous basis, the Group has structured a channel through which stakeholders can **submit complaints** about the negative effects of the Group's activities on human rights and the environment.

2.4. Protecting the environment, biodiversity, ecosystems and combating climate change

Iren Group places **environmental protection** at the centre of its action with the aim of minimising the impacts of air, water and soil **pollution**. For this reason, it carries out its activities by applying state-of-the-art techniques, going beyond mere compliance with legal requirements and identifying, assessing and managing the environmental risks of its activities. Furthermore, it adopts prevention tools, monitors and measures the impact of its activities in the short, medium and long term, adopts processes and technologies for **sustainable water management** (reduction of water withdrawals, efficient management and reduction of water discharges, reuse of reclaimed water resources), especially in water-stressed areas, and further implements measures for the reduction of its **emissions** into air, water and soil, and for the **sustainable use of resources**, starting with the **valorisation of waste** as a material and the use of renewable resources. The Integrated Management System for Quality, Safety, Environment and Information Security (compliant with ISO 9001, ISO 45001, ISO 14001 and ISO 27001) adopted by the Group systematises the set of standards and tools that also guide operations for environmental protection and continuous improvement.

The Group considers the **conservation of biodiversity and ecosystems** as an essential component of sustainable development in the implementation of its industrial operations. To this end, it has adopted a

specific Biodiversity Policy⁽⁹⁾ that guides its operational practices and future project evaluations, as well as promoting dialogue with stakeholders and collaboration with institutions, bodies and organisations on biodiversity and ecosystem issues, including by participating in and implementing initiatives that promote greater environmental responsibility.

Iren Group has adopted an **active development strategy in the fight against climate change** and, in line with science-based objectives, has defined specific commitments in the Strategic Plan, approved by the Board of Directors, to reduce climate-changing emissions consistent with the objectives of the Paris Agreement⁽¹⁰⁾.

These commitments are geared towards developing energy production from renewable sources and improving the efficiency of its production facilities, implementing the use of fuels with lower carbon content, adopting a circular approach in waste management and treatment, adopting and promoting the sustainable use of water resources, offering skills and services to communities for the energy retrofitting of public and private real estate, making investments in urban infrastructure targeted at making cities more sustainable also in terms of mobility, and preventing and managing climate change risks related to water scarcity. To this end, the Group's emissions are constantly tracked, analysed and monitored, including when new services and/or products are introduced.

The Group promotes the **conscious and sustainable use of resources** (energy, water, waste) internally, towards its customers through products, services and information campaigns and with the inclusion of sustainability criteria in the selection and evaluation of the chain of suppliers. Moreover, it invests in research and technological and process innovation for the reduction of climate-altering emissions, for the protection of water resources, for the reduction of the production of different types of waste and their optimisation as new materials and for the more efficient and sustainable production of energy.

The Group considers climate change as one of the main risks to be guarded against and, therefore, adopts governance arrangements aimed at identifying, assessing, managing and reducing exposure to this risk. The management of risks related to climate change is integrated into the company's Risk Management System and is guided by the "Climate Change Risk Policy", from which the application of analytical models capable of supporting strategic planning and identifying the most effective prevention and protection actions is derived.

2.5. Inclusion, valuing people and diversity

The professional qualities, ethics, integrity and capacity for cooperation and innovation of employees and collaborators are fundamental to the success of Iren Group. In order to provide people with adequate conditions for respect and wellbeing, the Group is therefore committed to ensuring **a working environment** in which all of these characteristics can exist and to fostering the development of employees and collaborators, regardless of gender, age, sexual orientation, personal condition, ability, geographical origin, nationality, and political and religious opinion.

The Group considers human resources as a fundamental capital for its growth. The protection and enhancement of skills, the health and safety of workers, together with the quality of employment, are central to the pursuit of corporate strategies. This is why the Group is actively committed to the **personal and professional growth** of its employees and collaborators, fostering an inclusive, stimulating and constructive working environment. Selection processes based on maximum transparency, investments in training and development based on individual skills management plans, careful career planning, targeted strategies to enhance talent, remuneration policies, and an innovative corporate culture are just some of the elements on which the Group continues to focus, including through the creation of communities that foster cross-functional integration and the sharing of skills and experiences. Furthermore, **employee involvement and participation** are considered essential to develop a corporate culture that is consistent with the Group's development prospects and oriented towards continuous improvement to build a sustainable, resilient and waste-free environment. With this in mind, training is also aimed at increasing employees' understanding of the impacts their work activities have on the environment.

Integrating different competences, skills and attitudes is fundamental to guarantee the creation of value. This is why Iren Group is committed to promoting and enhancing the expression of people while respecting all **diversities**. To this end, in order to build a positive corporate climate and encourage their participation in the Group's growth, the Group has adopted a Diversity and Inclusion Policy⁽¹¹⁾, and has defined precise guidelines in its personnel policies, as well as a model for dialogue with workers and trade unions. Within the parameters set forth by law and by the National Collective Labour Agreements, this will be made concrete in the local

(9) The Biodiversity Policy is available at www.gruppopen.it

(10) Paris Agreement: adopted at the Paris Climate Conference (COP21) in December 2015, it establishes a global framework to substantially reduce the risks from climate change by limiting global warming well below 2°C and continuing efforts to limit it to 1.5°C. It came into force on 4 November 2016, after being ratified by 55 countries responsible for at least 55% of global emissions.

(11) The Diversity and Inclusion Policy is available at www.gruppopen.it

company-based agreements signed with the trade unions, a key interlocutor for the construction of a good working environment with a view to managing the Group's evolution.

Iren Group also works to ensure optimal **health and safety** conditions in the workplace. It does this through an incremental approach to the provisions of the regulations in terms of prevention and health culture, thereby guaranteeing a healthy and safe working environment, promoting measures and initiatives aimed at increasing awareness of risks and enabling better risk management, and hence favouring prevention at all levels of the organisation and a commitment to continuous improvement, as set out in the Integrated Management System⁽¹²⁾. There is a similar commitment to finding concrete solutions for a balanced **reconciliation of employees' working and personal lives**.

The Group believes that maintaining long-term relationships with its employees is a fundamental aspect of its corporate responsibility. For this reason, in the event of company reorganisations, the commitment in managing redundancies, should they occur, is to operate as a priority with incentives for the voluntary departure of those who have already accrued the requisites for access to pension benefits, with the redeployment, after appropriate retraining, of surplus staff to other company activities or to those promoted by the Group, and with the use of available social safety nets, promoting forms of internal solidarity and proceeding, where necessary, to the in-sourcing of activities previously contracted out.

Based on the analysis of social and environmental scenarios and on discussions with stakeholders, the Group promotes inclusive initiatives and projects that guarantee broader **access to services made available for disadvantaged segments of the population** and contribute to the mitigation of inequalities.

Through education initiatives targeting different categories of the public, the Group aims to build awareness and citizenship skills in the different generations, spreading knowledge and culture of sustainability.

2.6. Customer orientation

Customer orientation, **quality, accessibility and transparency of services** are priorities for which Iren Group adopts appropriate communication tools, marketing practices and development of initiatives aimed at improving processes, products and services to meet people's needs.

To this end, the Group adheres to the principles of **fairness, clarity and transparency** laid down in the Code of Ethics, the Consumer Code and the Code of Business Conduct formulated by the Regulatory Authority for Energy, Networks and the Environment (ARERA), with the aim of enabling customers to make informed choices. Furthermore, in the management of its activities, the Group has defined **Service Charters** that regulate daily action to achieve high standards of quality and efficiency in service continuity and customer relations.

In addition, the Group works to spread awareness of environmental issues among customers and has defined specific objectives for the development of **eco-efficient products and services** that help reduce consumption and emissions. These include services for the energy efficiency of cities and public and private buildings, the creation of energy communities, sustainable mobility, the sale of certified green electricity with a guarantee of origin, waste collection systems for cities aimed at reducing production and optimising waste materials, and smart systems for the public to measure electricity, gas and water consumption to support consumption monitoring and efficiency.

The Group develops initiatives that promote the accessibility, clarity and transparency of information about the services and products offered and provided to its customers and is committed to improving the relationship and proximity with consumers by developing their digital experience through new value propositions that facilitate a more efficient use of the services offered. Similarly, in **advertising and commercial communication**, the Group's commitment is to inform responsibly and guarantee the right of customers to be provided with clear and transparent information on the characteristics of the products and services the Group offers, respecting regulatory requirements on information and going beyond these requisites to overcome potential social or language barriers.

In this context, Iren maintains a firm commitment to **privacy** and data protection, considering it as one of its priorities to improve trust and transparency with the people with whom the Group is connected. That is why the Group is committed to respecting the rights and freedoms of individuals, including the fundamental right to privacy and the protection of personal data, guaranteeing the integrity, confidentiality and availability of customer data, and ensuring that data is processed responsibly, fairly and transparently in accordance with the provisions of its data protection policy and current legislation.

The Group also recognises that access to essential services such as water and energy play a substantial role in ensuring respect for human rights, being directly related to the well-being and quality of life of individuals.

(12) See note 2

The Group is therefore committed to working with local and regional governments to ensure that vulnerable customers have access to these services.

2.7. Relations with communities and stakeholders

Dialogue and collaboration with communities and stakeholders, together with impact assessment, are prerequisites for creating shared value and sustainable development. In order to better understand and incorporate their expectations in line with the corporate strategy, the Group is committed to developing relationships with its stakeholders and maintaining open lines of communication. It is also committed to creating growth opportunities for individuals and businesses in the regions in which it operates, while promoting knowledge sharing and the enhancement of local professionalism.

To this end, the Group has various channels of communication, participation and dialogue with specific commitments to its stakeholders.

The Group informs and involves **local communities** in order to consider their input on new projects, impact assessments and development initiatives. It also identifies, assesses and transparently communicates the environmental, social and economic impacts generated by its activities.

Through the **EduIren** programme, the Group pays special attention to the development of skills related to sustainability issues starting from the youngest generations.

In order to involve its stakeholders systematically, proactively and sustainably, the Group has set up the **Iren Local Committees** through which it develops a constant and transparent exchange of views, also for the purpose of developing participatory planning initiatives and identifying material ESG factors for its own sustainable development.

Through its Local Committees, the Group engages its stakeholders and involves local communities in the implementation of projects to contribute to the sustainable development of the area.

The Group also carries out its philanthropic activities in line with its vision for sustainable development, favouring and supporting activities following a prior assessment of the local context and needs.

For Iren, the objective of creating value in the medium to long term for **shareholders and investors** through relationships based on the principles of fairness and transparency translates into the creation of the necessary conditions to guarantee shareholders and investors the responsible exercise of their rights. For this reason, Iren has adopted a Policy for Managing Dialogue with Shareholders and Investors⁽¹³⁾, approved by the Board of Directors, which regulates the extra-Shareholders' Meeting dialogue between the Board of Directors and shareholder and investor representatives on issues within the Board's remit and defines the principles, rules and procedures for conducting such dialogue, identifying the recipients, interlocutors, topics of discussion, timing and channels of interaction. The Policy is based on the principles of transparency, fairness, punctuality and timeliness of information, equal treatment of shareholders, effectiveness, and compliance with regulations, internal governance rules and procedures. On the one hand, discussion, dialogue and listening to shareholders and investors help to improve understanding of the Group's strategies and activities, fostering long-term commitment, and, on the other, allows Iren to gather useful elements to guide decisions and action plans, guaranteeing high standards of governance.

Iren likewise promotes specific actions and measures towards the **financial community**, aimed at meeting expectations through the regular reporting of accurate and truthful information on sustainability, as well as through participation in indices related to this area.

Iren is aware that close cooperation and active dialogue between the private and public sectors are key to achieving sustainable development goals and addressing social and environmental challenges. To this end, Iren promotes the establishment of **relations with institutions**, based on a relationship of mutual trust and managed in an ethical and transparent manner, with the desire to become a relevant player in the realisation of the 2030 Agenda, the Paris Agreement and national commitments on the green transition.

Iren Group collaborates and promotes training, initiatives, networks and working groups on sustainable development issues at a local, national and international level and realises partnerships on these issues with public and private entities. Furthermore, in line with its approach to innovation (see section 2.10), Iren is aware that finding solutions to complex challenges requires the collaboration of different actors. It is therefore open to promoting and participating in collaborations with universities, centres of excellence and other members of the business community to design solutions that respond to the major challenges facing the ecological transition.

(13) The Policy for Managing Dialogue with Shareholders and Investors is available at www.gruppopen.it.

2.8. Sustainable supply chain management

The integration of sustainability in the Group's development strategy is also expressed through the management of the supply chain where the Group promotes the adoption of sustainability commitments in line with those defined internally, including through the adoption of **environmental and social criteria and standards in the supplier selection and evaluation system**.

All economic operators who qualify in Iren's supplier register must complete a questionnaire on environmental, social and governance sustainability profiles.

In tendering procedures with an award criterion based on the best quality-price ratio, technical scoring criteria on environmental aspects such as, for example, measures to reduce environmental impact, decarbonisation, waste management, air and water protection, energy efficiency are identified when compatible.

When awarding contracts, Iren Group requires its suppliers to sign contractual clauses committing them to carry out their activities according to environmental protection and efficiency criteria. These include, for example, procedures for the identification and minimisation of negative environmental impacts deriving from activities, proper waste management, reduction of production and commitment to recovery and recycling, control of the consumption of raw materials, products, water and energy resources, use of eco-sustainable substances and/or products, use of low environmental impact means and/or equipment, organisation of logistical movements to guarantee the lowest environmental impact, tools to influence the behaviour of any subcontractors and/or suppliers, training and information for employees on environmental aspects connected to the activities assigned to them, and measures, including preventive ones, to avoid soil and/or water pollution and, in general, situations of harm or danger to the environment during the execution phase. In the event of non-compliance with environmental obligations, Iren Group may order the immediate suspension of activities until the safeguard measures have been adjusted, without prejudice to the possibility of terminating the contract.

Environmental contractual clauses are in addition to those on health and safety, human rights (see section 2.5.) and workers' rights as well as the express acceptance of the organisational and management principles suitable for preventing the offences covered under Legislative Decree No. 231/2001 and the rules of Iren Group's Code of Ethics, which is a condition for admission to tenders for works, services and supplies and a condition for the coming into effect 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.

During the execution phase, verification of what has been provided for in the contracts is monitored by the Group's Works Management team both through document analysis and by verification directly at the place of works execution.

Suppliers are also subject to evaluation by the Group functions/business units that manage contracts and directly verify the supplier's behaviour during execution phase. This assessment generates a score, which is added to the qualification score. Repeated negative results or serious failures in the performance of the service shall lead to suspension and subsequent exclusion from the supplier register for a predetermined period.

2.9. Respect for human rights

Respect for human rights represents the foundation for sustainable development, which is why Iren Group is committed to respecting all universally recognised human rights⁽¹⁴⁾ in its activities and to promoting respect for them in activities entrusted to, or conducted with, partners and stakeholders, in line with the principles of the United Nations Global Compact to which the Group adheres.

Moreover, the principles and policies adopted by Iren Group refer to what is expressed in the Group's Code of Ethics, in the Models 231, and are aligned with the OECD Guidelines for Multinational Enterprises, endorsed by the Italian State.

(14) With particular reference to the UN Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises and the following ILO Conventions: C1 - Hours of Work (Industry) , C29 - Forced Labour, C87 - Freedom of Association and Protection of the Right to Organise, C95 - Protection of Wages, C98 - Right to Organise and Collective Bargaining, C100 - Equal Remuneration, C102 - Social Security (Minimum Standards), C103/183 - Maternity Protection, C105 - Abolition of Forced Labour, C111 - Discrimination (Employment and Occupation), C115 - Radiation Protection, C118 - Equality of Treatment (Social Security), C120 - Hygiene (Commerce and Offices), C122 - Employment Policy, C130 - Medical Care and Sickness Benefits, C131 - Minimum Wage Fixing, C132 - Holidays with Pay, C135 - Workers' Representatives, C138 - Minimum Age, C142 - Human Resources Development, C148 - Working Environment (Air Pollution, Noise and Vibration), C154 - Collective Bargaining, C155 - Occupational Safety and Health, C158 - Termination of Employment, C159 - Vocational Rehabilitation and Employment (Disabled Persons), C162 - Asbestos, C170 - Chemicals, C171 - Night Work, C174 - Prevention of Major Industrial Accidents, C175 - Part-Time Work, C182 - Worst Forms of Child Labour, C187 - Promotional Framework for Occupational Safety and Health, C190 - Violence and Harassment. With reference also, to the extent applicable, to the United Nations Declaration on the Rights of Indigenous Peoples.

The human rights principles that Iren Group pursues in its relations with its **employees and collaborators** concern the protection of health and safety, the fight against forced labour, child labour and the employment of undocumented staff, the right to freedom of association and the right to collective bargaining, the right to adequate working conditions also in terms of working hours and rest, remuneration consistent with collective agreements and regulations in force, respect for diversity, non-discrimination and equal opportunities, the fight against violence, harassment, forms of bullying, and the right to privacy of personal data.

The Group not only operates in compliance with legislation, but also applies Health and Safety Management Systems in accordance with international standards and promotes a prevention policy geared towards the development of a safety culture at all company levels with high standards of risk assessment, prevention and management.

The Group undertakes to implement all the initiatives that make it possible to enhance and increase the skills, creativity and active participation of personnel, to increase their motivation and encourage their professional growth and fulfilment, with the aim of respecting, protecting and promoting human rights and fundamental freedoms for all.

Respect for human rights is reflected in the **supplier** management system with a commitment not to work with partners who violate the fundamental principles underlying respect for human dignity.

In addition to the application of regulations against labour exploitation, the Group also requires suppliers to sign specific contractual clauses concerning compliance with social standards on human rights and working conditions along the supply chain as defined by the International Labour Organisation Conventions⁽¹⁵⁾, the Universal Declaration of Human Rights, article 32 of the UN Convention on the Rights of the Child and the national legislation, in force in the countries where the stages of the supply chain take place, concerning health and safety at work, labour standards, including those concerning wages, working hours and social security.

The Group monitors compliance with the aforementioned standards so that the supplier is obliged to: inform suppliers and sub-suppliers involved in the supply chain of the request for compliance with the aforementioned standards; provide the information and documentation relating to compliance with the standards and the references of suppliers and sub-suppliers involved in the supply chain; accept and have their suppliers and sub-suppliers accept any inspections relating to compliance with the standards conducted directly or on behalf of the Group; undertake, or have their suppliers and sub-suppliers undertake, any appropriate corrective actions in the event that a contractual violation concerning compliance with minimum social standards emerges; demonstrate, through appropriate documentation, that the clauses are complied with and document the outcome of any corrective actions taken.

Violation of these clauses may lead to the application of the contractually agreed penalty, without prejudice to the Group's right to terminate the contract.

Through its activities, the Group contributes to the creation of the socio-economic conditions necessary for the effective enjoyment of human rights and takes these issues into consideration from the earliest stages of the feasibility assessment of new projects in order to avoid harmful behaviour and to identify areas of possible intervention to help improve the access of stakeholders to fundamental rights.

Respect for human rights is part of the constant dialogue with **stakeholders** (through the Local Committees) and the Group's commitments are also recalled in the Service Charters adopted. These are based on the principles of: respect for the equal rights of the public and customers and on non-discrimination; equal treatment, objectivity, justice and impartiality towards different categories or groups of the public and customers; attention towards the disabled, the elderly and those belonging to underprivileged social groups; universal access to water, as a guarantee to all users of the quantity of water necessary to satisfy basic needs; respect, courtesy, clarity and transparency; facilitating the public and customers in exercising their rights and fulfilling their obligations; participation of the public and customers in the provision of the service, both to protect their right to proper provision and to foster cooperation, including by periodically acquiring the users' assessment of the quality of the service provided and making available to them appropriate channels for communicating suggestions and complaints; processing of personal data in compliance with the relevant provisions in force.

In compliance with international regulations and standards, Iren Group acts in such a way as to minimise the need for intervention by public and private security forces to protect people and assets, including by creating a context of mutual respect between the company, workers and local communities.

In **extraordinary transactions** aimed at the acquisition of companies or shareholdings, the Group carries out the appropriate due diligence aimed, inter alia, at verifying the application of the labour and workplace safety

(15) Specifically the ILO Conventions: C29 - Forced Labour, C87 - Freedom of Association and Protection of the Right to Organise, C98 - Right to Organise and Collective Bargaining, C100 - Equal Remuneration, C105 - Abolition of Forced Labour, C111 - Discrimination (Employment and Occupation), C138 - Minimum Age, C182 - Worst Forms of Child Labour, C155 - Occupational Safety and Health, C131 - Minimum Wage Fixing, C1 - Hours of Work (Industry), C102 - Social Security (Minimum Standards).

regulations provided for by Italian law and the existence of any litigation on the matter. It also verifies the adoption of a Model 231 and a Code of Ethics, compliance with the regulations on the protection of personal data and privacy, and the identification of any risks related to the non-application of these regulations and management models with the adoption of appropriate actions, such as the inclusion of conditions precedent and penalties in transactions deemed at risk. The Control, Risk and Sustainability Committee reviews the analysis carried out with regard to M&A transactions, prior to submission to the Board of Directors for decisions falling within its field of competence.

2.10. Innovation

Iren Group considers innovation as a strategic element to face future challenges and to meet the needs and expectations of its main stakeholders.

For the Group, it is crucial to promote collaborative and open innovation by establishing a corporate relationship model with external actors, such as universities, start-ups, research centres and other organisations, building an ecosystem that promotes collaboration and an exchange of knowledge to maximise innovation capacity in order to develop novel and sustainable solutions for the green transition.

In this context, the Group is committed to promoting innovation in all of its business areas by integrating new technologies that offer fresh alternatives or that support the streamlining of processes and minimise environmental impact. This commitment includes the promotion of customer-oriented innovation through the development of new products, services, and solutions that adapt to changing needs and enable the development of novel proposals.

Through innovation, the Group strives for continuous improvement in managing potential environmental and social impacts in order to reduce risks and seize business opportunities.

In this open innovation approach, the supply chain also plays a significant role.

2.11. Remuneration policies

The **Remuneration Policy**⁽¹⁶⁾ for Iren Group's Executive Directors and Senior Executives with strategic responsibilities, adopted by the Board of Directors following a preliminary investigation by the Remuneration and Appointments Committee and the Control, Risk and Sustainability Committee, represents an indispensable tool to support the Group's medium- and long-term strategies and sustainability objectives. In fact, the incentive capacity of the remuneration systems is consistently ensured in line with the Group's strategic objectives in which ESG profiles are integrated.

In particular, the Remuneration Policy provides for short- and long-term variable incentive plans with predetermined and measurable financial, non-financial and sustainability objectives, consistent with the Group's Industrial Plan.

For the next financial year at least, and without prejudice to the provisions of Article 2402 of the Italian Civil Code, the Remuneration Policy adopted by Iren for Directors, Senior Executives with strategic responsibilities and members of the Board of Statutory Auditors specifies the general purposes pursued, the bodies and persons involved, the way in which it contributes to the corporate strategy and sustainability of the Group, as well as the procedures used for its adoption and implementation.

(16) The Remuneration Policy is illustrated in Section One of the Report on Remuneration Policy and Compensation Paid, prepared periodically pursuant to Article 123-ter of the Consolidated Law on Finance and published at www.gruppoiren.it.

3. Sustainability Policy Actors

3.1. Board of Directors

In the exercise of its management and coordination activities with respect to the companies in the perimeter, the Board of Directors of Iren:

- approves this Policy and its subsequent amendments, taking into account the Group's activities, risks and stakeholders, subject to a review by the Control, Risk and Sustainability Committee;
- is committed to the sustainable success of the Group through the creation of value in the medium to long term for the benefit of shareholders and other relevant stakeholders;
- defines the nature and level of risk compatible with the Group's strategic objectives, assessing the adequacy of the organisational set-up, with particular reference to the internal control and risk assessment system that integrates ESG risk assessment;
- ensures the consistency of the contents of this Policy with the provisions contained in other internal regulatory documents;
- approves the materiality matrix;
- approves the Annual Report and the Non-Financial Statement, in which compliance with this Policy is reported, subject to prior examination by the Control, Risk and Sustainability Committee, for matters falling within its remit.

3.2. Control, Risk and Sustainability Committee

Iren's Control, Risk and Sustainability Committee has a support function vis-à-vis the Board of Directors. This is carried out, inter alia, through the following functions:

- expressing opinions on specific aspects relating to the identification of the main corporate risks;
- examining the periodic reports on the assessment of the internal control and risk management system and those of particular relevance drafted by Internal Audit;
- reporting to the Board of Directors, at least every six months, on the activities carried out, as well as on the adequacy of the internal control and risk management system;
- supervising the sustainability policies and observance of any principles of conduct adopted on the matter;
- examining the issues being investigated in terms of the long-term sustainability of the founding principles and guidelines of strategic planning, the business plan and short-term programming, and monitoring how these are implemented;
- assessing the correct use of the standards adopted in order to draft the non-financial information provided for by legislation in force;
- supervising the system for assessing and improving the environmental, economic and social impacts deriving from the business activities in the local areas;
- examining periodic reports on structured ways of engaging with stakeholders, in particular through the Local Committees, and those on the consistency with corporate social responsibility issues of the Group's cultural activities and image promotion.

3.3. Remuneration and Appointments Committee

The Remuneration and Appointments Committee is an advisory and proposing body to which the Board of Directors has assigned the following functions, among others:

- periodically assessing the suitability, overall consistency and actual application of the remuneration policy of Directors and Senior Executives with strategic responsibilities;
- presenting proposals or expressing opinions to the BoD regarding the remuneration of Executive Directors and other Directors with specific offices, as well as establishing performance objectives relating to the variable part of said remuneration;
- monitoring the application of the decisions adopted by the BoD by verifying, in particular, the actual fulfilment of performance objectives;
- overseeing the preparation of the remuneration policy, after interaction with the Control, Risk and Sustainability Committee, as far as risk profiles are concerned;
- formulating opinions to the BoD in respect of its own size and composition, and making recommendations on the professionals whose presence in the BoD is deemed desirable;

- making recommendations to the Board of Directors on the maximum number of positions as Director or Statutory Auditor in other listed companies, financial, banking, insurance or large companies, compatible with the effective performance of the office of Director;
- supporting the Board of Directors in the annual self-assessment activity.

The Committee is also responsible for the preliminary examination of the Annual Remuneration Report, to be made available to the public in view of the Annual Shareholders' Meeting, which illustrates, among other things, the remuneration policy for the members of the Board of Directors, the Board of Statutory Auditors and Senior Executives with strategic responsibilities.

3.4. Board of Statutory Auditors

The Board of Statutory Auditors assesses the adequacy of the identification, measuring, management and monitoring system for corporate risks and verifies the appropriate and prompt application of corrective actions held to be suitable for reducing company risks to levels considered acceptable by the BoD when defining the business strategy.

Among its responsibilities, the Board of Statutory Auditors of Iren supervises the effective preparation of the Non-Financial Statement and reports on this in its annual report to the Shareholders' Meeting.

3.5. Top Management

The Top Management⁽¹⁷⁾:

- defines the commitments made in this Policy according to the ESG risks identified and the topics arising in the materiality matrix;
- receives periodic monitoring of indicators;
- oversees continuous improvement actions, including within the Integrated Management System;
- takes action to support the implementation of this Policy and intervenes in the event of explicit violation thereof.

3.5.1 ESG Strategic Integration Committee and Sustainable Finance Committee

The integration and oversight of ESG factors, from strategic planning to the management and monitoring of the Group's activities, is entrusted to the ESG Strategic Integration Committee⁽¹⁸⁾, which meets periodically and is responsible for ensuring:

- the sharing of scenario analyses for proposing guidelines and policies to integrate sustainability into business strategy and processes, thereby ensuring 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 Sustainable Finance Committee, which is responsible for defining and updating the sustainable financing framework, operates in connection with the ESG Strategic Integration Committee and is entrusted with the following tasks, among others:

- supervising the proper implementation of the framework in each relevant operation;
- identifying and selecting investments, activities and projects eligible for access to sustainable finance instruments, in line with the Group's sustainable financing framework;

(17) Top Management: Chief Executive Officer/General Manager of Iren and the senior management responsible for decision-making and strategy implementation.

(18) The Committee consists of: Director of Administration, Finance and Control, Director of Procurement, Logistics and Services, Director of Communications, Director of Corporate Social Responsibility and Local Committees, Director of Personnel, Organisation and Information Systems, Director of Risk Management, Manager of Finance and Credit Policy, Manager of Investor Relations and Manager of Planning and Control. The Committee involves the Directors of Business Units and other Functions in a targeted manner and with the aim of ensuring the integration of ESG factors at all Group levels. The Sustainable Finance Committee is coordinated by the Director of Administration, Finance and Control and consists of: Director of Corporate Social Responsibility and Local Committees, Manager of Planning and Control, Manager of Finance and Credit Policy, Manager of Financial Management and Sustainable Finance and Manager of Investor Relations.

- monitoring the progress of projects and activities financed with sustainable finance instruments;
- ensuring the proper management of the process throughout the duration of the activated loans;
- verifying and validating the annual reporting as defined in the framework and related legal documentation;
- monitoring sustainable finance markets, relevant initiatives and regulatory developments to ensure alignment of the framework with best market practices.

The Sustainable Finance Committee has a veto right in the selection of activities/projects eligible for sustainable finance instruments.

3.5.2 Climate Change Risk Commission

The Climate Change Risk Commission is entrusted with the functions of:

- examining the status of the Group's climate change risks and making decisions on how to manage them by the various risk owners;
- proposing to the CEO any modifications or additions to the Climate Change Risk Policy;
- analysing and reporting to the CEO on the possible management-operational implications that may arise with regard to climate change risks;
- verifying and monitoring the climate change risk profile and compliance with the set risk limits and thresholds associated with the defined monitoring indicators;
- defining and proposing management strategies to the CEO for individual risk classes related to climate change.

3.5.3 Corporate Social Responsibility and Local Committees Department

Iren's Corporate Social Responsibility and Local Committees Department is responsible for the adequacy and completeness of this Policy. To this end:

- it takes an in-depth look at regulatory and contextual developments in the field of sustainable development, sharing its findings with the functions concerned from time to time;
- it involves corporate functions and stakeholders in the materiality analysis;
- it sets objectives, targets and sustainability impacts for the Strategic Plan, annual budgets and sustainable finance, in coordination with Strategic Planning, Finance and the Business Units;
- it monitors sustainability objectives and shares the commitments made in this Policy with the heads of the various functions;
- it prepares periodic reports for the Board of Directors, the Control, Risk and Sustainability Committee and Top Management;
- it collaborates with the Risk Management Department in identifying ESG risks to which the Group is exposed;
- it defines guidelines, and oversees and manages activities for Group sustainability reporting;
- it develops and feeds the reporting system recommended by the TCFD⁽¹⁹⁾;
- it defines the engagement, management and analysis plan of the results of the dialogue with stakeholders, including through the management of Iren Local Committees;
- it ensures the updating and dissemination of the Code of Ethics, promotes knowledge of its contents and ensures the interpretation and implementation of its provisions.

3.5.4 Administration, Finance and Control Department

Through the Strategic Planning and Investment Assessment Function, and in conjunction with the Corporate Social Responsibility and Local Committees Department, Iren's Administration, Finance and Control Department coordinates the integration of sustainability planning with the Group's strategic and industrial planning.

3.5.5 Risk Management Department

Through the elaboration of the Group's risk map, which includes ESG factors, and the risk analysis of the Industrial Plan, the control of the correct application of risk policies and the preparation of risk reporting, Iren's Risk Management Department is responsible for the integrated management and monitoring of the

(19) Task Force on Climate-related Financial Disclosures (TCFD): a body set up in 2015 by the Financial Stability Board (FSB) with the task of developing recommendations on climate change-related risk reporting in order to guide and encourage companies to align their disclosures with the needs and expectations of investors.

Enterprise Risk Management model. In addition, the Department is responsible for the Group's insurance programmes and claims management.

3.5.6 Personnel and Organisation Department

Iren's Personnel and Organisation Department guarantees the application of the commitments contained in this Policy regarding the protection of workers and equal opportunities and promotes the development of human resources and the organisation in line with the principles underlying this Policy. It also ensures the development, maintenance and improvement of the Integrated Management System (Quality, Safety, Environment and Information Security).

3.5.7 Internal Audit and Compliance Department

Iren's Internal Audit and Compliance Department ensures the constant monitoring of the internal control and risk management system, prepares and contributes to keeping the Models 231 of the individual Group companies constantly updated by supporting the Supervisory Boards, and oversees the application of and compliance with regulations on the protection of privacy and personal data.

4. Monitoring and reporting

In order to transfer the commitments of the Sustainability Policy to the entire organisation and to achieve the goals set out in the Strategic Plan, the Group has adopted a sustainability management model involving, among others, the actors indicated in section 3, who are entrusted with specific functions and responsibilities.

Considering the involvement of stakeholders as fundamental, the Group is committed to reporting annually on its social, environmental and economic performance, highlighting the progress achieved in maintaining commitments and reaching sustainability goals through corporate reporting documents, monitoring compliance with this Policy and maintaining an active dialogue with stakeholders.

In order to build relationships based on mutual trust with its stakeholders, the Group considers transparency an essential value that guides its reporting and communication initiatives at all times. In this regard, the Group considers it a priority to provide complete, correct and truthful information on its performance and activities, responding to the requests and expectations of its main stakeholders. To this end, the Group regularly reports on its financial and non-financial accounts, its strategic plan, and its social, ethical and environmental performance. The Group has various systems and channels of communication and contact with shareholders, institutional investors and stakeholders, ensuring transparency and accuracy of information.