

5 | Performance of the Italgas Group

NFS 5.1 Transparent relations

Transparent relations with authorities, trade associations and citizens

For Italgas, quality of service goes well beyond simple business objectives: continuity, security, accessibility, emergency intervention and comprehensive efficiency of the system are a real assumption of responsibility in regard to the territories served and the end customers. In this context, the Group pays special attention to strengthening the relationship with the sales company, aiming to standardise processes and update the tools and procedures that allow access to services. The operating and commercial activities are carried out with increasingly sophisticated computer systems that allow for a rapid flow of information in contract management. These systems are regularly updated according to the regulations issued by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA), which regulates the services provided by the Italgas Group companies.

Italgas also invests in the territories in which it operates, promoting continuous dialogue and social, cultural and environmental interventions. In pursuing these interventions, Italgas interfaces with its interlocutors through criteria of transparency, correctness and impartiality, confirming its commitment to the values of collaboration and attention to people and the environment.

Network monitoring

Every year, in order to guarantee the safety and efficiency of the gas distribution networks, the Group carries out extensive monitoring of its infrastructures. To this end, with regard to the verification of "electrical protection" conditions of the underground steel pipes, the cathodic protection remote monitoring system was again used in 2021 at 14,602 significant points on the network. Moreover, approximately 24,029 cathodic protection measures were carried out with a qualified operator on non-remote controlled points.

An additional preventive control on the reliability of the distribution system was the search for gas leaks into the atmosphere. In 2021, in compliance with the provisions of the Authority Resolution no. 569/19/R/gas, almost all the network managed was subjected to scheduled searches for leaks, recording quality standards that well exceeded those established by the Authority. In this segment, the Company extensively adopts a new method for searching for leaks based on the CRDS (Cavity Ring-Down Spectroscopy) method of the company Picarro Inc., as described below in the chapter

on technological innovation. In addition to identifying leaks on aerial parts, which are normally impossible to access using the traditional method, this technology also performs much better at detecting leaks on underground parts of distribution plants, including utility derivations.

At the gas delivery points - city gate - measurement and odourisation takes place (with systems equipped with innovative automatic injection systems that can dispense just the right quantity of odouriser, according to the volumes of gas distributed) and the transit gas pressure is reduced, set to be transported through to the re-delivery points at the individual end customers' premises (domestic or industrial consumers) where the gas is once again measured. In 2021, a further 122 gas chromatographs (Greta) were installed, in addition to the 35 of 2020, making for a total of 157 operative instruments on the network. These tools enable the continuous monitoring of the odourisation level at reduction plants considered to be significant. In addition, in compliance with the ARERA provisions, controls were carried out on the degree of odourisation at the significant points of the network, with laboratory gas chromatograph analysis (ACCREDIA certified) totalling 12,956 for natural gas and 150 for LPG. At 31 December 2021, the Group manages 889 reduction and measurement collection plants (IPRM); all the IPRMs managed are equipped with a remote control system to guarantee prompt intervention both in the event of an anomaly and of limits or interruptions to the regional service, as well as a continuous smart metering system that measures the gas entering its network.

To reduce the gas pressure before delivering to individual end customers, the Group has equipped itself with 1,220 intermediate reduction plants (IRI), 11,174 final reduction units and 8,043 industrial reduction units at the end customers gas delivery point.

In 2021, the natural gas conversion plan of the LPG (liquefied petroleum gas) distribution networks managed, continued; at 31/12/2021, Italgas Reti has just 2 more distribution plants used to channel LPG, while Medea has converted 26 plants, taking the number of plants still to be converted, to 5.

The technical-commercial operations carried out at end customers' premises are done so in accordance with specific quality standards established by ARERA, which regard services such as quotations, works execution, the activation and deactivation of supply, respect of appointments, arrival times in situ for emergency reports and, finally, compliance with all technical standards relative to the installation and maintenance of plants making up the distribution and metering network.

STANDARD GRI 416-1 ASSESSMENT OF THE HEALTH AND SAFETY IMPACTS OF PRODUCT AND SERVICE CATEGORIES

Quality standards established by ARERA ³⁴ (ARERA obligation 569/19 subsection 14.2) - Italgas Reti	u.o.m.	Target ARERA	2019	2020	2021 ³⁵
High and medium pressure network inspected	%	100% in three mobile years	58.70	95.2	98.3
Low pressure network inspected		100% in four mobile years	60.40	95.5	98.2
Respect for maximum arrival time at the place of the call for emergency intervention		>90	98.90	99.3	99.5

Quality standards established by ARERA - Italgas Reti	u.o.m.	2019	2020	2021
Respect for maximum time set for the performance of services subject to specific standards	%	98.1	98.4	98.6
Respect for punctuality in appointments made with customers		99.1	98.9	99.0

Quality standards established by ARERA (ARERA obligation 569/19 subsection 14.2) - Toscana Energia	u.o.m.	Target ARERA	2019	2020	2021
High and medium pressure network inspected	%	100% in three mobile years	42.4 ³⁶	91.6	95.8
Low pressure network inspected		100% in four mobile years	35.5 ³⁷	94.2	98.0
Respect for maximum arrival time at the place of the call for emergency intervention		>90	97.9	98.0	98.0

³⁴ In accordance with Annex A to Resolution 569/2019 (RQDG), the distributor is required to comply with service obligations relating to the frequency of network inspection, equal respectively to 100% in the 3 mobile years for high and medium pressure networks and 100% in the 4 mobile years for low pressure networks (subsection 14.2, letters a) and b) of the RQDG).

³⁵ The amount represents the best estimate as of the closing date and is subject to adjustment when reporting to the Authority.

³⁶ With the CRDS (Picarro) method, the 2019 value becomes 50.3.

³⁷ With the CRDS (Picarro) method, the 2019 value becomes 52.1.

Quality standards established by ARERA - Toscana Energia	u.o.m.	2019	2020	2021
Respect for maximum time set for the performance of services subject to specific standards	%	98.9	99.2	99.7
Respect for punctuality in appointments made with customers		99.6	99.6	99.7

Quality standard established by ARERA (ARERA obligation 569/19 subsection 14.11) - Medea	u.o.m.	Target ARERA	2019	2020	2021
High, medium and low pressure network inspected - Other Gases	%	100% in four mobile years	27.1	47.9	59.7
High and medium pressure network inspected - Natural gas ³⁸		100% in three mobile years	-	-	100
Low pressure network inspected - Natural gas ³⁸		100% in four mobile years	-	-	100
Respect for maximum arrival time at the place of the call for emergency intervention		>90	99.1	99.0	99.5

Citizen and customer support services

The operative management of quality aspects is hinged on the management systems certified according to ISO 9001 standard and implemented at the level of each individual company. In support of service safety and quality, Italgas has also activated two freephone numbers to be contacted as necessary by citizens and users:

Gas emergency intervention freephone number - 800 900 999

The service is operative 24 hours a day, 7 days a week. There is one Freephone Number for the whole of Italy for all the Municipalities where the distribution companies of the Italgas Group operate and is shown separately on the gas bill of the sales company, on the websites of Italgas and the Group companies and in the telephone directories of the municipalities served. The service is subject to control by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA). Anyone contacting the Emergency Intervention service is put in direct contact with an operator of the Integrated Supervision Centre and never transferred to another number. The dispatch of all calls is guaranteed and operators respond within a few seconds. Upon receipt of a report, the operators provide initial indications on how to behave in the event of gas leaks, a lack of gas or irregularities in the flow and dispersion. After the conversation with the caller, if the call was made from a mobile telephone, a text message is automatically sent to the caller's telephone, with a link from which all steps of the report can be tracked, from when it is assigned to the team that will be intervening through to make-safe and problem-solving. At the same time, the Emergency Intervention unit is activated for the

relevant verifications and technical operations, to safeguard citizens, make systems safe and restore the service to normal operating conditions as quickly as possible. Both the call and the technical intervention are free of charge.

Contact Centre freephone number - 800 915 150

The freephone number shown on the Italgas website is the same throughout Italy for all municipalities in which Italgas operates and manages requests for information coming from "Medea" users, the subsidiary operating in Sardinia. The service is not subject to any obligations imposed by the Italian Regulatory Authority for Energy, Networks and Environment (ARERA). By contacting the freephone number, users can receive information about multiple technical and commercial aspects by means of IVR (Interactive Voice Response), with the possibility, where envisaged, of being transferred to a Contact Centre service operator, a service that operates weekdays from 8 a.m. to 8 p.m. and is managed entirely with in-house resources based in Italy. Through the Salesforce and Genesys applications, the Contact Centre operators manage the customer requests received over the telephone by e-mail, through the on-line help system, via social channels and requests made by users from "security" points, where present, for:

- | scheduled replacement of meters with displays that do not function;
- | appointment management;
- | reports of disservices and complaints to the competent services;
- | information on metrology verifications, estimates and 40/14 documentation;
- | problems and support with registration on the portal.

³⁸Data for 2019 and 2020 are not available as the first natural gas network was activated in early 2021.

Online help

In order to guarantee the end customer more immediate, direct access to information about the Group and the activities relating to gas distribution, in 2020, Italgas launched the "Help Online" web portal (faq.italgas.it): a new self search tool consisting of more than 100 digital pages of browsable support, accessible from the Italgas website or directly from the main search engines to quickly find answers to the most frequently asked questions or, if the answer is not sufficient, from here, a request can be submitted that will be sorted and sent onto the competent services for handling. In 2021, the information contained in the Help Online platform has been added to, including new pages dedicated in particular to the topics of deactivation, activation and reactivation, 40/14 forms and the description of the new digital estimation service "ClickToGas".

Customer portal

In 2021, the project continued seeking to evolve the "Customer Portal" called "MyItalgas", with the aim of making the portal a clear touch point dedicated to end customers and to offer, through the digital channel, a more effective service and experience. In actual fact, in addition to the functions already present at the time of the launch, i.e. those of consulting utility data (re-delivery point, meter serial number, etc.), verification of readings and consumptions, monitoring of cases and appointments, requests for quotations for works, submission of requests for information or complaints, in 2021, the function was also integrated into MyItalgas, allowing for the management of document assessment for reactivations, which could previously be managed through the Accertatemi Online portal.

In addition, the "Support" section has been created within MyItalgas, to best guide the customer with answers to the most frequently-asked questions and the possibility of sending specific requests, both for activities linked to the assessment and to estimations.

At the end of 2021, on the basis of the experience accrued through the MyItalgas, MyMedea and MyToscanaEnergia portals, the Customer Portal was extended to also include users served by the company Metano S.Angelo Lodigiano, through the launch of the MySantangelo portal.

ClickToGas

With the aim of improving the end customer experience, speeding up estimate release times and increasing the sustainability of the entire process, in 2021, Italgas introduced a new digital site inspection procedure. Thanks to some additional information, requested on-line through MyItalgas when entering the estimate for the construction works or works to modify or remove the supply system, the customer can inspect the site with the Italgas technician digitally, scheduling a virtual appointment or, if the characteristics of the request allow, perform a self site inspection, which can be managed independently. ClickToGas and use of the virtual or self site inspection not only guarantee a quicker, more effective esti-

mation service but also, in 2021, helped reduce staff movements on the territory and further protect the safety of end customers, employees and suppliers. In 2021, use of ClickToGas made it possible to avoid 6,488 physical site inspections, thereby savings 37,2 tCO₂ in emissions into the atmosphere³⁹.

Consumer associations

In order to continually improve service quality indexes, 2018 saw Italgas launch a structured, continuous collaboration programme with the world of consumer associations, based on an equal relationship of mutual benefit and trust. This programme started with the stipulation of a Memorandum of Understanding, finalised early 2018 after lengthy preparatory work, signed by Italgas and by 19 of the 20 Consumer Associations recognised by the CNCU (Italian National Council of Consumers and Users) at what was then the Ministry of Economic Development.

The Memorandum of Understanding aims, on the one hand, to improve the relationship with the end user and the quality of service supplied by Italgas; on the other, to increase consumer awareness regarding the qualities of natural gas and how it is used.

During the first period of protocol implementation, particular focus was assured on the programme for replacing traditional gas meters with smart meters, so as to better understand the greater operative efficiency achieved, which reflects positively on the consumer, and the increase of the greater capacity to provide reliable, timely data on consumption to sales companies, thereby limiting incorrect billing or that based on estimated readings. At the same time, the smart meter makes it possible to provide the customer with a tool that can foster the adoption of responsible consumer behaviour and - ultimately - improve the quality of the relationship between the company and the end customer, at the same time reducing physical access to the home.

The targeted cooperation between associations and company has also made it possible to handle user reports of any disservices more quickly and, ultimately, through a comparison with the requests made by the association, to study and implement interventions specifically aiming to limit the number of those that are likely to give rise to complaints.

Thanks to the Protocol signed, Italgas and the associations worked together during specific territorial campaigns like, for example, the transformation to methane of the networks previously isolated and managed with LPG or particularly important unforeseen events, in order to facilitate the conversion, limiting, through due information, potential negative fallout impacting the consumer.

In 2021, the collaboration's main focus was once again on the programme to methanise Sardinia, operating on two different levels. On the one hand, continuing to highlight the economic and environmental benefits deriving from the use of natural gas in lieu of other fuels with a higher impact on the environment and, therefore, supporting the development of the natural gas distribution networks entrusted to Medea S.p.A. On the other, driving on the commercial penetration of natural gas

³⁹ Calculated by associating an average emissions coefficient per km with an average distance per site inspection avoided.

through the sales activities by the associate Gaxa S.p.A.

In February 2021, Gaxa and the consumer associations operating in Sardinia shared the administrative and commercial requirements necessary to accompany the methane conversion plan of the networks operating on LPG prepared by the local distributor (internal system certification, adaptation of gas equipment, signing of supply contracts). In March 2021, the reasons that had led to the increase in the price of LPG and propane air in the latter months of 2020 were analysed, highlighting the contribution deriving from the increased cost of the raw material from that of the regulatory interventions of ARERA.

In July, additional meetings were organised for the local reference persons of the Consumer Associations operating in Sardinia to present the initiatives and dialogue tools prepared by Gaxa to streamline and make relations with its customers more effective and to show how the energy efficiency drive can help maximise benefits for consumers in switching to natural gas in lieu of other fuels.

A specific meeting with the national representatives of the associations, held in April, saw the unveiling of the Italgas 2021/2027 Strategic Plan, which highlights the implicit advantages for consumers deriving from Italgas' commitment to digitisation and the development of renewable gas such as biomethane and hydrogen and, in particular, the P2G project was presented, which Italgas intends to pursue in Sestu. Again with the national levels of the associations, in October 2021, the possibility was discussed to stipulate a specific memorandum of understanding concerning the sale business and dialogue was started regarding its possible contents. This Memorandum is currently being finalised and should be signed during the first few months of 2022.

In all, the dialogue between Italgas and the associations therefore took place over 6 separate meetings, which involved around 70 operators of the Region of Sardinia and 20 on a national level.

Transparent relations and collaboration with sales companies

Natural gas consumers are already today free to choose their supplier on the free market. Also, with the end of the "protected market", scheduled to become effective in January 2023, consumers using this service will also have to switch to the free market and choose their own supplier.

To this end, the distribution companies are obliged to grant access to their networks for all those so requesting. More specifically, with Resolution no. 138/04, the Authority issued orders to promote the development of competition in the sale of natural gas and, at the same time, to ensure, in respect of consumer rights, the correct transmission of information between distributors and sellers. This is why, in line with that requested by the Authority and defined in its Sustainability Plan, Italgas has embarked upon a route aimed at strengthening its relations with the sales companies, through important initiatives.

With the objective of improving dialogue between the parties and fostering increasingly constructive debate and exchange, in 2019 Italgas organised a proper training and information pro-

gramme dedicated entirely to the sales companies. Continuing on from the work of 2019 and 2020, in 2021, the initiative was further confirmed with another 4 meetings, involving more than 900 participants, for more than 140 different Sales Companies serving more than 95% of the Italgas portfolio re-delivery points. The participants very much appreciated these initiatives, assigning an average score of 4.5 on a scale of 1 to 5 points.

In June 2021, Italgas organised an on-line convention with a view to creating a true partnership to achieve common goals centred around satisfying the customer. It invited all sales companies to take part. This important opportunity, which followed the previous plenary meetings, was an opportunity to explain the strategies, policies and instruments characterising relations with the sellers and to share the Italgas business development plan. It was also a chance to discuss, exchange and share suggestions on opportunities for common growth to be seized in the full spirit of the partnership.

Gas2Be

Within the more extensive Italgas digitisation process, since February 2021, the brand new Gas2Be communication portal has been on-line, designed and developed in the Digital Factory. This innovative platform aims to optimise and support the partnership with the sales companies ever more quickly, with simple, user-friendly processes in a bid to continue the digitisation of Italgas' processes and improve the services offered. Thanks to Gas2Be, the sales companies can be accredited on the Italgas Group networks, modify their corporate data with just a few, simple clicks and access information and news available on the homepage, which has a brand new look. The aim is to make Gas2Be the main communication, service and support portal for sales companies, improving and optimising the experience accrued by the sales companies themselves.

SalesSupport

As regards the systems in place to collect stakeholder reports and complaints, Italgas has enriched the "Sales Support" function with new sections through which to obtain data and information. With the new "DIY" section, "Sales Support" provides rapid support to the request for information without the need to create an actual report; it makes available a series of "Self Tools" that immediately provide the data required and more than 160 "FAQs", through which to find complete information to answer customer questions. In addition, Italgas has further improved the formal submission of a report, making the creation phase simple and user-friendly.

Thanks to "Sales Support", Italgas can respond quickly and digitally to sellers' requests, guaranteeing the certification of data supplied and greater efficiency. In 2021, Italgas digitally handled more than 30 thousand reports made by the sales companies through "Sales Support".

Customer Satisfaction Survey

With the aim of listening to the point of view of the sales companies and gathering valuable feedback to continue to

improve the partnership, in October 2021, Italgas proposed the Customer Satisfaction Survey (CSS) for the second year running. Just like in 2020, the on-line survey measured the degree of satisfaction of the Sales Companies through 37 questions divided up into 9 different areas relating to the main businesses and processes; more than 120 people of the sales companies took part.

Starting from the results obtained, Italgas undertakes to organise focus groups for next year, just like in 2021, to listen and implement improvements, with a view to assuring even greater collaboration, engagement and improvement in the quality of service.

Customer Experience Revolution

In September 2021, in line with the challenges of digital transformation and sustainability, Italgas launched the initiative for the sales companies called the "Customer Experience Revolution", with the aim of pursuing the continuous improvement of processes and guaranteeing an optimal customer experience.

The dialogue and discussion initiative, which was already started with the focus groups, consisted of the construction and development, in collaboration with the sales companies, of three important projects that were completed during the year.

GaSmart e GaSmart Ti Premia

The "GaSmart" and "GaSmart Ti Premia" promotions are also another important initiative, as part of the multi-year business plan with which the Group has set itself the target of continuing to increase the number of active Re-Delivery Points on its network.

Within the scope of the same plan, Italgas also launched a series of initiatives to raise awareness of, promote and spread the benefits of using methane gas, in municipalities that have recently undergone methanisation.

Collaboration with trade associations

As the top Italian operator in the distribution of gas and the third most important in Europe, the Italgas Group plays an active part in the work of the Italian and international trade associations, confirming its commitment towards the protection, optimisation and development of the segment in which it operates. Italgas takes part in the work of the associations through the oversight of corporate bodies and the participation in working groups or formal or informal parties established by these associations, which discuss and define the organisation's position on operative and policy matters.

Some of the most important associations in which Italgas takes part, on a national level, include:

| Anigas (Italian National Association of the Gas Industry). This Trade Association, a member of Confindustria, represents firms operating along the entire natural gas supply chain with a particular focus on the following sectors: trans-

portation, distribution, sale of natural gas on the end market and wholesale market, trading and methane for motor vehicle use. The association aims to support the role of natural gas and LNG as an energy source with lower environmental impact compared to other fossil sources, particularly as a fuel for mobility, as well as the gradual development of renewable gas, due to their contribution to the fight against climate change. As a member of the CIG - Italian Gas Committee - a regulator federated with the UNI, which oversees the definition of technical and safety standards in relation to gas infrastructure and gas-powered equipment, the participation in Anigas allows the Group, through a representative on the Presiding Board, to take part in the Committee's working groups.

| Assonime - this is an association of Italian joint stock companies, particularly those listed on the stock exchange. It studies and handles problems that directly or indirectly concern the interests and development of the Italian economy, focussing specifically on themes of corporate governance, corporate finance and legal tax matters.

| GD4S - on the international front, Italgas instead takes part in a non-profit association under Belgian law that unites the seven major operators in the natural gas distribution sector in Europe, in France, Greece, Ireland, Italy, Portugal, Romania and Spain and that takes part in a collaboration platform with the other European associations that group together gas DSOs, including GEODE, CEDEC and EUROGAS, which the Group later joined (its formal adhesion took effect in January 2022). For more details, see the paragraph on "Partnerships for the goals".

The main topics covered in 2021 in the working groups of the Associations indicated above were:

- | energy transition and the role of infrastructure in the decarbonisation process and in the fight against climate change;
- | the development of hydrogen and renewable gases as energy carriers able to facilitate the integration of the gas and electricity segments;
- | the control and reduction of methane emissions (Methane Regulation);
- | the definition of the market structure and related regulatory aspects in view of the development of renewable gases and hydrogen (the "Gas Package").

All these topics have been discussed both through participation in formal consultations by supranational bodies and through the preparation and giving out of position papers on the main policy topics, as well as, finally, meetings with national and European institutional stakeholders as well as through participation in seminars, congresses and webinars.



Other collaborations

Italgas actively collaborates with various other contexts:

Anie - Association, of which Seaside is a member, which constitutes the national federation of Electrotechnical and Electronic companies adhering to Confindustria. It protects and represents the requests of associate members through intense institutional relations and ensures technological and regulatory oversight, promoting initiatives aiming to standardise products and systems developed by the associated businesses.

FSR - Florence School of Regulation, Independent advanced training and research institute on international regulation and policies in the electrical, water and gas sectors, sponsored by the European Commission. Every year, it presents a vast range of courses, seminars and workshops, both open and in exchange for payment, which cover all fields of service regulation. It provides the European Commission with opinions and expertise in view of the adoption of legislative and regulatory proposals. In joining the "supporters" of the FSR, Italgas gained the opportunity of taking part in the network formation and research initiatives, cooperating with the organisation of events and making its own contribution to the debate of a complex matter that evolves continuously and is so vital to the growth and development of the energy segment. Through participation in the Policy.

Advisory Council, moreover, Italgas has the chance to promote its vision of energy policy topics, the challenges that development prospects in the industry raise, also in terms of the evolution

of regulation and training projects offered by the FSR to regulators and managers.

MIP - Polytechnic University of Milan Graduate School of Business, University training institute in technical and managerial matters, potential basin of competences also to draw from with a view to identifying possible high-potential candidates. It offers a particularly extensive curriculum of studies, apart from training and masters programmes customised for the needs of the institutions and Public Administration, and enjoys a particularly good international reputation. The direct collaboration with the MIP and the network of associated businesses allows Italgas to promote and develop, with projects focused on business needs, specific initiatives in management, digital transformation and continuous improvement; at the same time, Italgas makes its know-how and distinctive skills, accrued over 180 years of experience, available to the network.

Valore D - Organisation founded to support the appreciation of the role of the woman in the workplace and equal treatment of the genders, as an element by which to foster growth of businesses and the country system. It supplies studies, consultancy, examples of business best practices and social innovation and networking services. Italgas has adhered to the Valore D Manifesto for Women's Employment, a document created in 2017 under the guidance of G7 Italy, the aim of which is to define precise tools to promote concrete actions to optimise and include diversity in all business processes.

CCE - International think tank operative in various sectors, including energy. An open door on the thoughts of European peers and senior functionaries of state administrations and the European Commission.

Below is a summary of the expenses incurred in 2021 for joining trade associations. In order to guarantee the possibility of comparison, data for previous years has also been reported. Starting 2019, the data also includes values relative to the company Seaside and, from 2020, also Toscana Energia.

GRI 102-13 MEMBERSHIP OF ASSOCIATIONS

GRI 415-1 POLITICAL CONTRIBUTIONS

Membership fees and for representation of interests	U.o.m.	2019	2020	2021
Representation of interests through third parties	€	96,743	77,990	92,990
Support to political parties or candidates on a local, regional or national level	€	0	0	0
Confindustria and trade associations	€	560,159	455,920	480,150
Scholars and think tanks	€	66,700	73,200	101,700
Technical associations	€	47,085	47,085	49,599
Total	€	770,687	654,195	724,439
Data coverage (percentage coverage with respect to business scope)	€	100%	100%	100%
of which				

Contributions to industrial and trade associations	U.o.m.	Corporate position	2019	2020	2021
Anigas	€	Support	356,668	353,420	380,000
Confindustria ⁴⁰	€	Support	200,991	100,000	100,000
CNA	€		0	0	150
Anie	€	Support	2,500	2,500	0

Other significant expenses ⁴¹	U.o.m.	Type	2019	2020	2021
GD4S	€	Representation of interests	53,000	53,000	53,000
FSR - Florence School of Regulation	€	Academic	0	0	35,000
Assonime	€	Representation of interests	18,743	24,990	24,990
MIP - Milan Politechnic	€	Academic	20,000	20,000	20,000
Valore D	€	Think Tank	15,000	15,000	15,000
CCE	€	Representation of interests	25,000	0	0

⁴⁰ Data on membership of Confindustria Rome not final.

⁴¹ Details for expenses of at least 15,000 €.

5.2 Put people at the centre

Italgas, which has always considered its people as its most valuable assets, has defined a series of actions within the 2021-2027 Strategic Plan, aimed at their development and growth. The Group continues to invest in upskilling and reskilling, with an important focus on digital learning and the identification on the market of resources who can add digital skills. In addition, the insourcing of the Group's main core activities is envisaged, in line with the approach taken in recent years, and the inclusion of new resources aged under 30.

Increasing attention will then be paid to the topics of diversity & inclusion, through focussed initiatives and internal dissemination actions. The gender equality target has an important place among the many human capital challenges.

In line with the Code of Ethics, Italgas considers diversity a corporate asset: it respects the dignity of every individual and guarantees equal opportunities in all aspects of the employment relationship, preventing any form of discrimination deriving from differences in sex, age, health, ethnicity, nationality, political or religious opinions.

Personnel

As at 31 December 2021, the Italgas Group had 3,904 employees (compared to 3,985 in 2020).

Employees (headcount) GRI 102-8	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Part time	no.	11	43	54	7	37	44	7	36	43
Fixed term	no.	0	0	0	0	0	0	0	0	0
On permanent contracts	no.	11	43	54	7	37	44	7	36	43
Apprenticeships/access-to-work contracts	no.	0	0	0	0	0	0	0	0	0
Full time	no.	3,506	536	4,042	3,378	563	3,941	3,257	604	3,861
Fixed term	no.	2	0	2	1	0	1	0	1	1
<i>On permanent contracts</i>	no.	3,342	492	3,834	3,187	504	3,691	3,049	537	3,586
<i>Apprenticeships/access-to-work contracts</i>	no.	162	44	206	190	59	249	208	66	274
Total	no.	3,517	579	4,096	3,385	600	3,985	3,264	640	3,904

Specifically, 93% of the company population are hired on permanent contracts, while apprenticeship contracts account for the remaining 7%. The apprenticeship contracts terminated in 2021 were all transformed into permanent contracts.

	2019	2020	2021
Fixed-term contract	0%	0%	0%
Permanent contract	95%	94%	93%
Apprenticeship/access-to-work contracts (direct employees)	5%	6%	7%

Employees (headcount) GRI 102-8	U.o.m	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Fixed-term contract	no.	2	0	2	1	0	1	0	1	1
North Italy	no.	2	0	2	1	0	1	0	1	1
Central Italy	no.	0	0	0	0	0	0	0	0	0
South Italy and islands	no.	0	0	0	0	0	0	0	0	0
Permanent contract*	no.	3,353	535	3,888	3,194	541	3,735	3,056	573	3,629
North Italy	no.	1,213	273	1,486	1,170	272	1,442	1,127	303	1,430
Central Italy	no.	1,134	141	1,275	1,055	146	1,201	997	147	1,144
South Italy and islands	no.	1,006	121	1,127	969	123	1,092	932	123	1,055
Apprenticeship/access-to-work contracts (direct employees)	no.	162	44	206	190	59	249	208	66	274
North Italy	no.	44	25	69	49	27	76	57	26	83
Central Italy	no.	69	10	79	86	13	99	94	13	107
South Italy and islands	no.	49	9	58	55	19	74	57	27	84
Total	no.	3,517	579	4,096	3,385	600	3,985	3,264	640	3,904

*Permanent contracts also include part-time contracts.

Employees by average seniority	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Età media occupati (età)	no.	51	49	51.2	51	48	50.5	50	47	49.5
Anzianità media di servizio (anni)	no.	25	22	25.4	25	21	24.5	24	19	23.2

In 2021, 221 people joined, of whom 217 were hired on the market and 4 come from internal transfers from affiliate companies.

New recruits* GRI 401-1	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
North Italy	no.	58	30	88	41	26	67	68	50	118
under 30 years	no.	39	22	61	30	16	46	29	22	51
between 30 and 50 years	no.	17	8	25	9	10	19	38	27	65
over 50 years	no.	2	0	2	2	0	2	1	1	2
Central Italy	no.	47	11	58	40	12	52	45	10	55
under 30 years	no.	45	6	51	36	9	45	40	8	48
<i>between 30 and 50 years</i>	no.	2	5	7	4	3	7	5	2	7
<i>over 50 years</i>	no.	0	0	0	0	0	0	0	0	0
South Italy and islands	no.	32	14	46	21	19	40	30	14	44
under 30 years	no.	31	13	44	17	13	30	20	8	28
between 30 and 50 years	no.	1	1	2	3	6	9	10	6	16
over 50 years	no.	0	0	0	1	0	1	0	0	0
Total	no.	137	55	192	102	57	159	143	74	217
under 30 years	no.	115	41	156	83	38	121	89	38	127
between 30 and 50 years	no.	20	14	34	16	19	35	53	35	88
over 50 years	no.	2	0	2	3	0	3	1	1	2

*Only market entries are considered.

Inbound turnover rate* GRI 401-1	u.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
North Italy	%	5	10	6	3	9	4	6	15	8
under 30 years	%	33	63	40	25	38	29	24	51	31
between 30 and 50 years	%	5	8	6	3	9	4	11	19	14
over 50 years	%	0	0	0	0	0	0	0	1	0
Central Italy	%	4	7	4	4	8	4	4	6	4
under 30 years	%	34	60	36	24	60	28	26	47	28
<i>between 30 and 50 years</i>	%	1	11	3	2	6	3	2	4	2
<i>over 50 years</i>	%	0	0	0	0	0	0	0	0	0
South Italy and islands	%	3	11	4	2	13	3	3	9	4
under 30 years	%	45	93	53	20	62	29	22	35	25
between 30 and 50 years	%	1	3	1	2	15	5	6	14	8
over 50 years	%	0	0	0	0	0	0	0	0	0
Total	%	4	9	5	3	10	4	4	12	6
under 30 years	%	36	69	41	24	49	28	25	46	28
between 30 and 50 years	%	3	8	4	2	9	4	7	15	9
over 50 years	%	0	0	0	0	0	0	0	0	0

*Calculated as: new recruits/employees as at 31.12 every year for each cluster.

New hires by level*	U.o.m.	2019	2020	2021
Executives	n.	3	4	5
Managers	n.	5	11	13
Office workers	n.	113	82	146
Manual workers	n.	71	62	53
Total	n.	192	159	217

*Only market entries are considered

Employees by level of education	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
University graduates	no.	388	218	606	405	255	660	455	308	763
Secondary school graduates	no.	1,807	277	2,084	1,727	268	1,995	1,671	263	1,934
Other (below secondary school diploma)	no.	1,322	84	1,406	1,253	77	1,330	1,138	69	1,207
Total	no.	3,517	579	4,096	3,385	600	3,985	3,264	640	3,904

The increase continues in the absolute value of the number of university graduates, while those who have completed secondary school or other schooling levels, declines.

In 2021, 58.5% of hires regarded resources aged under 30 years old, a percentage that is in line with the objective included in the 2021-2027 Strategic Plan, which envisages the inclusion of more than 60% of resources aged under 30 throughout the plan time-line. The figure is consistent with the trend recorded in 2019-2021 and shows constant growth.

Employees by age bracket out of total employees	U.o.m.	2019	2020	2021
Under 30 years	%	9.2	10.7	11.4
Between 30 and 50 years	%	21.8	22.4	24.8
Over 50 years	%	69.0	66.9	63.8

Vice versa, 302 staff left the Group, of whom 298 due to termination of employment contracts and other reasons (mainly for retirement).

Outgoing workers* GRI 401-1	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
North Italy	no.	76	10	86	78	21	99	96	18	114
under 30 years	no.	5	0	5	3	3	6	2	6	8
between 30 and 50 years	no.	8	4	12	3	2	5	9	2	11
over 50 years	no.	63	6	69	72	16	88	85	10	95
Central Italy	no.	105	3	108	98	8	106	93	10	103
under 30 years	no.	4	1	5	1	0	1	3	2	5
<i>between 30 and 50 years</i>	no.	2	0	2	2	0	2	2	0	2
over 50 years	no.	99	2	101	95	8	103	88	8	96
South Italy and islands	no.	56	0	56	62	6	68	74	7	81
under 30 years	no.	3	0	3	0	1	1	1	1	2
between 30 and 50 years	no.	3	0	3	1	1	2	2	0	2
over 50 years	no.	50	0	50	61	4	65	71	6	77
Total	no.	237	13	250	238	35	273	263	35	298
under 30 years	no.	12	1	13	4	4	8	6	9	15
between 30 and 50 years	no.	13	4	17	6	3	9	13	2	15
over 50 years	no.	212	8	220	228	28	256	244	24	268

*Termination by mutual agreement and other outgoings.

Outgoing turnover rate* GRI 401-1	u.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
North Italy	%	6	3	6	6	7	7	8	5	8
under 30 years	%	4	0	3	3	7	4	2	14	5
between 30 and 50 years	%	3	4	3	1	2	1	3	1	2
over 50 years	%	8	4	7	9	11	9	12	7	11
Central Italy	%	9	2	8	9	5	8	9	6	8
under 30 years	%	3	10	4	1	0	1	2	12	3
<i>between 30 and 50 years</i>	%	1	0	1	1	0	1	1	0	1
<i>over 50 years</i>	%	12	2	11	12	9	12	12	9	12
South Italy and islands	%	5	0	5	6	4	6	7	5	7
under 30 years	%	4	0	4	0	5	1	1	4	2
between 30 and 50 years	%	2	0	2	1	3	1	1	0	1
over 50 years	%	6	0	6	8	5	7	10	7	9
Total	%	7	2	6	7	6	7	8	5	8
under 30 years	%	4	2	3	1	5	2	2	11	3
between 30 and 50 years	%	2	2	2	1	1	1	2	1	2
over 50 years	%	9	2	8	10	9	10	11	7	11

*Calculated as: leavers/employees as at 31.12 every year for each cluster.

	u.o.m.	2019	2020	2021
Voluntary outgoing turnover rate*	%	0.63	0.35	0.74

Turnover rate* GRI 401-1	u.o.m.	2019	2020	2021
Men	%	10.6	9.9	12.4
Women		12.3	15.6	17
North		11.3	10.8	15.3
Centre		12.2	11.9	12.1
South		8.7	9.2	11
Total		10.9	10.7	13.2

*Calculated as (incoming + outgoing) / average workforce * 100 for each cluster.

Development programmes

Development at Italgas is intended to ensure an increase in the skills required by the business strategies. The Company, in fact, provides all employees and collaborators with career opportunities based on merit, professional and managerial expertise and active participation in company development and improvement processes.

In 2021 the change management process began, which will lead to the identification of the Italgas purpose, vision, mission and leadership model and to the definition of identifying values, which will be the cornerstones on which to create an articulated plan of actions in 2022. More specifically, the leadership model will form the base on which to build a new performance management system and structure the Italgas Managerial Academy. In 2021, the talent strategy project was also started, which will guide development activities in 2022.

The managerial development programme, launched in 2020 to support development of the managerial culture, digital transformation and the significant generational handover continued during 2021. The plan's logic and pillars are as follows: the management of performance through the continuous feedback culture, the development of staff potential through an assessment and empowerment programme and the consequent development and career plans.

Moreover, the following continued in 2021: the mapping of the managerial potential of newly appointed managers, also for the purposes of updating the Succession Planning and individual Coaching courses for executives and middle managers who have acquired more responsibilities over the year.

In relation to the accelerated career paths, the young engineers hired in 2017 and included in the rotation programme have completed their job rotations and now hold roles as managers/professionals in the various Group companies.

Training and development courses aimed at empowerment and skills consolidation were also improved, with a focus on digital and managerial skills. A snapshot of the main initiatives is shown below:

- | Italgas School;
- | Digitalgas project;
- | weLEAD course.

Italgas School

For graduates who had recently joined the Group, the Training and Development Programme ("Italgas School") combines classroom-based training activities over several modules with activities for developing potential and managerial skills using the self-empowerment methodology. The programme also involves a development centre (in the two junior and expert formats, according to seniority) downstream of which a meeting is organised for each participant to look at their development profile with HR and their line manager.

The second edition of the Italgas School is under way with over 57 participants in 2020, and will conclude in mid-2022. During the second half of 2022, the 3rd edition will be launched. In 2021, the total number of training hours dedicated to this course was 1072.

Digitalgas project

In order to support the ongoing digital transformation in Italgas, the "Digitalgas" programme was developed in 2021, a path by which to develop the innovation and change management skills by the ICT Department and the Technological Innovation Department. The programme is divided into four phases: Define & Ideate, Ethnographic Research, Sharing Insight & Idea Generation and Prototyping Ideas.

WeLEAD course

In November 2021, the “WeLEAD” development path began, aimed at supporting recently-appointed managers in taking up their roles and acquiring the key competences, techniques and tools to manage and develop their team and the business. The pilot involved 19 people for a total of 304 training hours and in 2022, another 60 colleagues will be trained.

	u.m.o.	2019	2020	2021
Percentage of new positions held by in-house candidates	%	96.6	90.6	87.6

The percentage of positions held by in-house candidates has reduced slightly on 2020 insofar as in 2021, the Group increased certain hires on specialised skills acquired by the market.

It is noted that with the Smart Rotation project, the last two months of 2021 have seen 8 positions covered out of a total of 17 positions opened.

Training programmes

The 2021-2027 Strategic Plan pays close attention to the Italgas people and the development of their competences. A key role is therefore played by training, which is giving a further boost to personal reskilling and upskilling.

All employees, regardless of their job description or contract type, plus all new resources, are offered dedicated training and development activities.

In 2021, training continued to focus on digital learning initiatives (provision of 250,000 hours by 2027 of training on the digital transformation): training courses and initiatives were held in virtual remote classrooms, also thanks to Italgas advanced technologies and the introduction of new gamification tools that made it possible to guarantee the continuity and effectiveness of training. The transfer of specialist technical know-how required for maintenance, management and performance of Italgas assets continued in spite of the pandemic.

The specific training paths for various technical and professional figures continued in 2021 in a “digital learning” format, with over 28,000 hours of training and 3,250 attendees.

Training continued of the community of 65 Digital Ambassadors - present in all areas of the main offices and across the territory - who contributed to help the transfer of digital expertise at Italgas with their willingness to carry out the role of internal teachers, participating proactively and with commitment in the training initiatives offered.

On MyLearning, a multimedia platform dedicated to training, various training actions were launched on cybersecurity, the latter intended to promote awareness and maintain the focus on risks associated with the dissemination of company information and, in particular, the cyber attacks and fraud that take place through malicious phishing campaigns.

To foster the knowledge transfer and professional updates on technical systems and the deployment activities of the Digital Factory, digital training was delivered using train-the-trainer procedures and in-depth sessions through shadowing on new digital systems, with the help of expert employees.

In 2021, a total of over 112,000 hours of training were provided and every employee on average received over 28 hours of training.



Smart rotation

With a view to strengthening the exchange of skills in the Group, optimising its people and fostering the development of internal talent and professionalism, in November 2021, the **smart rotation** project was launched. This is a system of internal Job Posting used by Italgas, which immediately informs its employees of any vacancies in the company and the possibility of applying for them before selection begins on the external market.

Training	U.o.m.	2019	2020	2021
Total hours of training provided	hours	84,038	75,948	112,379
women	hours	7,856	11,899	17,571
men	hours	76,182	64,049	94,808

Breakdown of training hours provided by subject and type	U.o.m.	2019	2020	2021
Training on HSEQ topics	hours	37,679	19,040	41,921
<i>Equity investments</i>	no.	5,220	4,038	6,715
Training on the Code of Ethics - Model 231 - Anti-corruption - Antitrust	hours	367	3,849	1,950
<i>Equity investments</i>	no.	302	2,914	1,686
Managerial training	hours	18,752	16,071	14,908
<i>Equity investments</i>	no.	5,224	6,418	5,959
Technical/specialised training	hours	27,241	16,852	28,768
<i>Equity investments</i>	no.	3,392	2,423	3,252
Training on digitisation topics	hours	N/A	20,137	24,832
<i>Equity investments</i>	no.	N/A	17,122	18,449

GRI 404-1 Average hours of training per year per employee*	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total employees	hours/no.	22	14	21	19	20	19	29	28	29
Executives	hours/no.	29	31	30	26	30	26	24	28	25
Managers	hours/no.	29	16	27	26	21	25	27	27	27
Office workers	hours/no.	20	13	18	20	20	20	25	27	26
Manual workers	hours/no.	22	16	22	16	5	16	34	56	34

* The figure may include multiple participations for an individual participant

The average external costs incurred per Italgas resource are around € 280, not including more than 2,000 hours of internal teaching.

In addition to that already described, the main training programmes developed in 2021 were as follows:

- | induction of new hires: the training course dedicated to young graduates joining the Group continued in a fully digital format, with specific interventions on the history, culture and skills, values and identity elements of Italgas. Strategic and business lines, fundamentals of economics and finance for the business, sustainability. In preparing the training interventions, use of in-house teachers was preferred, by the Company management team who, through their testimonials shared with their new colleagues information about their own personal and working experience;
- | english: in 2021, a widespread training programme aimed at deepening the English language was launched. The course is aimed at the entire corporate population and is delivered by digital learning through videos, reading and writing exercises, listening and listening comprehension, individual or small group conversation lessons, in-depth thematic studies;
- | effective communication: In order to enhance soft skills, a programme of training initiatives was launched in 2021 on effective e-mail management, on basic and advanced elements of public speaking, with a focus on digital presentations. The programme will be developed more widely in 2022;
- | training for the Integrated Supervision Centre: training and refresher courses for the operators of the Integrated Supervision Centre continued, with the aim of increasing the effectiveness and efficiency of the service provided by the First Aid call centre. The 2021 activities focused on supporting 2 new operators with more experienced operators for a total of over 400 hours;
- | training course on Picarro: in support of the Scheduled Search for Leaks, various training initiatives were organised on the technology, use of Surveyor vehicles and portable backpack analysers. The initiatives involved over 450 participants for a total of 2,211 hours. This provided the opportunity to extend the Scheduled Search for Leaks service beyond the company's boundaries by involving other companies in the sector such as UnaReti;
- | training course on Safe and Eco-sustainable Driving: with a view to Italgas' constant attention to the issues of Safety and Sustainability, an ad hoc preventive, defensive and eco-sustainable safe driving course was designed and created on the Vairano, Sarno and Viterbo circuits. About 300 participants were involved for 2,471 hours with the aim of achieving the best driving safety standards and optimising vehicle management in terms of consumption and maintenance costs. The programme comes under the scope of training on safety carried out in collaboration with the HSEQ department.
- | area conventions: in 2021 great attention was paid to management sharing of corporate objectives and challenges through area conventions, held in digital format and aimed at a widespread population.



9BOX mapping

In 2021, the fourth edition of the 9box mapping was carried out, a process that positions the population in nine possible quadrants, a cross-over between the overall role performance in the last 12 months (below expectations, in line with expectations, above expectations of the role) and three levels of potential that can be used in the organisation (low, medium, high potential for growth). Mapping is a process of sharing observations of resources by line and HR managers, and is the compass by which actions are guided for career development, role growth, total reward, resource management. In 2021, several innovations were introduced in the process:

- | extension of mapping to employees of all Group companies (total assessed: 2,413 people, including managers, executives and employees);
- | extension of the Calibration process (when managers meet in calibration meetings to discuss employee performance and reach agreement on assessment ratings) to all Group Companies and all areas of Italgas Spa and Italgas Reti, in order to achieve an increasingly homogeneous, fair, shared and, therefore, solid assessment;
- | accompanying moments dedicated to managers, to manage annual performance feedback (workshops attended by 321 people for a total of 321 training hours and digital pill available to all managers on the e-learning platform).

After the training, the performance feedback campaign was finalised.

HSEQ training - traditionally undertaken via classroom teaching, as well as in the field - also continued in the new digital manner, while maintaining the same standards of effectiveness and in accordance with the legislative requirements set out to enable specific activities. In 2021, Italgas then added various initiatives to involve the entire chain of suppliers. This is the context into which the "HSE Partners Lb" and "Communication management in emergency situations" fall, aimed at raising awareness amongst our partners on paying closer attention to improve prevention, increase safety levels, reduce the environmental impacts, stimulate a more efficient use of resources and, at the same time, increase communication skills and awareness in the various situations, so as to be able to offer an ever-better service to the public.

Employee training for safety at work also continued in 2021, with the relative periodic refreshers, as per the State/Regions Agreement, through courses taken in an e-Learning format. All training initiatives are extended to all Italgas Group companies.

Compensation system

In order to attract, motivate and retain the best talents, Italgas promotes employee commitment and performance through the definition and implementation of compensation policies, that are very much focussed on meritocracy and differentiated according to performance and professional and managerial abilities, by considering:

- | the responsibilities assigned;
- | the results achieved;
- | the quality of the professional contribution
- | people's development potential.

The Italgas Group remuneration policy is to be approved by the Shareholders' Meeting and is based on the following principles:

- | promote the pursuit of the company objectives, its sustainable success and therefore the improvement of its long-term results through a close connection with the corporate strategic plan;
- | pursue and promote the creation of value for the various company stakeholders (employees, shareholders, local communities, suppliers);
- | attract, retain and motivate people with high professional qualities;
- | encourage the commitment of key resources;
- | encourage actions and conducts that respect the values and culture of the Company, in compliance with the principles of meritocracy, inclusion and plurality, equal opportunity, enhancement of people's knowledge and professionalism, fairness, non-discrimination and integrity required by the Code of Ethics.

The 2021 Remuneration Policy has been widely accepted and approved by the Shareholders' Meeting with 96.4% of votes in favour in regard to the section on the 2021 Policy and 97.3% of votes in favour of the section on fees paid in 2020.

The compensation systems, in particular, are periodically assessed and updated based on a comparison with best practice and the remuneration markets of reference in relation to criteria inspired by meritocracy, internal equality and external competition in order to ensure the



Talent Analytics

Talent Analytics in Italgas means collecting, analysing and processing statistics on large quantities of data linked to people (internal and external) in order to make better organisational and operative decisions. Since 2021, there has been an organisational unit called Talent Analytics in place, dedicated to the spread of a data-driven culture, also on HR matters.

Just as for the physical assets and operative processes (thanks to the support of the Network analytics organisational unit), also the data relating to the people and their "movements" within the organisation is used to obtain valuable information to make more informed decisions.

In 2021, data-driven projects were implemented, supported by the use of BI technologies, on HR processes that range from selection and performance and potential assessment right through to the internal and external movements of our workforce.

Below are three examples:

- | monitoring has been implemented through Google Analytics of the new Career Portal to track and analyse the flows of people interested in Italgas job offers;
- | statistics have been processed on the 2,412 9box assessments to identify cognitive trend/bias or to compare the performance and potential of the population, segmenting it on different variables (age, gender, seniority in the company, qualification, business, etc.);
- | a Talent Strategy has been prepared based on quantitative data: through the Mercer Internal Labour Market Analysis tool, all incoming/outgoing movements and the promotions of all Italgas staff, have been collected into a single "visual" tool. This has made it possible to view the historic trends of the workforce and, by applying predictive simulations, predict future trends. This is at the basis of being able to make more informed choices about HR processes, such as hires, promotions, welfare, remuneration policies, job rotation, etc.

recognition of the results achieved is correctly rewarded and aligned with the overall business results, thereby assuring the development, growth, attraction and retention rate of key individuals in order to contribute to the achievement of comprehensive business objectives.

The analysis of the fixed remuneration, which is therefore connected with the nature and responsibilities of the role, highlights the consistency of this approach; the ratio of fixed remuneration paid in 2021 to the CEO and the average fixed remuneration of Italgas employees in 2021 is 1:20, a ratio that remains effectively unchanged on the previous year.

Once a year, Italgas carries out a structured analysis and review of the fixed remuneration of employees with a view to acknowledging personal merits and growth. This process considers both principles of internal fairness and competitiveness towards the external market and the performance and potential of the people themselves. In addition, in order to assure the development of the strategic plan and the achievement of the business objectives, Italgas assigns incentive systems with short- and long-term horizons, based both on monetary instruments and shares. The beneficiaries of these incentive systems are the managerial roles, first and foremost the Chief Executive Officer and Executives with strategic responsibilities.

From time to time, the performance is assessed in relation to the incentive systems that provide for the disbursement of premiums only where the objectives assigned are reached, thereby assuring a strong focus on results and a solid tie between remuneration and performance.

In 2021, thanks to an agreement reached with the main trade union organisations, for all middle managers, an individual target card was introduced, to which 50% of the corporate premium is linked, in a bid to further strengthen the focus on results and assign increasing importance to merit. In addition, just like in 2020, the assessment of the performance of all Group company unit managers, has been confirmed.

In 2021, performance assessment involved 60 executives (11 of whom were women) and 367 non-executives (82 of whom were women), coming to a total of 427 people, divided among the various Italgas Group companies as follows:

- | Italgas (29.87%): 135 people, 33 of whom were executives (8 of whom were women) and 102 of which were non-executives (34 of whom were women);
- | Italgas Reti (7%): 199 people, 14 of whom were executives (1 of whom was woman) and 185 of which were non-executives (28 of whom were women);
- | Medea (13%): 8 people, 1 of whom was a female executive;
- | Toscana Energia (7%): 27 people, 5 of whom were executives;
- | Seaside (27.3%): 12 people, 2 of whom were executives and 5 women;
- | Gaxa (37%): 7 people, 1 of whom was an executive and 1 woman;

| Italgas Acqua (10.5%): 2 people;

| Bludigit (40.2%): 37 people, 4 of whom were executives and 6 women.

Relations with trade unions

In 2021, relations between the Italgas Group and the trade unions saw the involvement and participation of structures at national, local and company levels. During the year, relations with the trade unions were particularly intense and focused on the process of renewing the Group's RSUs and RSAs by calling for elections in October. Early 2021, the new electoral parameters were defined, taking into account the organisational changes that had taken place during the last two years, and the conditions recognised for being appointed unitary trade union representative and workers' representatives for health, safety and the environment on a Group level. Trade union communication procedures have also been agreed for the electoral phase and the new tool of the Electronic Union Notice Board launched and regulated. More specifically, significant agreements were reached on the following issues: update of the COVID protocol, launch of the vaccination plan, regulation of collective transfers by means of the Site Plan, final calculation of the Results Premium for 2020 and setting of the productivity and profitability targets for 2021, with specific reference to the definition of an agreement regarding the productivity of the middle managers. In 2021, 116 meetings were held with trade unions, 36 of which at national level and 80 at local level. The figure confirms the constant involvement of representatives at all levels. At the end of 2021, the total number of employees in the Group was 3,904 and the total number of employees registered with a trade union was 1,816; therefore, the percentage of employees registered with a trade union organisation was 46.51%.

To address the Covid-19 health emergency and guarantee employee safety, in 2021 smart working conditions continued to be used, calibrating the maximum number of days to be spent working from home according to the need to maintain distances within the offices and depending on infection and employee vaccination levels. For all operational staff, on the other hand, in order to avoid crowding in the offices, the method of working from home has continued to be implemented.

The lawsuit with employees and former employees of the Italgas Group, although basically stable over time, has decreased on 2020, due to the definition of 17 serial judgements connected with a single dispute relative to various employees of the former AES of Turin.

DISPUTES WITH EMPLOYEES

Employee disputes	U.o.m.	2019	2020	2021
Disputes started during the year	no.	13	35	19
Disputes closed during the year	no.	15	16	36
Total disputes pending as at 31/12 (employees and former employees)	no.	20	41	24

In 2021, a total of 19 new disputes were brought and 36 were closed. At 31 December 2021, a total of 24 disputes were pending, of which two brought by groups of workers and respectively regarding economic requests relative to holidays and the institution of reduced working hours.

In general, legal action brought against the Group companies (Italgas Reti, Medea and Toscana Energia) mainly referred to the following situations: difference between professional category and related remuneration, economic claims of various types, occupational illness, challenge of disciplinary measures inflicted, including dismissals.

In 2021, with the creation of the Heritage Lab, collaboration began with the cooperative company Il Maringe and the Piedmont Employment Agency in order to actively involve people recognised as “fragile” in the world of work.

Finally, it should be noted that no incidents of discrimination occurred during 2021.

Employee experience

During the year, the Group started various initiatives to design the “new normal” and guarantee its employees a more inclusive, more modern employee experience. Below are the main project started in 2021:

| **Co-working** - To outline a vision of the new way of working that allows for the alternation of smart working and working in the office, the Group has launched a co-working project, with modular work stations designed to satisfy the various needs of employees heading into the main offices. In 2021, the pilot project began in Turin where, with the restructuring of the building at Largo Regio Parco, 9, it was possible to review the layout of certain spaces, introducing modularity of the areas according to the activities to be carried out and non pre-assigned work stations, but rather which can be booked and that are equipped with the essential tools. This makes it possible to have a workplace that facilitates collaboration and dialogue between colleagues, as well as spaces designed to host new employees and create team building opportunities;

| **Employee journey** - During the year, a digital room was launched in the Digital Factory, with a twofold objective:

| to make the employee experience on the digital channels made available to them easy, innovative, personal and smart;

| to adopt best-in-class tools to identify, involve and enhance the best talents.

More specifically, as the first step of this transformation, a new intranet has been issued, as a central hub of the employee experience, which can put the needs and expectations of colleagues at the centre, simplifying access to communication, information, tools and services, maximising the possibilities of communication and the exchange of know-how.

As second step, the activities of the HR teams have been optimised, starting with the Recruiting & Onboarding process through the introduction of new digital tools, the evolution of the solutions already available and the convergence of the front office experience in the new intranet.

Through these tools, the employee's journey within the company is completely redesigned, from the application through to when the company is left.

| **New Payroll system** - During the last few months of 2021, IG SUITE was introduced, the new attendance detection, travel and administrative document consultation system, operative since January 2022 for all Group staff. The new system allows employees to manage all attendance and transfers from a mobile telephone, also enabling a simplification and digitisation of the reporting process.

Welfare

In Italgas, personal and professional well-being are seen as company assets. Indeed, people are always at the heart of the Italgas Group's focus and the Welfare Plan, dedicated to all Group employees, stems precisely from the initiatives taken in a bid to improve the quality of life of its people, helping them strike a fair balance between their personal and working lives, creating a lively, active community.

The Welfare Programme is structured into a series of services and initiatives designed to meet the different needs and demands of the population in terms of family management, income support, health and physical well-being, free time and dealing with the day-to-day issues as they arise. The services are available for use by all Group employees on permanent contracts, including part-time workers.

The initiatives implemented evolve constantly and are outlined each time on the basis of the needs and demands expressed by colleagues.

In 2021, in fact, a survey was given out to all Group employees, to which more than 1,300 employees contributed, seeking to analyse needs and demands, with the aim of then structuring an increasingly cutting-edge, complete and inclusive Welfare Plan. On the basis of the main evidence that emerged, a series of new initiatives has been identified, launched in 2021:

- | the new Wellgas Platform, which is more dynamic, interactive and user-friendly, available to everyone;
- | the Italgas Health Challenges to improve the life-work balance;
- | on-line and in-gymnasium training sessions through the collaboration with external partners providing on-line training free of charge and granting discounts on networks of wellness centres/gymnasiums across national territory (280 employees have used the service);
- | nutrition programmes: a nutritionist is available to employees and their families with a dedicated diet plan at special rates for the group (45 employees have used the service);
- | on-line psychotherapy and "Mind-Body Connection" courses: the importance of mental well-being is now very much acknowledged and this is why Italgas has decided to supplement its Welfare Programme, activating an agreement with an on-line psychology and psychotherapy service, which provides a competent, reliable point of reference in people's lives, to help improve their psychological well-being, quality of life and personal growth. The course was accompanied by a 4-session webinar, held by a specialist, on the theme "The Mind-Body Connection" (the webinar recorded a total of 421 attendees);
- | activation of the healthcare network: in order to complete the services offered in the area of the health and well-being of employees, and to supplement the current healthcare policies in force, during the month of December, Italgas activated a healthcare network that allows employees and their families to benefit from specialist visits throughout the country at discounted rates (170 members as at 31.12.2021).



Italgas Health Challenge

In 2021, the Group launched two editions of the "Italgas Health Challenge", a sports challenge dedicated to all employees with the aim of encouraging sport and a balance between work and personal lives. The two editions were attended by 470 members who, thanks to their registration with the challenge platform, supported the **Eden Reforestation Project** and guarantees the planting of 503 trees in support of the communities in Brazil.

Apart from the new services introduced in 2021, the Welfare Plan continued on from previous years:

- | income and free time support: micro credit, reimbursement of nursery schools, agreements with banks, dedicated purchasing convention portals, legal and tax consultancy;
- | family support: reimbursement of nursery schools, summer camps, study aid (loan for the purchase of schoolbooks, study grants, on-line support lessons and guidance courses), agreements with caregiver assistance services;
- | support for health and well-being: in addition to the category healthcare funds and the various insurance policies covering illness/life/permanent disability and Covid-19, the free cancer prevention courses have been maintained throughout the national territory in collaboration with LILT (the Italian League for the Fight Against Cancer);
- | support to mobility: agreements with the main urban (and other) transport carriers and with sustainable (waterless) car washing;
- | Flexible Benefit plan: possibility of converting a share of the Participation Premium into Welfare Credit in the manner governed by the company regulations and current legislation, in order to access welfare services and goods, enjoying tax and social security benefits envisaged by current legislation, as well as the Welfare Bonus guaranteed by Italgas, equal to 18% of the converted share;
- | Welfare Day: days - at the main group sites - dedicated to explaining the current welfare programme, opportunity for obtaining answers to requests for clarification and dedicated analyses.

The initiatives implemented in 2021 have proven very popular, with great acceptance, involvement and enthusiasm seen by all Group people: at 31.12.2021, more than 3,500 employees had registered with the portal (+12.6% on 2020) and approximately 7,000 requests for services had been made by users (+69% on 2020).

In line with the Strategic Plan objectives, which envisage a greater dissemination and use of welfare services by 2027 (target: 75% of the company population), in 2021, the number of active users (company population that has used at least one service) is 65.9% of the total company population, recording a significant increase on 2020.



2021 Climate survey

With a view to listening and engaging its people, in 2021 Italgas launched the climate survey *"La tua voce conta"* (Your voice matters), dedicated to all Group employees, who were thus able to express their opinion on various themed areas: listening, training, workload, pandemic management, inclusion and diversity, remuneration and recognition, performance, innovation, health and safety and much more besides. The survey recorded an adherence rate of 87%, higher than that of the latest surveys run to date and above the reference benchmark and more than 43% of participants gave free comments, thereby further validating and extending the feedback received.

The main evidence was anticipated by the HRO Manager to the Group's first line in December 2021 and to all the company population by end 2021.

Early 2022, the results were officially communicated to all colleagues: the areas of excellence and the areas of improvement were analysed, as well as the guidelines for action to be taken in 2022, in response to the subject that had arisen. For everyone, moreover, a mailbox has been activated to which suggestions, ideas and proposed improvements can be sent, with the aim of always guaranteeing continuous listening and implementing actions that are truly effective for the Group people.

The initiatives started immediately following the needs that emerged from the survey include the promotion of smart working: a series of suggestions aimed at promoting "virtuous" behaviour that may help in organising the working day and support the work-life balance of everyone.

GRI 401-3 Parental leave	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Total positions open	no.	230	55	285	225	53	278	229	73	302
Positions open during the year	no.	24	5	29	17	15	32	41	21	62
Positions closed during the year	no.	206	50	256	208	38	246	188	52	240
for return	no.	196	50	246	202	36	238	179	49	228
for contract end	no.	10	0	10	6	2	8	9	3	12

* The data for parental leave refer to Italian Law 53/2000.



Top Employer

The important, continuous commitment of the Group in taking care of its people, has been rewarded: in 2022 again the Italgas Group is confirmed amongst the certified Top Employers Italy 2022. Top Employers certification is the official recognition of the company's excellences in HR strategies and policies and their implementation to help ensure the well-being of people, improve the workplace and the world of work. The certification is issued to companies that achieve and satisfy the high standards demanded by the HR Best Practices Survey, which examines and analyses 20 different topics in-depth and the respective best practices, including People Strategy, Work Environment, Talent Acquisition, Learning, Well-being, Diversity & Inclusion and many others.

Diversity

In line with the attention paid to the topics of Diversity & Inclusion in the Strategic Plan, in 2021, female presence in the company improved significantly, also in terms of women holding positions of responsibility. In particular, 22% of Group managers are women, a clear rise on last year (16.7% in 2020), whilst in all, a total of 16.4% of the company workforce are women (15.1% in 2020), also taking into account the traditional male presence in the technical operative areas of the company.

Women of all employees, by professional category	U.o.m.	2019	2020	2021
Executives	%	14.8	13.8	17.2
Managers	%	14.9	17.2	19.7
Office workers	%	23.0	24.4	26.0
Manual workers	%	0.2	0.3	0.4
Total	%	14.1	15.1	16.4

Diversity indicators	U.o.m.	2020	2021	Notes
Women of total workforce	%	15.1	16.4	total workforce
Women in positions of responsibility	%	16.7	22.2	all positions of responsibility
Women in junior positions of responsibility	%	17.3	23.1	all positions of junior responsibility (first level)
Women in top management positions	%	13.8	17.2	all top management positions (two levels from CEO)
Women in positions of responsibility in revenue-generating departments	%	12.4	18.0	this type of position
Women in STEM positions	%	34.5	35.8	this type of position

In line with the objectives included in the 2021-2027 Strategic Plan, the Italgas Group includes in its priority commitments, the definition and implementation of policies and processes of inclusion and optimisation of Group diversity, whether gender, age or background.

GRI 405-1 Breakdown of the workforce by nationality

2020 - Nationality	u.o.m.	total workforce	managerial positions
Italian	%	99.2	99.7
Other European countries	%	0.2	0.0
Non-European countries	%	0.6	0.3

2021 - Nationality	u.o.m.	total workforce	managerial positions
Italian	%	99.2	99.7
Other European countries	%	0.23	0.0
Non-European countries	%	0.56	0.3

GRI 405-1 Diversity amongst employees (headcount)	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	no.	52	9	61	50	8	58	53	11	64
under 30 years	no.	0	0	0	0	0	0	0	0	0
between 30 and 50 years	no.	14	7	21	16	6	22	23	8	31
over 50 years	no.	38	2	40	34	2	36	30	3	33
Managers	no.	252	44	296	250	52	302	248	61	309
under 30 years	no.	0	0	0	1	0	1	0	0	0
<i>between 30 and 50 years</i>	no.	67	15	82	73	23	96	87	33	120
<i>over 50 years</i>	no.	185	29	214	176	29	205	161	28	189
Office workers	no.	1,747	523	2,270	1,659	536	2,195	1,599	563	2,162
under 30 years	no.	165	58	223	153	76	229	147	80	227
between 30 and 50 years	no.	346	161	507	355	171	526	386	194	580
over 50 years	no.	1,236	304	1,540	1,151	289	1,440	1,066	289	1,355
Manual workers	no.	1,466	3	1,469	1,426	4	1,430	1,364	5	1,369
under 30 years	no.	154	1	155	195	2	197	216	3	219
between 30 and 50 years	no.	282	1	283	247	1	248	238	0	238
over 50 years	no.	1,030	1	1,031	984	1	985	910	2	912
Total	no.	3,517	579	4,096	3,385	600	3,985	3,264	640	3,904

Through the 2021 creation of a specific structure within the HRO Department in the Talent & Change Management area, and with the establishment of the figure of the Diversity & Inclusion Manager, Italgas' approach to Diversity & Inclusion in fact received new drive and method, with the launch of a structured awareness-raising and engagement process involving the whole of the company population, with the pursuit of an action plan that will be developed over the next three years.

Some of the main Diversity & Inclusion initiatives carried out in 2021 in Italgas include:

- | inclusion of Diversity and Inclusion KPIs among the corporate objectives:
 - | percentage of female candidacies on the total of candidacies examined to be hired (net of labourers) - 44,7% in 2021;
 - | percentage of women holding the position of "head of business unit" - 22% in 2021;
- | renewal of collaboration - as Supporting Partner - with Valore D, the leading association of businesses in Italy which, for over ten years, has been promoting gender balance and a culture of inclusion, committed to spreading this culture of inclusion within our Country;
- | adhesion to STEM By Women, an association of businesses, organisations and people that promotes and encourages women's careers and studies in the STEM (Science, Technology, Engineering and Mathematics) area;
- | participation in a new edition of the Grow Data Girls challenge, facilitated by colleagues in collaboration with the LUISS Business School. The project aims to promote, support and improve the personal and professional growth of the female students at the LUISS Business School, paying particularly close attention to inclusion in the world of work and promotion of the professional career;
- | gender equality assessment, which aims both to measure, using elements that are partly qualitative and statistical,

effective gender equality in Italgas and to launch concrete actions offering support and improvement over the next three years;

- | qualitative listening projects through focus groups with the aim of analysing aspects relative to generational and background diversity present in the Italgas Group, in order to gather further input and contributions on the matter;
- | first edition of the female leadership course, with the aim of facilitating opportunities for exchanges, experimentation and inspiration on the distinctive characteristics of female leadership, including through internal networking and a comparison with models of sports excellence;
- | first edition of the "Unconscious Bias" course, a time for reflection on the importance of Diversity and Inclusion in the company, with particular attention paid to the effects that the stereotypes and prejudices to which we are all unknowingly subject have on the organisation and decision-making processes;
- | participation in the survey "*Valorizzare le differenze in azienda*" (Optimising differences in the Company), as part of the research project developed by the Catholic University of Milan with the aim of analysing employee perception of the dimensions enabling the processes for optimising differences and inclusion;
- | widespread action to raise awareness and engagement throughout the territories and business areas, which took concrete form with the identification of more than 30 Diversity & Inclusion Ambassadors, which will star in the organisational change with the aim of promoting the benefits of a business culture based on principles of diversity and inclusion.

The constant commitment continues to reducing the pay gap between men and women: in 2021, in fact, the difference in the number of training hours aimed at both genders was aligned (see section "Training programmes") and the difference between the salary received by men and women in all roles was further reduced⁴².

GRI 405-2 - Ratio of basic salary and remuneration of women to men

Ratio of remuneration	U.o.m.	2019	2020	2021
Executives	%	74.7	80.5	88.6
Managers	%	89.8	91.2	91.3
Office workers	%	93.4	91.3	92.5
Manual workers	%	71.8	74	71.1
Ratio of basic salary	U.o.m.	2019	2020	2021
Executives	%	84.7	91.6	96.1
Managers	%	94.5	93.8	95.6
Office workers	%	98.2	97.2	97.7
Manual workers	%	78.6	75.7	73.6

⁴² Due to the type of business, the population of Italgas workers is very much imbalanced towards the male gender, hence the sample is not statistically significant.

Employees belonging to protected categories	U.o.m.	2019			2020			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Employees belonging to protected categories	no.	146	30	176	148	32	180	145	34	179

Employees pertaining to protected categories out of total employees	U.o.m.	2019	2020	2021
Employees belonging to protected categories	%	4.3	4.5	4.6

Accessibility of the applications developed

In 2021, the focus was kept on the degree of accessibility of the applications developed by Italgas in all phases of the process. In particular, also thanks to the new proprietary Design System, during all phases of the design and development of technological solutions, specific tests are run on accessibility for blind and poorly-sighted users.

Health and safety in the workplace

The commitment towards health and safety was formalised through the adoption of the Italgas Group Health, Safety, Environment, Quality and Energy Policy (HSEQE), developed on the basis of company policies and in line with the Code of Ethics aimed at enhancing and protecting human resources, essential values for the Company.

Some of the specific commitments on which the Policy is based in fact regard:

- | to design, implement, manage and dispose of facilities, constructions and assets, to protect worker health and safety, the environment, energy savings, while aligning with the best technologies available and sustainable economically;
- | to conduct and manage activities in order to prevent incidents, accidents and occupational diseases;
- | to ensure the information, training, and awareness of personnel for an active and responsible participation in the implementation of the principles and the achievement of the objectives.

In relation to the Covid-19 pandemic, the Italgas Group, from the start of the Covid-19 emergency, has established a Crisis Committee with the task of constantly monitoring the situation and assessing any action to be taken in response to the evolution of the emergency situation and the consequent directives given by the competent Authorities. In 2021, the Crisis Committee met 37 times.

The company has taken proper prevention and protection measures in regard to all its workers, identified to prevent the spread of the virus in the workplace, implementing the measures defined by the reference Authorities that envisage, amongst others, the supply of specific personal protection equipment (e.g. FFP2/3 masks, surgical masks and disposable gloves) and the adoption of organisational measures aimed at minimising people's travel and fostering social distancing (suspension of transfers, smart working, permits, etc.). In 2021, 10 communications were sent to all staff, through the HSEQ department, containing the protocol adopted by the Company updated according to the indications of provisions issued by the competent authorities.

In 2021, as regards information, meetings with suppliers should be highlighted, which, due to the Covid-19 health emergency, were held over the internet. In all, 24 meetings were held with contractors, during which the data on incidents was examined and commented and awareness was raised on safety topics. In addition, 19 specific digital conventions should be noted with the territorial poles addressed in particular towards raising awareness to injuries, the analysis of incidents, including near misses, and the definition of corrective actions to be implemented.

In 2021, a major reduction was recorded in injuries involving employees, which went from 7 in 2020, to 4. In all cases, an in-depth analysis was performed on the causes so as to identify the corrective action necessary to avoid any repetition of similar incidents. The frequency index, calculated considering only employee injuries, has improved considerably, dropping to 0.61 (1.07 in 2020). The severity index has instead remained constant at 0.01.

The number of injuries involving contractors in the last three years has stayed constant at 8; in 2021, having worked more hours than in previous years, we can see an improvement in the frequency index, which comes to 1.71 (1.94 in 2020). The severity index also improves, dropping to 0.07 (0.10 in 2020).

The comprehensive frequency index, considering the sum of employee injuries and injuries involving contractor staff, has dropped to 1.07 (1.41 in 2020), with the number of injuries declining: 12 as compared with 15 in 2020. Il del personale degli appaltatori, è sceso a 1,07 (1,41 nel 2020) con il numero di infortuni in calo: 12 rispetto ai 15 del 2020.

GRI 403-9 Work-related injuries Employees*	U.o.m.	2019	2020	2021
Workplace accidents (LTI) ⁴³	no.	6	7	4
of which with serious consequences (absence of more than 6 months)	no.	1	0	0
Deaths	no.	0	0	0
Employee accident indices ***				
Frequency Index (LTIFR) ⁴⁴	-	0.98	1.07	0.61
Accident frequency index with serious consequences	-	0.16	0	0
Death index	-	0	0	0
Severity index	-	0.10	0.01	0.01

*The table does not include details of men/women and regions so as to standardise the report with the new version of the GRI. For the value given on the 2019 Consolidated Non-Financial Statement, reference is made to the document published on the Group's website at <https://www.italgas.it/wp-content/uploads/sites/2/2021/07/Non-Financial-Statement-2019.pdf>.

The data on accidents include events that led to absence from work for more than one day.

*** The injury indices have been calculated as follows:

Death index: number of deaths / million hours worked

Severity index: days absence due to injury / thousand hours worked

Frequency index: number of injuries recorded / million hours worked

⁴³ LTI: Lost Time Injury

⁴⁴ LTIFR: Lost Time Injury Frequency Rate

GRI 403-9 Work-related injuries Non-employed workers (contractors ⁴⁵)*	U.o.m.	2019	2020	2021
Workplace accidents (LTI)	no.	8	8	8
of which with serious consequences (absence of more than 6 months)	no.	0	0	0
Deaths	no.	0	0	0
Accident indices (contractors) ***				
Frequency Index (LTIFR)	-	1.85	1.94	1.71
Accident frequency index with serious consequences	-	0.00	0.00	0.00
Death index	-	0.00	0.00	0.00
Severity index	-	0.11	0.10	0.07
Employee and contractor accident frequency index	-	1.34	1.41	1.07
Near misses	no.	44	5	9

*The table does not include details of men/women and regions so as to standardise the report with the new version of the GRI. For the value given on the 2019 Consolidated Non-Financial Statement, reference is made to the document published on the Group's website at <https://www.italgas.it/wp-content/uploads/sites/2/2021/07/Non-Financial-Statement-2019.pdf>.

The data on accidents include events that led to absence from work for more than one day.

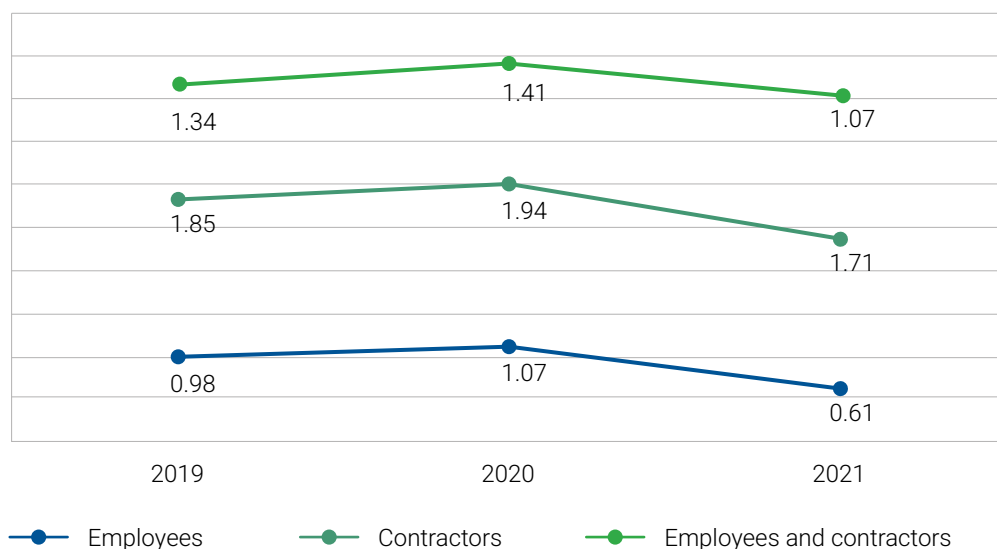
*** The injury indices have been calculated as follows:

Death index: number of deaths / million hours worked

Severity index: days absence due to injury / thousand hours worked

Frequency index: number of injuries recorded / million hours worked

NON-COMMUTING FREQUENCY INDEX



** For 2019, the data of Medea, Italgas Acqua, Ichnusa, Enerco and Seaside is included. Starting 1 October 2019, the data of Toscana Energia is included.

⁴⁵ Workers of companies with a service or work contract with Italgas (e.g. construction companies, cleaning companies, etc.).

DNF 5.3 Create value for customers and the market

Innovation

The innovation is the main driver of the Italgas development strategy. The Company's capacity to consolidate its leadership position in Italy and Europe involves its technological innovation, assuring it is confirmed as cutting-edge in the gas distribution segment.

The 2021-2027 Strategic Plan has recorded an increase in investments, mainly driven by digitisation. With the aim of completing the digital transformation of assets and making Italgas to all intents and purposes a leader in the energy transition, the Group has allocated more than € 1.4 billion (+32% on the previous Plan) to the digitisation of the networks; a plan in line with the European decarbonisation objectives and the development of renewable gases such as biomethane, synthetic methane and green hydrogen.

Partnership with Polytechnic University of Turin

The partnership signed in July 2020 continues between Italgas and the Polytechnic University of Turin, initiated with the aim of developing joint research, innovation and training activities in support of the energy transition, sustainable mobility and the circular economy. The collaboration includes research projects on general themes - such as digital innovation, the optimisation of energy consumption, improvement of network efficiency and recovery of resources - to more specific actions. These actions will be aimed at developing innovative technologies for feeding renewable gases into existing networks, developing "power to gas" systems to recover surplus energy production, and creating an advanced gas smart meter especially for "smart" networks. The Polytechnic and Italgas will also be working on several educational fronts, with joint projects aimed at developing university Master's courses, courses for recent graduates, events and dissemination activities through national and international networks. Italgas has also provided professors and researchers with the spaces and expertise of its Digital Factory, the driving force behind the digital transformation of the company.

Digital transformation: in the hallmark of sustainability, resilience, to enable the ecological transition and new working models

The pandemic has shown the importance of digital infrastructures in mitigating the impacts of phenomena taking place in the physical world. This widespread awareness has speeded up the average rate of digital maturity in the population and presents new challenges to all businesses, from the working models to the innovation of production processes.

In addition to all this, there is the need to speed up the ecological transition and prepare the network for the challenges to come, which call for a greater drive on the digitisation of assets and processes, as well as of people's skills and the world of employment. The opportunities offered up in this sense by artificial intelligence, the advanced analysis of data and latest generation telecommunications networks must be exploited to the full and on a large scale, with a renewed, closer attention paid to cybersecurity and the control and management of risks and compliance with current regulations and guidelines.

The optimal trade-off of innovative drive and safety, resilience and sustainability of solutions is therefore the aim of Italgas' digital transformation, which in 2021 took another important step forward in terms of evolution of the business capability and way of working.

In this context, the Digital Factory, operative since 2018, has continued to work, effectively adapting the agile model to suit the hybrid on-site and on-line working methods imposed by the pandemic.

In addition to the innovative solutions already released in 2020, such as WorkOnSite - which



Open innovation

Italgas has launched a programme under the scope of open innovation: with the aim of selecting the very best national and international start-ups and SMEs in support of the transformation and sustainability of the gas distribution networks, the call has been created "**Ideas4Italgas: Gas grid of the future.**" Specifically, the selection regards contexts developing products and services with innovative, sustainable, original business models in line with Italgas' strategy, such as the management and monitoring of the network infrastructure, improving energy efficiency and supporting the energy transition. The start-ups that are approved by the innovation committee access the co-design phase with the aim of defining a proof-of-concept (POC) for the validation of strategic partnerships.

uses artificial intelligence to verify the conformity of sites and progress made on works from a remote position - or ShareView - smart-glass thanks to which an expert can offer remote support to colleagues a long way away - the Digital Factory has intensified the work of the rooms, giving rise to various innovations that have allowed Italgas to further improve its everyday operations. These include the main projects that regarded predictive maintenance of smart meters and odourisation stations and the improvement of commercial, staff management and supplier relations processes.

Italgas' digital transformation has continued to effectively support the achievement of the Group sustainability targets, thanks to the numerous initiatives aimed at optimising the digital solutions and the use of the cloud resources needed, redesigning processes taking a paperless approach and contributing to the ecological transition through all projects striving to achieve complete network digitisation.

Although the neutralisation of the carbon footprint remains the main digital sustainability objective, for Italgas, creation of effective re-skill and up-skill plans, aiming to assist people as they seek to evolve the way of working and acquire new skills, is an equally important aspect and specific projects have been dedicated to this objective. All this has made the digital transformation implemented sustainable and ethical, in respect of people and hinged on the continuous improvement of their skills, key to guaranteeing the maximum extraction of value from the digital innovations introduced.

The birth of Bludigit - the Group's digital innovation hub - has guaranteed a further boost on the execution of the digital transformation initiatives, strengthening the drive towards the convergence of architectures and solutions; the possibility of Italgas Reti, Toscana Energia and Medea benefiting from much of the digital innovations released by the Digital Factory and other sites started - for example the Customer Experience Evolution, Digital Estimation and New Billing System - is a first concrete example.

Bludigit has implemented an evolved, more mature business engagement and performance and investment control model, which will guarantee the possibility of further scaling-up the future digital transformation plan and the value it will bring to the business.

The Italgas digital innovation hub



offers Italgas companies and the market digital solutions to enable the sustainable corporate transformation of assets, processes and people's skills.



Portfolio of innovative digital solutions



Digital factory



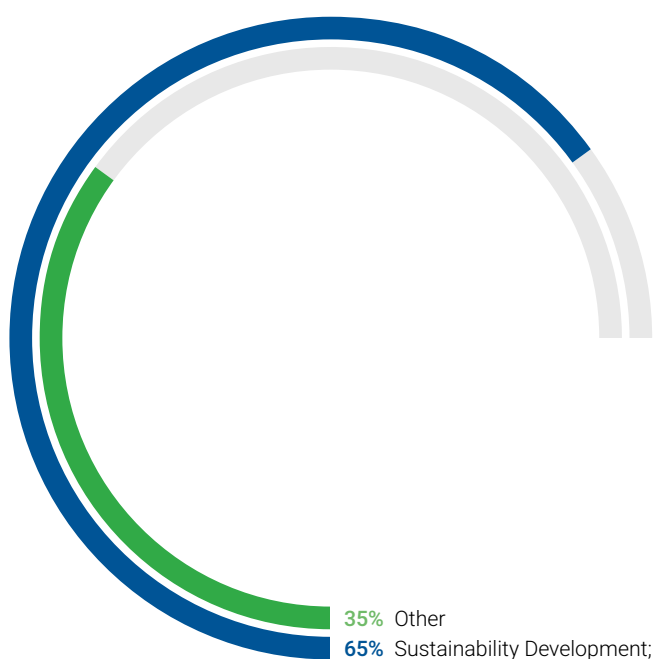
Center of Excellence for Emerging Technologies

(Operation Technologies, IoT, Big Data, analytics, Cybersecurity...)

In 2021, with the aim of optimising the systems and increasing efficiency of the public cloud, the “ON-OFF” model was adopted, which makes it possible to increase the hours of server “downtime”, when systems are off and not consuming resources, thereby minimising the environmental impact.

To stress the importance of combining sustainability and digital transformation, in addition to the usual prioritisation of initiatives to be included in the Italgas 2022 digital project portfolio, a score has been introduced, able to take the degree of support of the specific initiative to one or more United Nations Sustainable Development Goals (UN SDGs): an important step forward the once again puts sustainability at the heart of strategic choices relative to investments in digital and in new enabling technologies.

PERCENTAGE OF ICT INITIATIVES ASSESSED IN 2021 WITH POSITIVE IMPACT ON THE SDGS



The initiatives to which a positive impact has been recognised in terms of digital sustainability come under one of the following four macro categories:

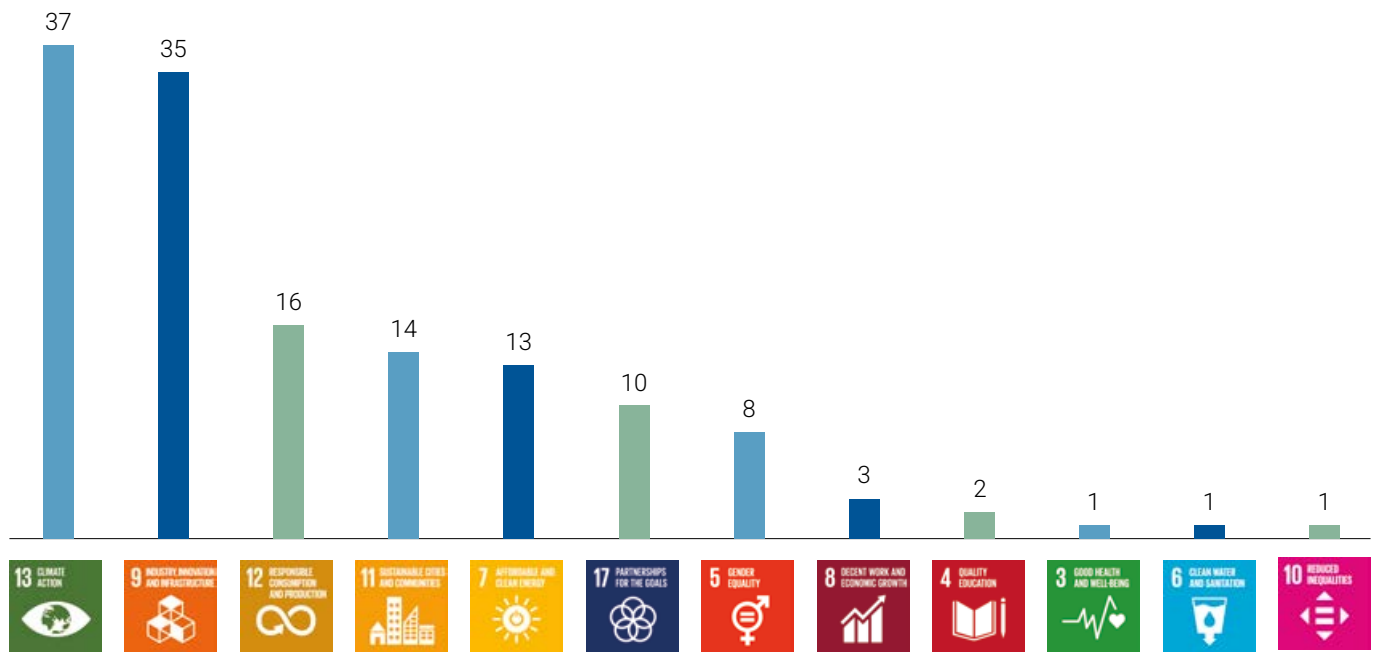
- Solutions** SUSTAINABLE DESIGN OF PRODUCTS, SERVICES AND BUSINESS MODELS

- Ecosystem** STAKEHOLDER ENGAGEMENT TO DRIVE THE SUSTAINABLE CHANGE

- Operations** OPTIMISATION OF OPERATIONS AND CREATION OF THE SUSTAINABLE VALUE CHAIN

- People** MAKING STAFF ABLE TO CREATE A SUSTAINABLE BUSINESS

SDGS IMPACTED BY THE INITIATIVES (57 IN TOTAL)



Bludigit has therefore implemented an evolved, more mature business engagement and performance and investment control model, increasing the focus on innovation and sustainability, which will guarantee the possibility of further evolution the future digital transformation plan and the value it will bring to the business.

Network innovation and security

Italgas makes the security of the service provided to its end customers the cornerstone of its business and mission.

Attention paid to security starts with the careful choice of traces established for its infrastructures in the design stage; it then continues with the use of increasingly innovative site-suitable materials and develops with the construction of the networks in respect of reference legislation; finally it consolidates through specific plans for the running and maintenance of networks that can keep expected quality and performance unchanged over time, along the lines of continuous improvement of performance and technology.

In order to improve the quality and security performance of the service, as well as to increase the efficiency of the distribution system, Italgas continues to invest very significantly in the digitisation of its network and process infrastructures, with unique technology and artificial intelligence.

The digital transformation activities regard, for example:

- | scheduled gas leakage detection;
- | the systematic, real time control of all sites;
- | the digitisation of reduction units and the network;
- | the laying of multi-ducts for optic fibre and Rfid (Radio Frequency Identification) markers.

Scheduled Gas Leakage Detection

For leak detection, in 2018, Italgas introduced and now makes extensive use of CRDS (Cavity Ring-Down Spectroscopy) technology - designed and finalised by the US company Picarro Inc. This is a sophisticated sensing technology that, as compared with traditional technologies, offers important advantages in terms of the speed of conduct and extent of areas under control; indeed, it can:

- | detecting fugitive emissions with a sensitivity three times greater than those currently used by all other industry players (parts per billion vs parts per million);
- | detecting a gas leak even at a distance of several dozen metres from the route covered by the equipped vehicle, thanks to specific on-board sensors and sophisticated calculation software.

This makes Italgas one of the first, very few, gas distributors in Italy to carry out scheduled gas leakage detection, also extended to all the underground and overhead connections, albeit this activity is not prescribed by current legislation and regulations. Right from the first applications, the technology - now fully part of the management of the distribution network - has made it possible to control approximately triple the network envisaged by the minimum standards laid down by ARERA.

This technology, coupled with the subsequent localisation and elimination of leaks, put Italgas in a cutting-edge position, also in terms of the work it does to limit leaks, a topic to which the

European Commission pays close attention.

With the proper start-up of the land-based network monitoring system using CRDS technology, Italgas has also applied the system in different, very specific urban contexts, like Venice, where the natural gas distribution network has no equals worldwide, due to the undersea pipes, clamped to the arches of the bridges or below the pedestrian crossings. The network monitoring in the lagoon is thus carried out using a boat equipped in a similar manner to the cars and that applies and benefits from the same specifications.

Systematic site control

In order to carry out a systematic real time control of the various operative phases making up the development of a network or a simple user connection, Italgas has designed and finalised, thanks to its Digital Factory, the innovative digital application called WorkOnSite, which, supported by artificial intelligence systems, makes it possible to:

- | acquire, at each operative phase (e.g. site preparation, excavation, installation of pipes, re-burial, etc.) the pertinent photographic findings, sending them in real time to a site control centre monitored by technicians who have been specifically trained on the control;
- | validate or otherwise the consistency and conformity of each photograph, through artificial intelligence systems, with current legislative provisions and the tender specifications (e.g. site safety conditions, depth of installation of pipes, type/quality of reburial, correct positioning of the signalling tape, etc.);
- | establish a permanent repository of quality and conformity of all works realised.

Italgas has made WorkOnSite available to all contractors.

Digitisation of the reduction units

Thanks to new digital technologies, Italgas Reti is continuing to pursue the digitisation and remote supervision of network infrastructures and systems, thanks to the installation of suitable sensors and actuators, directly connected to RTUs (Remote Terminal Units) for two-way communication between the field and the control and command centre. 2021 saw the launch of a project to implement a new instrument in the application map, which can make the most of the digitisation and remote supervision project. This instrument, which is called "DANA" (Digital Advanced Network Automation) has an in-built GIS (Geographical Information System) and a SCADA type supervision system, which benefits from the support of dedicated HMIs (Human Machine Interfaces), precisely with the aim of managing and controlling the network as a whole.

Multi-ducts for optic fibre and Rfid (Radio Frequency Identification) markers

The new natural gas distribution networks have already been equipped for some years with multi-ducts and related accessories prepared for the insertion of optic fibre cables for the mass transmission of data recorded by the Digital Reduction Units, by the network and smart meters installed at the re-delivery points to users and by the sensors installed at the terminal points of the network. The multi-ducts are positioned at the same time as the pipes are installed and within the same excavation. The new distribution networks are also equipped with Rfid markers, again positioned inside the excavation at an average step of 1 every 50 metres, which allow for the traceability and localisation of the pipes directly from the road level without any need for invasive interventions in the subsoil and consequent interference with traffic.

Other significant activities

In 2021 gas odourisation activities continued, odourisation being crucial for distribution safety because it enables the detection of gas, which would otherwise be odourless and colourless, in the case of accidental leakage.

Within the Italgas Reti Asti Device and Material Testing Laboratories (LABs), centre of technological excellence that can operate according to the standard ISO 17025 for the tests and calibrations indicated on the accreditation certificates on the Accredia website, test and calibration methods are developed and updated in connection with innovative systems and products for each individual production process and the various specialised activities connected with gas distribution are monitored. In 2021, activities continued in relation to instrumental tests on gas odourisation, rhino-analytical tests (sensorial, on gas odourisation), the calibration of gas meters and other instrumentation supporting gas distribution activities, as well as mechanical tests on network materials. In 2021, the Laboratory has carried out a total of 26,107 activities, of which 11,765 tests accredited and 17 calibrations accredited. A detailed report on the LAB activities is included in the "Review of the Italgas Reti Laboratory management system for 2021".

The possibility of improving performance in terms of technical and commercial quality also depends on the technological component made available to the customer.

In this respect, Italgas is committed to completing the replacement of traditional meters with new generation digital smart meters with new functions. See paragraph 4.3 "Operating performance" for further details.

In support of network safety, the plan has almost been completed for replacing the grey cast iron pipes with hemp and lead joints and mechanical joints; this will not only increase the safety levels but also help reduce gas leakages into the atmosphere: there are now only 1.7 km left of grey cast iron with hemp and lead joints located in Rome, concentrated below Via Casilina, an important metropolitan road. Completion of the replacement is expected for 2022.



Suppliers

Increasing attention to sustainability topics and the need to measure, manage and mitigate ESG risks drive Italgas more and more to promote and encourage responsible business not only for the Group, but also for its suppliers.

To become part of the Group supply chain, it is necessary to examine and accept the principles of the **Group's Code of Ethics**, as well as the **Code of Ethics of the Italgas Suppliers** and the **Ethics and Integrity Agreement**, in compliance with the **Organisational Model 231**.

Important criteria must be met by suppliers in terms of human rights and work by accepting the Italgas Policy on Human Rights, health and safety, environmental protection and the ethical and responsible management of the business.

As, moreover, the suppliers involved in the Italgas Group processes also play an important active role in managing **Cybersecurity** and **Data Protection** risks, to promote and guarantee the protection of information assets and mitigate cyber threats and risks, they formally undertake to comply with the general principles, by signing the "Cybersecurity Awareness for third parties" disclosure. For a correct management of personal data, finally, the Group guarantees the regulatory requirements and the protection of data subject rights through a specific contract regulating mutual relations in connection with personal data processing, following which if any non-conformities should be reported, various measures can be taken.

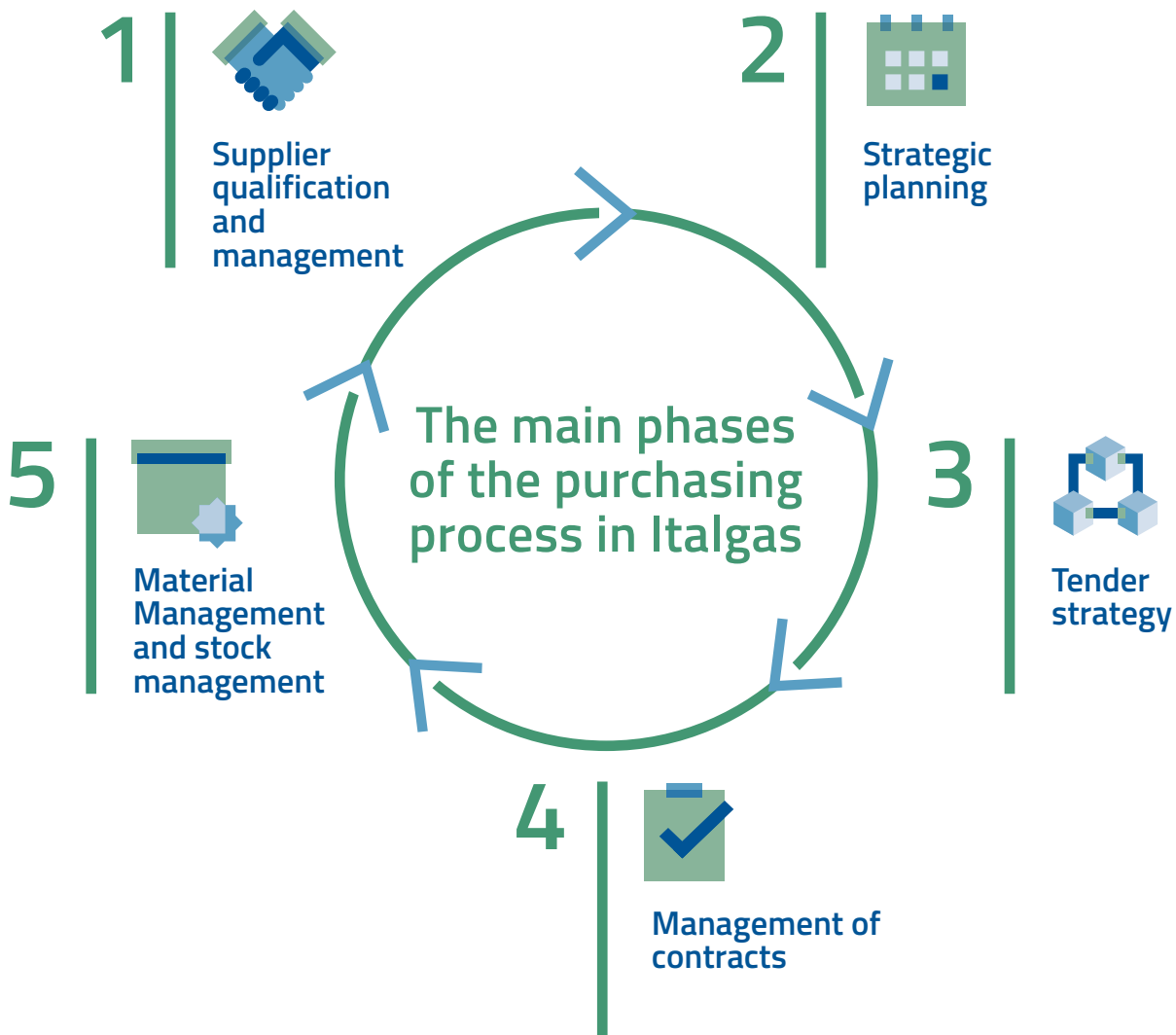
For Italgas, **sustainable supply chain management** is of strategic importance to ensure that its services are of high quality and helps protect and increase its reputation. In 2021, the Italgas Vendor List numbered 1,935 qualified suppliers, an increasing trend (+17%) following the new acquisitions and benefits of the Relaunch Decree.

In terms of economic value, in 2021, Italgas commissioned Contracts and Orders worth € 1,432 million, of euro⁴⁶ which approximately 8 million (1%) for contracts in other European and non-European countries, showing an increasing trend of 35% on 2020.

⁴⁶ The value has grown on 2020, in line with the Group's business plans.

The Italgas purchasing process

All Italgas Group suppliers must accept and support the principles of the Code of Ethics and of the Ethics and Integrity Agreement, starting with respect for and protection of human rights, occupational health and safety, the environment and sustainability, as well as compliance with the law. To make sure that all suppliers respect precise standards, the Group uses different tools in the different phases of procurement.



Supplier qualification and management

To ensure the integrity and solidity of the supply chain and to maintain the expected quality and efficiency standards, the Italgas Group uses a series of instruments, such as: supplier qualification and appraisal processes, inspections and audits and performance monitoring during the execution of contracts.

Strategic planning

In the strategic purchasing planning phase, procurement plans are defined that identify the future requirements and determine any strategic interventions necessary to ensure a service with high added value, in terms of both efficiency and effectiveness.

Tender strategy

After the strategic planning phase and when there are real purchasing requirements, by activating the relative tender process, Italgas defines the best assignment methods in compliance with the procedures and current legislation. The tender process ends with the awarding and signing of the contract. 2021 was characterised by the introduction of a new tender strategy based on the award of Framework Agreements, which aim to pool together multiple needs for the Group companies. This has made it possible to guarantee scale economies and, at the same time, supply a more flexible, effective tool, having multiple suppliers available, who are already identified insofar as they have been assigned Framework Agreements, which can be immediately available (following competitive comparisons) to supply a given need (Services/Works/Assets) that is not planned and/or may arise, thereby optimising availability times of application contracts able to satisfy the specific demand.

Management of contracts

The Italgas Group undertakes to make sure that the agreements contracted by suppliers are fulfilled effectively and completely, constantly verifying the execution of contracts and guaranteeing a correct management of the interface with suppliers. These activities are the responsibility of the subjects involved (Italgas Group companies and Supplier) and are carried out in compliance with the contractual provisions.



Supplier section and qualification process on the italgas website:

The sustainability of the Supply Chain is monitored from the first phases of qualification and for the full duration of the process. To be qualified, our suppliers must pass various assessment phases, which, in particular, involve:

- | preliminary analysis of the documentary and technical requirements, depending on the complexity of the goods category of reference;
- | analysis of the sustainability requirements;
- | analysis of the health, safety and quality requirements;
- | analysis of the economic-financial requirements.

Since 2020, within the Digital Factory, an inter-departmental team is redesigning the whole of the purchasing process in an “agile” manner, with a view to digitising and optimising all phases making it up. The first phase has redefined and redesigned the Supplier section (also including it on the Italgas institutional website), adopting a new, latest generation platform called “IT4Buy”. The new Platform will allow for the transparent, traceable management, with full information provided, of all phases of the process: from supplier qualification and management through to strategic planning, including tender, contract and material stocks management. During the first phase, the use of the new platform also incorporated the update of the qualification process, which has three phases: Application, Registration and Qualification.

1. Application: the supplier fills in a preliminary questionnaire, which is useful above all in querying some **Info Providers** in order to incorporate **economic-financial and sustainability data**.
2. Registration: once the Application phase has been completed, the supplier registers on the platform and fills in a structured questionnaires according to the product category for which it intends to be qualified and on the basis of the qualification requirements, divided up into:
 - | standard requirements: minimum qualification requirements for any product category;
 - | specific requirements: associated with a specific product category.

Depending on the financial relevance and technological complexity, the products and services purchased are divided into three macro Product Categories: Goods, Works, Services.

Material Management and stock management

The Italgas Group undertakes to ensure the planning and management of all the activities linked to material procurement flows necessary for the development of the business plans and the management of logistics activities, including the operation of the warehouses.

3. Qualification: Based on the complexity of the requirements indicated, the supplier can access three different qualification paths:

- | smart (low complexity);
- | medium (medium complexity);
- | strong (high complexity);

For each level of complexity, the minimum Quality, Environment, Health and Safety requirements must be satisfied, as well as the technical, economic-financial and Cybersecurity requirements.

Suppliers belonging to the product categories with the greatest complexities tend to be the suppliers that are strategic to the Group's core business and, therefore, in addition to documentary checks, an on-site audit is essential.

Finally, for some specific categories of suppliers (Start-ups & innovative SMEs), the Group adopts a simplified qualification process which involves filling in a further slimmed-down questionnaire and accepting the Italgas Group essential conditions. In 2021, the innovative start-ups emerging from the Open Innovation Projects launched by the Group were qualified using the smart process.

Suppliers passing the qualification process become part of Italgas' vendor list and may be selected and invited to carry out the tender procedures over time.

The most important activities that are considered as being above threshold pursuant to Italian Legislative Decree 50/2016 (Contracts Code) are managed through the publication of “Qualification systems” by the European Community, stating the minimum HSEQ, economic-financial and technical-organisational requirements needed by suppliers in order to be entered on the Italgas Vendor List.

The European qualification systems are published in the Official Journal. For other activities considered important in terms of turnover and technological complexity, Italgas has identified specific qualification requirements linked to the distinct characteristics of the Product Categories.

Although qualification lasts for 3 years for Medium and Strong level, and 5 years for Smart level, all suppliers are asked to be proactive in updating the documentation with any changes to their corporate structure, the achievement of additional certifications and any situations with a potential reputational impact. The Group reserves the right to constantly verify economic and financial stability and to carry out repeated, in-depth analyses in respect of reputational checks.

The qualification will only be renewed if the minimum requirements are confirmed. Any non-conformities found may entail the application of various measures.

Performance monitoring

The supplier assessment monitoring and management model was made official in 2019 through the definition of a series of supplier scores and took concrete form with the “**Digital Supplier Journey**” working party, which aimed to find innovative, digitised solutions by which to monitor the technical, organisational and management capacity, as well as the ethical, economic-financial reliability and adherence to compliance aspects of Italgas Group suppliers.

More specifically, the following indicators and criteria are observed and monitored:

1. Operational vendor rating: supplier assessment system based on a questionnaire focussing on aspects of quality (compliance with technical requirements), conduct (relationship with the contracting authority for the entire contract period) and punctuality (observing arranged delivery times), and consequently assigns an overall score (0-100) to each supplier. During the year, 950 feedback items were collected regarding the services of 124 suppliers. A Vendor rating of less than 60 results in measures taken towards the supplier, which, depending on severity, may be:

- | Warning (accurate supplier monitoring): 2 suppliers received a warning;
- | Temporary suspension of qualification (banned from taking part in tenders for the entire suspension period): 1 supplier had the suspension extended;
- | Cancellation of qualification (deleted from the vendor list): 1 supplier was cancelled following bankruptcy.

In addition, following information received from open sources, 1 supplier had a reputational alert extended and 1 supplier was assigned to reputational alert status. Both are currently awaiting definition of their position.

In addition to monitoring suppliers through the contract manager giving feedback, the Italgas Group constantly monitors activities in situ through **audits at sites** where the contractors work. The HSEQ Technical Audit facility continually conducts audits on aspects of quality, the environment, health and safety, as well as on the proper performance of works. In 2021, 687 audits were carried out on suppliers (68 audits carried out directly by HSE Technical Audit and 619 audits carried out by an external engineering firm contracted by the structure itself to perform site audits), of which 334 regarding site safety aspects;

2. Reputational check: the companies included on the vendor list pass compliance and reputational checks. These analyses are carried out by the competent corporate departments brought together in the “Assessment Team”, which, for competence and access to information, can guarantee the execution of all in-depth analyses necessary to identify any circumstances that may result in the failure by a supplier to meet the requirements laid down by Italgas in terms of compliance and alignment with the Group Code of Ethics. For 2021, the Assessment Team examined 1,521 cases, of which 1,058 relating to direct suppliers;

3. Sustainability index: Following the project launched in collaboration with Seaside in 2019/2020, whereby it was

possible to determine the level of sustainability of the Supply Chain (through an assessment with respect to the main sustainability areas) and to provide each supplier with a summary prospectus of their position with respect to the best in class of the product category and certifications in the various ISO management systems (quality, environment, safety, energy, anti-corruption, cybersecurity, etc.), in 2021, the Italgas Group developed an assessment course dedicated to ESG topics, with the aim of undertaking a sustainability audit process for the growth and increased accountability of suppliers. The Project launched with Seaside was a pilot project that ended with the rewarding of the best sustainability path, celebrated at the Supplier Conference held on 24 November 2021. The evolution of this path aimed to involve the entire supply chain and, therefore, following a beauty contest, took consolidated form in a partnership with the company Cribis. The Platform adopted allows for a completion of a Sustainability Questionnaire at the time of application, assessed and validated by the company Cribis and which makes it possible to obtain a certificate for each supplier (CRIF ESG). The aim is to determine the general and specific level of supplier sustainability, and to offer a summary overview of the certifications in the various ISO Management Systems. Based on the score obtained, the supplier receives a rating or “Sustainability Index”, which makes up the overall assessment of the suppliers. If the rating is lower than the set threshold the supplier cannot be admitted to the subsequent phases of the qualification process. Average-low ratings will be subject to development plans, and an on-site audit will be carried out, to identify the areas of improvement and monitor performances in the short and long term. In 2021, in addition to the new suppliers intending to become qualified, all suppliers have been involved with at least one active contract (598 suppliers as compared with the 245 suppliers involved in 2020). The Group’s objectives are the involvement of all suppliers in filling in the Sustainability Questionnaire (increasing the percentage up to 100%), the inclusion of the questionnaire amongst the qualification requirements and, finally, the launch of a training course specifically for suppliers on ESG topics;

4. Financial solidity index: already in 2020, Italgas had consolidated an economic-financial check, using an external provider on an on-line platform, where all economic-financial aspects are analysed of all Suppliers subjected to Qualification or Qualification Renewal processes.

In 2021, the “financial solidity index”, just like the “sustainability index” makes up the total supplier rating and if the rating is lower than the set threshold, the supplier cannot be admitted to the subsequent phases of the qualification process. The more complex cases are sent to specialised analysts for timely investigation and potentially discussed in the reputational check process.



Digital supplier journey - New supplier portal and new platform

In 2021, in collaboration with Bludigit, a digital room was launched with the aim of digitising and simplifying the entire procurement process.

The project is divided up into four phases:

1. **Qualification** - New supplier section in a public area and re-design of qualification;

2. **Tender and contract management** - New management of the sourcing process;
3. **Execution** - Catalogue purchases and work order management;
4. **Logistics** - Logistics processes and management of direct materials.

The first phase, which was completed in November, in addition to redesigning the qualification and identification process of a new platform (IT4BUY) also involved the creation of a new supplier section on the Italgas website (<https://www.italgas.it/en/suppliers/>). These new features allow for innovative, all-digitised management, making for greater traceability, the monitoring of information and a facility of browsing, also for those interfacing for the first time with the Italgas Group.



Green procurement

The Group adopts a structured procurement process in line with the principles of free competition, equal treatment and transparency, based on traceable information.

Procurement regarding the pursuit of activities linked to the core business of Italgas mainly include work tenders for the development and maintenance of the network and supplies of materials and services (meters of various calibres and services of various types). In all tenders, both those managed in the Contracts Code and otherwise, the Italgas group applies sustainability criteria.

In 2020, Italgas updated and consolidated its procedure for issuing purchase orders, setting out the procurement activities for all companies in the Group, based on the Contracts Code for contracts of a public nature and on the Italian Civil Code for contracts of a private nature. Access to tender procedures is guaranteed to all suitable companies according to the principle of equal opportunities and is regulated by the Contracts Code, Italian Legislative Decree no. 50/2016 for the "over threshold" tenders and the "below threshold regulation".

To ensure transparency and access for all, Italgas prefers to manage procurement activities electronically using the Purchasing Portal. In 2021, the Purchasing Department conducted 98% of tenders on-line (similarly to the trend seen in 2020), for both public and invitation-only procedures.

Under the scope of the tender procedures, in addition to applying the requirements laid down by the Contracts Code (Italian Legislative Decree no. 50/2016) for a certain number of product categories, Italgas has also introduced, by way of rewarding criteria in assessing bids, the possession of requirements and certifications

showing a clear attention to saving on resources and sustainable development.

These requirements concern environmental and circular economy aspects and reflect the Italgas philosophy of considering its supply chain as an integral part of the sustainability process.

In 2019, the tenders for network construction and maintenance were an example of this, for which more points were assigned to bids that envisage the use of means of transport fuelled by gas or electricity, or at least of Euro 5 vehicles (for works vehicles), in order to promote environmental sustainability and cut CO₂ emissions.

In 2020, Italgas extended the rewarding criteria to the technical scoring of other tenders too, which envisage the use of company vehicles and cars where the supplier shows that it renews its fleet taking into account sustainability and in line with the CAMs (Minimum Environmental Criteria).

In 2021, Italgas developed and consolidated a scoring model that takes minimum sustainability requirements into account for all product categories, works and strategic services, including during the evaluation of bids. The new assessment criteria present in the offer model include: legality index (AGCM), injury rates (severity index and frequency index), direct and indirect CO₂ emissions and sustainability report.

This model has also been introduced for small and medium enterprises, increasing their accessibility and participation through guided and responsible growth and taking into account the different sizes of the companies and the heterogeneous nature of their businesses.

The other criteria used in tenders as rewarding criteria include Italgas focussing particularly on: injury and legal rates (AGCM), which are in any case requested during the qualification phase. During tender processes, they are criteria that can ensure a better score depending on the levels certified.

The aim for 2022 is to add additional assessment criteria to bids with particular attention paid to indirect emissions (Scope 3) and waste management.

New Projects

The Italgas Group always promotes new sustainable development activities along the entire supply chain. To this end, for 2021, we would point out the following projects:

Supplier convention

In November 2021, the first **Italgas Supplier Conference** was held, an event dedicated to all Group suppliers that attended partly in person and for the most part streamed, on an on-line platform that allowed them to register, review the event and answer an exploratory survey to be able to plan dedicated training courses on the topics discussed.

Sustainability, change and **digitisation** were the main topics of the day, with a dedicated focus on:

- | the **digitisation of the networks**, key to achieving the energy efficiency thresholds;
- | the optimisation and **improvement** of the **logistics system**;
- | **safety at work** to be achieved with great determination and **training**.

The conference was an important opportunity to stress the close collaboration with all suppliers and the future objectives to be achieved together.

The digital innovations that will improve the whole supply chain process, were also presented:

- | **IT4Buy** - the new on-line platform that makes digital;
- | the **new supplier section** of our company website.

Finally, as mentioned, at the close of the Seaside Project, during the event the two most virtuous suppliers were rewarded, which had stood out in terms of growth in sustainability and, in addition, all suppliers that in the 2 years 2019/2020 took part in the Seaside project, received a symbolic prize. More specifically, the prize, in collaboration with the start-up Biofarm, consisted of the remote adoption of a fruit orchard: in addition to helping protect the environment through the absorption of CO₂ over the years, the adoption also allows for the fruit to be received, which comes from the orchard.

Supplier training

In 2021, the Group prepared various training courses involving a high number of suppliers.

As part of health and safety, 24 remote events were organised, involving various departments of the Group and with over 500 participants.

All participants were given a copy of the MAG (Gas Activity Manual), a handbook used to manage the activities of suppliers and subcontractors.

Between September and November 2021, suppliers also actively participated in the online course "*La comunicazione nelle situazioni di emergenza*" [Communication in emergencies], organised and administered in collaboration with the Group's Press Office. The nine events were attended by 152 experts for a total of 72 suppliers (out of 158 suppliers involved, most-

ly network works and excavations).

In October 2021, an initial training module was also launched as part of the Anti-corruption policy.

During the Suppliers Convention, the "Partners HSE Lab" Project was also made official. This laboratory is where a series of initiatives take place that allow for further consolidation of the partnership with suppliers through targeted workshops and training courses, placing increasing focus on ESG topics (as well as environmental, health and safety, governance techniques).

The first workshop was launched on 15 December 2021, involving a select number of suppliers, on "*La gestione della pandemia Covid-19 e i controlli Green Pass*" [Management of the Covid-19 pandemic and Green Pass controls]. For 2022, a substantial calendar of events has been defined, which will involve a significant number of Italgas Group suppliers in various topics of their interest.

Contractor insurance

In 2020, Italgas launched the **Contractor Insurance Project**, through the use of a dedicated portal for Works activities. The **digital online platform** allows Contractors, using a specific agreement signed by the Italgas Group on the insurance market, to activate the insurance guarantees and to obtain the approval of the policy document and its immediate digital availability to said contractor within 4 hours.

The initiative was one of the first ones launched in 2020 as part of the digitisation process of Procurement and Supply Chain, using agile methods and tools; 2021 confirms the Italgas Group's desire to adopt integrated solutions with the entire supply chain, allowing for reduced times, greater insurance coverage and an economic benefit for everyone, extending the release of Insurance Policies to other types of activity and to all Group Companies.

The **Contractor Insurance Project** involved numerous businesses (42 in 2020, 120 in 2021), which quickly and easily stipulated their policies with them. In 2021, 304 policies were issued, for a total of 90 contracts stipulated. (94 policies were stipulated in 2020).

Small and medium enterprises

In order to facilitate the classification of small and medium enterprises for the maintenance and construction of gas distribution networks and the maintenance of water networks, in 2020, Italgas published two new qualification systems. Both systems, one for the gas distribution networks and the other for water, aim to include the small and medium enterprises in the works segment on the Italgas vendor list and to spread values and principles for progressive progress towards aware production growth. It is in the Group's interests to spread awareness of a responsible management model, taking into account the different sizes of the companies and the heterogeneous nature of their businesses.

In 2021, five new small and medium enterprises were qualified, which took part in tenders below threshold in accordance with Italian Legislative Decree no. 50/2016 (Tenders Code), joining the other six already qualified in 2020. Orders were assigned to seven suppliers, which are carrying out the activities and

whose performance are being monitored, through the operational vendor rating.

The initiative makes it possible to increase accessibility and participation of the companies, eliminating entry barriers and expanding on the potential market, monitoring “guided” growth of small enterprises, which stand out in terms of performance, professionalism and quality of work.

During the first **Italgas Supplier Conference** in November 2021, one of the two companies awarded is an SME from Tuscany that stood out for its commitment and attention to sustainability issues.

Open innovation

Open Innovation is increasingly more strategic for the Italgas Group. As part of Procurement, a simpler qualification process (Smart Process) has been defined, thus generating a standardisation of the contracts used to cover the projects involving Innovative Start-ups. In this context, various channels were developed and tested to gather applications or to describe projects and tenders on specific topics. In 2021, Italgas’ procurement launched two projects: **Call4Innovation** to gather applications from potential suppliers through the use of LinkedIn: “*NextGen - Call For Innovation Smart Meter*”, a post to provide visibility and gather applications for the Italgas Reti new meter project and “*Vuoi diventare Partner di Seaside?*” [Do you want to become a Seaside partner?] - post to provide visibility and gather applications for the SuperBonus 110% project of Group Company Seaside. The two posts contained a link to the participation requirements and the project details. The Group’s Procurement believes that the channel used could also be an innovative tool to communicate other Projects happening in 2022 in order to provide wider diffusion and visibility.

Management of warehouses and digitisation

2020 marked the birth of the Centralised Warehouse at the historical site of Rome Monte Mario, where - as part of the office renovation project - new life was injected into the available logistics spaces.

A project created using agile methods with the goal of optimising the Group’s stock management through the centralisation of material inventories, to improve the management of procurement of territorial depots, to launch the digitisation of logistics processes and to innovate operating procedures.

At the same time, the transmission process was reviewed and optimised, with the aim of improving the service operationally and in terms of sustainability, by selecting, via tender, a leading logistics operator in the sector. 2021 was the first year of operation of the project and in addition to the above, during the year the optimisation of the vehicle fleet was also consolidated for internal goods handling using green electric vehicles. The procurement method for centralised materials on the HUB was redefined using a computer tool built *ad hoc*.

Finally, our employees’ material picking process was digitised through the use of the new Gas2Go functionality, “Picking List”, which allows employees to digitally request that the technician of reference prepare the material required for the operating activities.

Subcontractor sustainability criteria

As Tier II suppliers are an integral part of the process, Italgas has extended the verification of the reputational requirements and from 2020, they have been qualified and included on the Group Vendor List. The activities include restoring the road and cathode protection, in addition to various suppliers of materials.

Attention to workplace safety, not only in its own activities but also along the entire supply chain, is increasingly a topic of fundamental importance for the Group.

Considering the significant use of external workforce by the Italgas Group (specifically Italgas Reti, Toscana Energia and Medea), and the major focus on the safety of the construction sites, the Group began to implement rigorous controls on the management of construction sites by making use of external companies, with a view to greater control and creating responsibility and awareness among the companies carrying out the activities.

The checks on subsuppliers involve, in particular:

- | compliance with the provisions of the tender specifications, in terms of performing commissioned work within the time frames, with the planned materials and with performance of the required tests;
- | compliance with the provisions relating to occupational health and safety (Italian Legislative Decree 81/08) and the environment (Legislative Decree 152/06).

The chapter “Accident prevention” sets out the main indicators relating to contractor health and safety.

The value of safety is part of the rigorous management of Italgas operations and allows the Group to spread and promote a proactive health and safety culture among its employees and throughout the entire supply chain. Sustainability principles guide the Group’s activities to protect the working environment, reduce impact and generate value in the territories where it operates.



ISO certifications

In order to maintain a constant and high quality level, we require suppliers to have specific **ISO Certifications**. These confirm the creation, application and maintenance of a management and work organization system consistent with specific reference standards recognised internationally.

During the qualification phase and to participate in the tender procedure, we require the following certifications:

- | **ISO 9001** on quality management systems;
- | **ISO 14001 or EMAS** on environmental management systems;
- | **OHSAS 18001/ISO 45001** on health and safety management systems.

Their mandatory nature is a requirement of product classes with a high level of complexity, but it may represent a bonus requirement for qualification and participation in tender procedures. The certificates must be issued by the Accredited Organisation "Accredia" or equivalent in the case of foreign Certifying Bodies. As well as the certifications mentioned above, as rewarding criteria in tender participation, we also ask for certifications that are not currently compulsory, but are fundamental for the Group for the purposes of environmental, social and governance impact on the entire supply chain, including:

- | **SA8000** on social responsibility;
- | **ISO 37001** on preventing corruption;
- | **ISO 50001** on energy management;
- | **ISO 27001** on information security.

The Group's objective is to monitor and raise awareness on the supply chain in order to register improvement in possession of requirements. The primary objective of the Group's Procurement is +5% growth from 2022 of suppliers with the 4 ISO certifications, in addition to those already required among the minimum qualification requirements.



Technical and ESG audits

The on-site audit procedure is required for strong level goods categories and is carried out during qualification and renewal phases. This category includes audits on the processes of the production sites of suppliers of goods and at the premises of works suppliers. For the on-site audit, Italgas makes use of a third party appointed and instructed to carry out the inspection at the supplier's premises. In 2021, 15 third-party audits were planned and carried out.

Generally, the visit involves an inspection at the supplier's premises and an analysis of the documentation found there, in order to verify the references and/or

requirements declared while completing the qualification questionnaire.

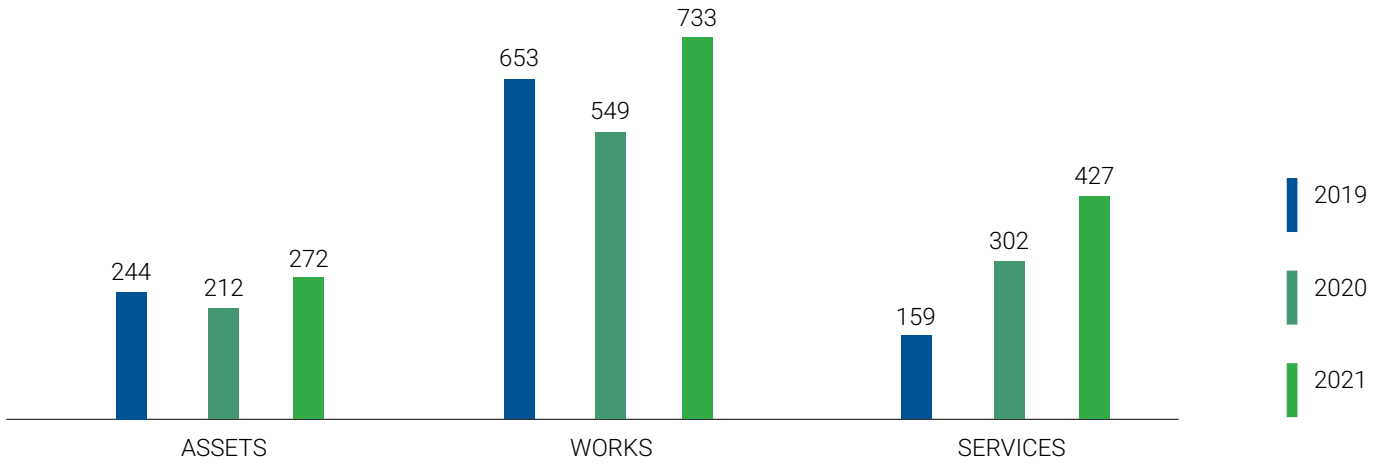
At the end of the inspection a suitability report is drawn up. The final assessment is finalised with any areas of improvement and inclusion on the Italgas Vendor List.

In 2021, the Italgas Group, in addition to launching the supplier assessment process according to ESG criteria - Environmental, Social and Governance - also launched a "beauty contest" to define specific ESGs, with the objective of monitoring the supply chain during the qualification validity period. The objective of this latter activity is the definition of an ESG impact priority scale on the basis of which the cluster of suppliers that will be subject to ESG audits are identified.

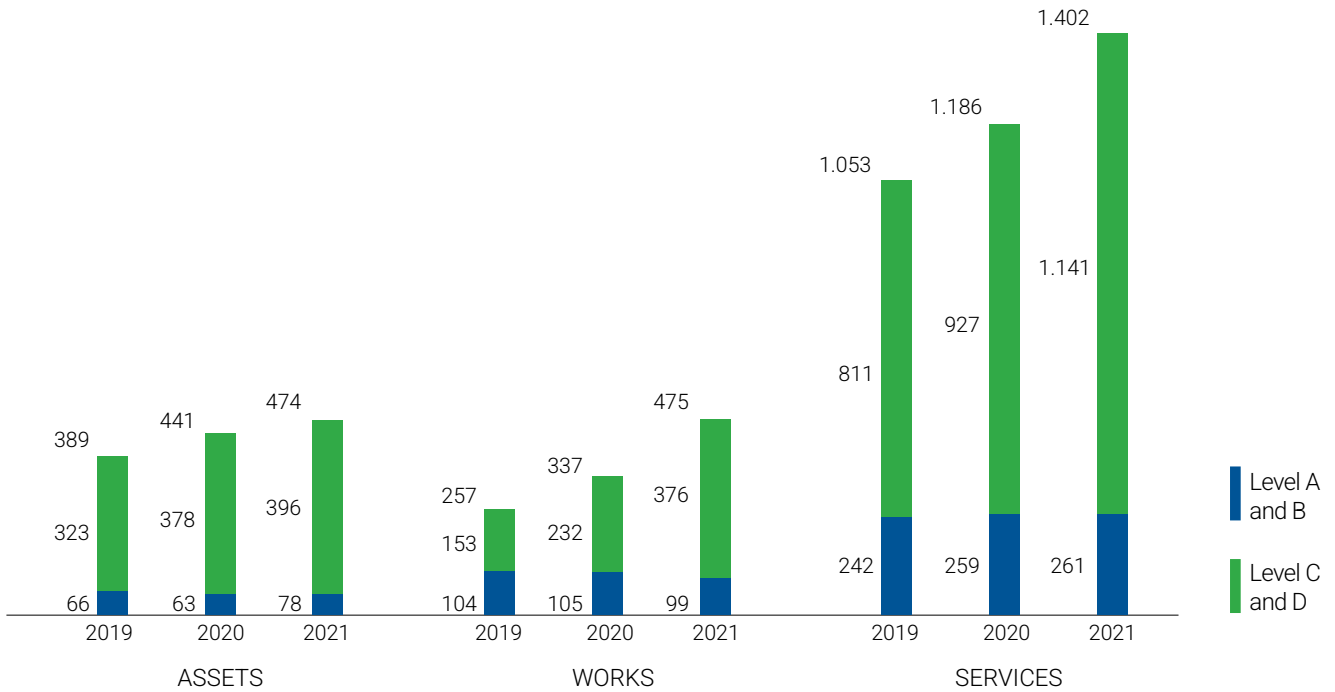
In the Italgas strategy, ESG audits will make it possible to identify the best in class and also the suppliers for which appropriate action plans will be necessary in order to guarantee their growth in terms of sustainability.

Main Key Performance Indicators

PROCUREMENT BY PRODUCT TYPE



TOTAL SUPPLIERS QUALIFIED

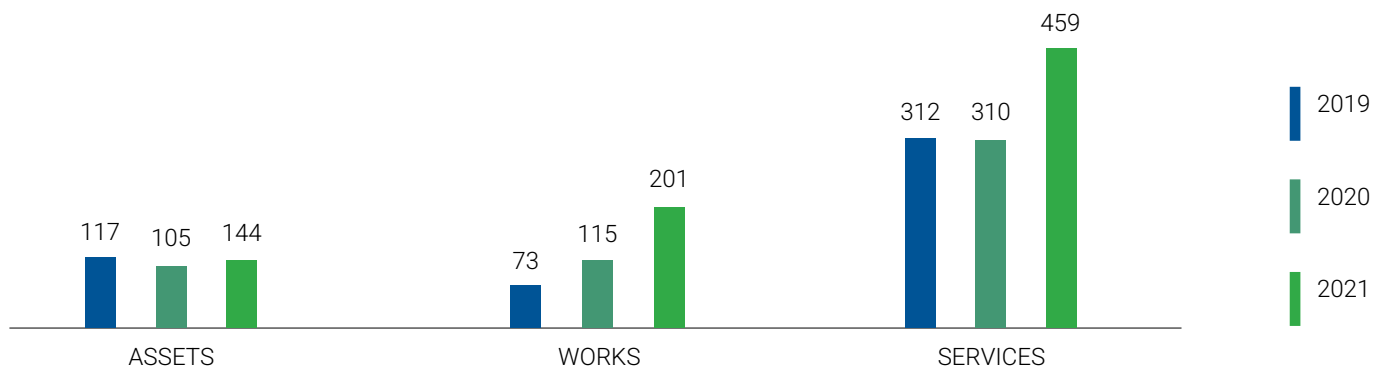


Some suppliers are present in more than one product group - the representation still refers to the classification according to the A, B, C and D qualification levels criteria, the one adopted by Italgas Procurement before the project developed in the Digital Factory. The restatement will be consolidated in 2022.

GRI 308-1 - New suppliers that were assessed using environmental criteria

GRI 414-1 - New suppliers that have been assessed through the use of social criteria

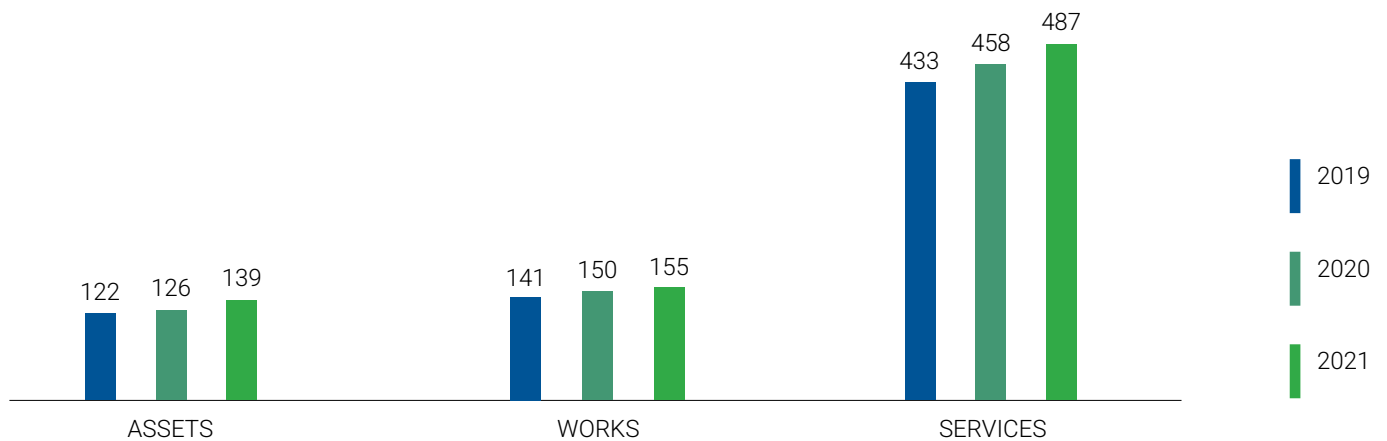
TOTAL SUPPLIERS QUALIFIED IN THE YEAR



All Italgas suppliers are assessed according to social criteria, regardless of year and category.

On the other hand, for the suppliers assessed using environmental criteria, the percentage is 29% for the "Goods" category, 16% for the "Works" category and 21% for the "Services" category. As shown by the graph below, the trends are nevertheless increasing over the years monitored (respectively: Goods +10%, Works +3%, Services +6.5% compared to 2020).

TOTAL QUALIFIED SUPPLIERS (ENVIRONMENTAL IMPACT)



NFS 5.4 Create value for the territory and communities



Italgas invests in the territories in which it operates, promoting social, cultural and environmental interventions based on criteria of transparency, correctness and impartiality. The company promotes the development and cohesion of the communities in which it works, acknowledging the central role played by stakeholders and their needs, to create social value that goes beyond the economic value.

The Company is constantly committed to assuring direct, continuous dialogue with the communities in which it works and, to contribute to their social and cultural development, has equipped itself some time ago with a structure specifically dedicated to this end.

Furthermore, the Groups collaborates with bodies, associations and foundations, no-profit organisations and other parties in the area to give rise to events, projects and ventures in favour of the protection of the environment, the spread of culture, technological and scientific innovation, research and training.

To better manage relations with the territory and its activities of dialogue with and listening to stakeholders, the Group adopted its Corporate Citizenship Policy, which was updated during the year. In the framework defined in the Group's Code of Ethics on the general principles of transparency, honesty, fairness and good faith, the Policy assigns clear responsibilities in terms of the management of donations, sponsorships and territorial projects.

Through this Policy, the Group has confirmed and formalised its commitment to the following areas of intervention:

- | sensitisation towards topics relating to the energy segment and responsible use of resources;
- | preparation of training and education initiatives;
- | artistic-cultural support;
- | inclusion and health lifestyles through sport.

By supporting the initiatives on the territory, Italgas aims to strengthen its contribution to meeting specific Sustainable Development Goals (SDGs), constituting the 2030 Agenda of the United Nations.

In 2021, Group donations to the value of € 324.4 thousand

were made, intended mainly for art and culture.

Italgas traditionally supports, as a member, two important organisations in Turin, the company's home city and current registered offices of Italgas Reti:

- | the Fondazione Teatro Regio of Turin, the city's main opera house, as well as one of the most important theatres in Europe and internationally for opera and ballet;
- | the Consulta Torino for the promotion of artistic and cultural heritage, created with the purpose of contributing to developing and improving the availability of Turin's historical and artistic heritage which in thirty years of activity has invested more than € 30 million in 90 restorations and upgrades.

Furthermore, Italgas supports the Fondazione Giorgio Cini in Venice, an internationally recognised centre for culture, research, exhibitions and conferences, shows and concerts.

The Italgas Heritage Lab also collaborates with various institutes of the Fondazione, including ARCHiVe Analysis and Recording of Cultural Heritage in Venice.

Of the Group companies, Toscana Energia is a member of the foundations of two important theatres in the territory where it operates:

- | Teatro del Maggio Musicale Fiorentino, which organises the oldest Italian music festival and is the international point of reference for ballet and grand opera;
- | Teatro Verdi in Pisa, a historic cultural institution of the Tuscan city.

In 2021, the Italgas Group activated sponsorship initiatives worth € 969,483 mainly aimed at art, culture and sport.

The management of sponsorships and donations follows a formalised process governed by specific internal procedures, in particular:

- | requests for donations are subject to periodic reporting (every six months) to the Board of Directors of the company involved in the initiative, overseen by the Head of the External Communication and Sustainability Department supported by the Human Resources Department (in case of initiatives directed at employees);
- | once assessed by the competent corporate Departments, requests received for sponsorship are submitted for authorisation by the Chief Executive Officer of the company involved before preparing the relevant contract.

Sponsorships and donations	U.o.m.	2019	2020	2021
Sponsorships	k€	671	1,086	970
Liberal donations	k€	26	2,029 ⁴⁷	324
Total	k€	697	3,115	1,294

⁴⁷ 86% of the liberal disbursements activated by the Group in 2020 consisted of donations to various hospitals for the purchase of machinery, equipment, and functional garrisons (such as devices for the protection of health facility personnel, inpatient beds and technical equipment) and contributed to the setting up of new areas to meet the needs arising from the emergency situation related to the pandemic and ensure hospital service.

Due to the continued Covid-19 containment measures, support for the initiatives in terms of education on energy, usually envisaged with the physical involvement of participants, has slowed. In spite of this, in Sardinia and Tuscany the initiatives dedicated to the world of education continued.



Toscana Energia: “Draw your energy!”

The 2020/2021 educational project was dedicated to primary schools for the first time. The “Disegna la tua energia!” [Draw your energy!] contest proposed a creative activity with the objective of bringing young students closer to the various sources of renewable and non-renewable energy, educating them on their sustainable and informed use. At the end of the course, the children used drawings to express their idea of energy and the winning classes were awarded teaching materials.



Italgas/Medea: “LaNuova @Scuola”

Italgas and Medea also participated this year in the LaNuova@Scuola project implemented by the newspaper, La Nuova Sardegna, to develop opportunities for information and training in the field dedicated to students and teachers from Sardinian schools.

The virtual event with more than 500 students was attended by senior figures from Italgas and Medea to provide information about the energy and gas distribution sector, to develop relations between the company and schools, to promote the development of talent and to support guidance around decisions about transitioning to university or looking for a job.



Economic value generated and distributed

The statement determining and breaking down Economic Value, generated directly by the Group, has been prepared reclassifying the consolidated profit and loss account as envisaged by the GRI Standards and distinguishing between three levels of economic value: that generated/produced, that distributed and that withheld by the Group.

The economic value represents the comprehensive wealth created directly by the Group, which is thereafter split between the various stakeholders: suppliers, employees, lenders, shareholders, Public Administration and general public.

In 2021, the value generated by the Group was € 2,247.2 million (+6.7% on 2020).

Of this, € 566.1 million have been kept in the company and € 1,681.1 million have been distributed to stakeholders. Specifically, of the total value distributed, 51.6% went to suppliers (€ 867.5 million), 15.9% to employees (€ 267.4 million), more than 15.0% to the shareholders (€ 252.9 million), approximately 13.8% to the Public Administration Authorities (€ 232.5 million) and 3.6% to lenders (€ 59.5 million). 1.3 million were allocated to the general public, a decrease compared to the extraordinary portion allocated last year, mainly to support the health sector with the Covid-19 emergency.

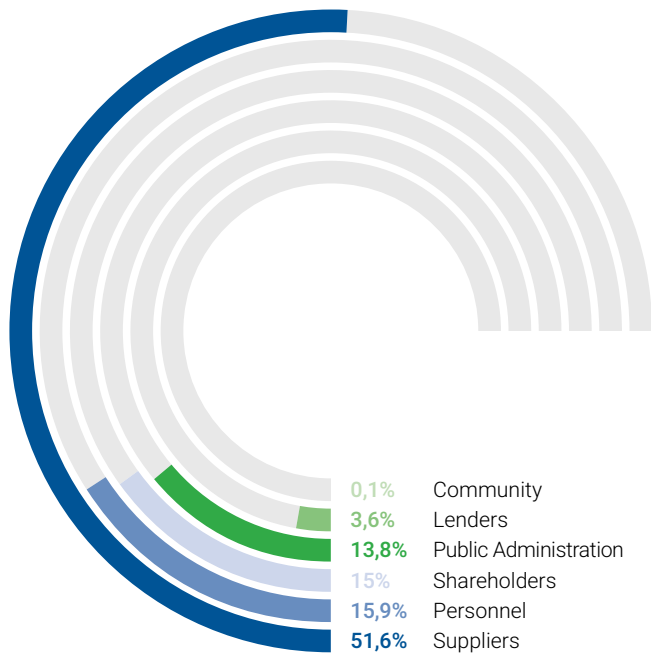
GRI 201-1 Direct economic value generated and distributed

€ Million	2019*	2020	2021 ⁴⁸	Change % 2020-2021
Distributed				
Suppliers	754.2	756.4	867.5	14.7%
Personnel	258.3	266.9	267.4	0.2%
Lenders	53.0	56.4	59.5	5.5%
Shareholders	207.2	243.6	252.9	3.8%
Public Administration	203.9	229.8	232.5	1.2%
Community	0.7	3.1	1.3	-58.3%
Withheld				
Company	549.6	550.5	566.1	2.8%
Total value generated	2,026.9	2,106.7	2,247.2	6.7%

* Restated figure. For the value reported in the 2019 Consolidated Non-Financial Statement, please refer to the document published on the Group's website at <https://www.italgas.it/wp-content/uploads/sites/2/2021/07/Non-Financial-Statement-2019.pdf>.

⁴⁸ The direct economic value generated and distributed includes the financial data of the Ceresa Company.

2021 DISTRIBUTED ECONOMIC VALUE



Focus on tax - GRI 207

The Company has defined and approved the principles and guidelines inspiring the Group Tax Strategy, in order to assure capital integrity over time and the transparency of management of the tax variable and risks associated to it.

The Tax Strategy, defined and approved by the Board of Directors of Italgas S.p.A., incorporated by its subsidiaries and disclosed to non-subsidiary affiliate companies, in order to promote awareness and application of the principles and guidelines contained therein, aims to:

- | guarantee the correct calculation and settlement of taxes due by law (and execution of connected obligations), well aware that management of taxes is an integral part of the broader economic and social role the Group performs in the Country it operates in;
- | control the fiscal risk, understood as the risk of violating tax regulations or of operating against the principles or purposes of the tax system.

The Tax Strategy is inspired by the same principles expressed in the Italgas Code of Ethics, that comprises the set of values that the Group acknowledges, accepts and shares and the responsibilities undertaken both inside and outside its organisation, which constitute the ethical business culture inspiring Italgas' strategic reasoning and running of its business.

In line with these values, Italgas acts in compliance with applicable laws and the principles of the tax system of the country in which it operates, in order to determine the tax due and the fulfilment of the requirements; in interpreting said laws and principles, it operates in such a way as to responsibly manage the risks connected with the tax variable; it establishes relations with the Financial Administration based on the spirit of collaboration, transparency and good faith, pursuing the objective of developing constructive relations, based on its reliability as counterparty.

The Italgas S.p.A. Board of Directors guarantees the conditions for the implementation of the Tax Strategy, promoting awareness on all levels of the importance that the Group attaches to the values of honesty, correctness and legality in tax.

The Italgas Group's Tax Strategy can be consulted at the following link: <https://www.italgas.it/en/governance/business-ethics/>

In order to further strengthen its Internal Control and Risk Management System, the Italgas Group adopted the Tax Control Framework (TCF), which establishes the principles, methodologies, characteristics, operating logics, roles and responsibilities pertaining to the establishment, maintenance over time and functioning of the detection, management and control system of tax risks, as well as the assessment of its constant effectiveness in terms of adequacy and actual operations.

The responsibilities of Italgas's Departments with respect to the TCF refer to the concept of the "lines of defence":

1. the first line of defence is represented by the management, with the responsibility of implementing suitable controls to cope with the risks involved in their area of responsibility;
2. the second line of defence is the Tax Risk Manager, who is responsible for overseeing the process of identifying, assessing, managing and controlling the tax risk;
3. the third line of defence of the organisation is the Internal Audit, responsible for providing comprehensive assurance on the design and overall function of the Internal Control and Risk Management System.

The measurement of tax risks, made on the basis of quantitative and qualitative elements, was developed taking inspiration from the company methods adopted as part of Enterprise Risk Management.

For each tax risk detected during the tax risk assessment, within specific control matrices, the measures implemented by Italgas to mitigate such risks are identified and mapped.

The implementation of the Tax Control Framework was functional to the admission, by the Italian Revenue Agency, of Italgas S.p.A. and Italgas Reti S.p.A., on 29 December 2020, into the cooperative compliance set out by Italian Legislative Decree no. 128/2015; intended to reduce the level of uncertainty around tax matters, favouring the prevention of disputes, through forms of continuous and preventive dialogue around situations liable to generate tax risks.

The tax risk assessment and monitoring activities are subject to reporting to the company departments responsible, the corporate administrative and control bodies and the Financial Administration.

5.5 Attention to the environment

Italgas adopts a responsible, transparent approach to guarantee the compatibility of its infrastructures and the territory, to efficiently manage energy and natural resources and limit the environmental impact deriving from its business, as well as to protect the health and safety of its employees and the staff of contractors involved in operations.

Constant research and technological innovation makes it possible to develop and adopt the very best solutions to interact with the environment in the least intrusive, most sustainable way possible. With this reference context, Italgas promotes actions and projects designed to reduce environmental impact attributable to its own business processes, to improve system safety conditions, and the environmental restoration of sites involved by previous industrial gas production.

In addition, the monthly analysis of the effectiveness of the initiatives brought into play by the Group companies, alongside the monitoring of the main indicators relating to environmental issues, allows Italgas to constantly verify its progress.

Policies and commitments

All Italgas' business is carried out paying close attention to the environment, natural resources and public and personal safety, considering all these as key factors to the sustainable development of the business and the territory. The health, safety, environment, quality and energy governance model adopted by Italgas has evolved constantly over the years to adjust to changes in the regulatory and market contexts in which it operates.

The commitment on these issues can be seen in the adoption of the Health, Safety, Environment, Quality and Energy Policy (HSEQE) of the Italgas Group, developed on the basis of company policies and in line with the Code of Ethics aimed at enhancing and protecting natural resources, essential values for the Company. This Policy stresses the Company's commitment to considering its Integrated Management System one of the main stimuli for involving personnel and improving its processes, basing operational choices on correctness, professionalism and compliance, to ensure the supply of a service based on the best quality standards in order to satisfy Customer expectations.

Some of the commitments on which the Policy is based are stated below:

- | to guarantee, using suitable management and organisational procedural tools, the Customer's right to the accessibility and use of services;
- | to optimise company processes in order to reach maximum efficiency and effectiveness levels, in compliance with the health and safety of workers and maximum attention for the environment;
- | to design, implement, manage and dispose of facilities, constructions and assets, to protect worker health and safety, the environment, energy savings, while aligning with the best technologies available and sustainable economically;
- | to conduct and manage activities in order to prevent incidents, accidents and occupational diseases;
- | to ensure the information, training, and awareness of personnel for an active and responsible participation in the implementation of the principles and the achievement of the objectives;
- | to implement sustainable use of natural resources, prevent pollution and protect ecosystems and biodiversity;
- | to implement operational and management actions to reduce greenhouse gas emissions, with a climate change mitigation approach;
- | to manage waste to reduce its production and promote recovery in its final destination.

In line with the Group's Management Models, the Company applies a regulatory system which aims to guarantee the safety and health of people (employees, end customers, contractors, etc.), prevent accidents, ensure the protection of the environment and public safety and the rational use of energy.

Consumption

The energy source used the most in the Group's activities is natural gas, in both civil and industrial uses, and for vehicles. For years, Italgas has monitored its consumption with the aim of reducing its environmental impact over time according to a continuous improvement process in line with the objectives identified in its 2021-2027 Strategic Plan.

Energy consumption totalled 597.2 TJ in 2021. The figure has increased slightly since 2020 (+ 5.1 TJ, corresponding to +0.9%).

Net energy consumption	U.o.m.	2019	2020	2021	Change % 2020-2021
Fuel energy consumption for industrial use	TJ	322.3	322.5	319.3	-1.0%
Fuel energy consumption for civil use	TJ	45.4	45.5	46.7	2.6%
Fuel energy consumption for vehicles	TJ	122.0	123.0	137.2	11.5%
Net electricity consumption for industrial use	TJ	55.4	56.8	56.6	-0.4%
Net electricity consumption for civil use	TJ	44.7	44.0	37.1	-15.7%
Thermal energy consumption for civil use	TJ	-	0.3	0.3	0.0%
Total	TJ	589.8	592.1	597.2	0.9%

Fuel energy consumption for industrial use

In 2021, fuel energy consumption for industrial use recorded a decrease of 3.2 TJ, falling from 322.5 TJ to 319.3 TJ (-1.0% compared to 2020).

Thanks to the efficiency initiatives implemented, a decrease was recorded in industrial consumption of natural gas for the preheating process: over the year, at Italgas Reti, 129 optimisation systems were installed, while Toscana Energia completed the installations of similar optimisation systems initiated in previous years. These interventions, alongside operational and maintenance initiatives, contributed to:

- | an overall saving of around 875 10³Sm³ compared to 2020⁴⁹ (which correspond to around 1,735 tCO₂ of emissions avoided);
- | a reduction in the specific consumption⁵⁰ of the plants of Italgas Reti and Toscana Energia, which decreased from 1.30 in 2020 to 1.18 in 2021, a change of -9.2%.

Also considering the works carried out in previous years, at

the end of 2021, there were 228 reduction and measurement collection plants (IPRMs) of Italgas Reti with preheating that make use of consumption optimisation systems. In 2022, the campaign for the installation will continue in the other IPRMs.

With a view to including new technologies for a greater efficiency in the optimisation of the preheating process, at one IPRM a PCM (Phase Change Materials) thermal battery was tested, which makes it possible to transform part of the electricity produced by the photovoltaic plant into thermal energy, thanks to resistance, storing this energy and the thermal one produced by the thermal solar plant and to use it at the times of day when the heat required for gas preheating is greatest.

Even LPG consumption, entirely attributable to Medea, reduced slightly during the year by 0.1%, though against a significant increase in gas injected into the network. Specific consumption⁵¹ improved by 3.5%, decreasing from 18.23 in 2020 to 17.59: the increase in gas injected into the network allowed for operations under conditions of greater efficiency, buffering the high variability of the specific consumption present in the summer period and reducing it significantly.

⁴⁹ The calculation considers the comparison with consumption that would have been obtained in the absence of optimisation (with reference to the formula used for the reporting of the savings to ENEA pursuant to Article 7, subsection 8 of Italian Legislative Decree no. 102/2014)

⁵⁰ Specific consumption, i.e. consumption of natural gas for preheating per 1,000 Sm³ of gas injected into the network, expressed in Sm³ preheating/10³ Sm³ gas injected into the network.

⁵¹ Specific consumption, i.e. consumption of LPG every 1,000 sm³ of LPG injected into the network, expressed in Sm³/10³Sm³ LPG injected into the network.

Fuel energy consumption for civil use

The Italgas Group also pursues sustainability objectives through the constant renewal of its real estate assets, the management and continuous monitoring of consumption, the introduction of digital technologies intended to improve the ability to identify possible anomalies, malfunctions and opportunities for the automation of the management processes with the aim of reducing intervention times on systems for their regulation.

In particular, the Group uses around 140 sites distributed throughout Italy to serve all company activities, of which the majority (around 85%) are medium sized (below 1,000 m²) and small-medium and are typically used by the Technical Units where the operating personnel work. The largest sites (surfaces larger than 3,000 m²) are concentrated in Turin (with the building complex of Largo Regio Parco, Via Foggia and Corso Regina Margherita), Rome (with the site on Via Guicciardi), Venice (via Forte Marghera), Naples (Via Ferraris and Via Brin), Florence (Piazza Mattei) and Asti (Via Venezia).

The Group's real estate strategy is therefore characterised by the following basic principles:

- | proactively manage the Group's real estate assets in line with sustainability objectives;
- | guarantee continuous technological upgrades, real estate development and rationalisation of the properties in line with the evolution of the business and the operating models.

The trend in civil consumption is in line with the previous financial year (+1.2 TJ compared to 2020, i.e. +2.6%), thanks to a more careful management of the sites in a year characterised by the intermittent presence of personnel due to the continuing pandemic. It is important to note how the consumption of methane gas for civil use is substantially aligned with 2020, despite the increase in the available surfaces and the contextual functioning, albeit limited over time, of the buildings that were then decommissioned: in 2021, the building on Largo Regio Parco 9 in Turin became fully operational. In line with what was already done for the adjacent building, in Largo Regio Parco 11, the building has been developed according to the criteria laid down by the US energy efficiency classification system on the ecological footprint of buildings (LEED) developed by the US Green Building Council, which provides a set of measurement standards by which to assess environmentally-sustainable constructions (Largo Regio Parco 11 achieved GOLD certification, while the certification for Largo Regio Parco 9, a building with similar performance, is being obtained). The building was commissioned in late June 2021, replacing the offices on Via Foggia and Via Parma, which were some of the most energy-intensive buildings of all the real estate assets. 2021 also saw the full availability of the new sites in Monte Mario and Via Ostiense 131L, which replaced, by late 2020, the historical site on Via Del Commercio 9/11. Towards the end of the year, the office on Corso Regina Margherita was partially closed, and will be subject to a significant redevelopment in 2022 and 2023 which will see it become the operating heart of the Piedmont region.

In this context, with a view to improving efficiency, lastly, a wide range of projects has been launched for the monitoring of consumption and office temperatures.

2021 was therefore characterised by a renewal and optimisation process of the spaces occupied and the improvement of the energy performances of the buildings in order to achieve a significant reduction in consumption.

The renewal process of the real estate assets will also continue throughout 2022 with the launch of new important construction sites that will affect a number of the main operations offices of the territory in order to improve personnel working conditions by providing state-of-the-art working environments that are more functional and pleasant, as well as allowing for further optimisation of consumption for civil use.

Fuel energy consumption for vehicles

Driven by a constant commitment to guarantee high performance and quality in the distribution service, 2019 and 2020 saw Italgas implement a major renewal project of the whole of its vehicle fleet throughout national territory. The project has been established on the basis of the following strategic drivers:

- | the modernisation of the operative fleet in line with operative needs;
- | the improvement of sustainability criteria in the short, medium and long-term, both in respect of reducing polluting emissions (CO₂, NO_x and PM) and in terms of limiting expenditure for fleet operation;
- | the rationalisation of the number of vehicles in the fleet;
- | the increased availability of operative vehicles, by reducing maintenance and repair time.

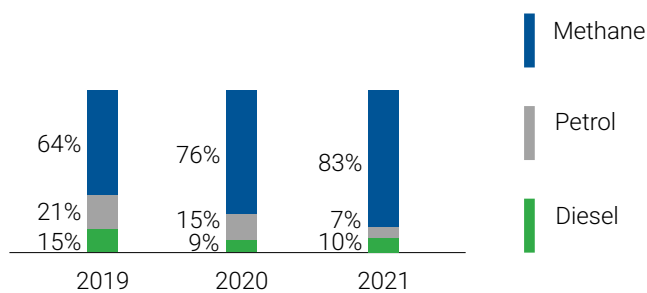
The cornerstone of the project to transform the vehicle fleet was making the switch away from ownership of the fleet (mainly diesel engines) and towards the procurement of a long-term vehicle rental service (based on methane bifuel vehicles).

TOTAL KILOMETRES TRAVELLED IN 2019-2021

	U.o.m.	2019	2020	2021
Diesel	ML of km	6.1	4.5	4.9
Petrol	ML of km	11.5	7.1	6.1
Methane	ML of km	21.7	26.2	31.8
Total	ML of km	39.3	37.8	42.8

The results of this transformation are clear: though fuel energy consumption for vehicles recorded an increase of 14.2 TJ (+11.5% compared to 2020), in 2021 as a whole, 13.1% more kilometres were travelled than the previous financial year, equal to around 42.8 million kilometres, of which over 35 million were made by operations vehicles. This type of vehicle is characterised by the virtual total presence of a bifuel system (methane-petrol) that significantly reduces CO₂ and PM emissions released into the atmosphere, as compared with the use of purely petrol or diesel engines.

ENERGY CONSUMED BY TYPE OF VEHICLE FUEL (% VS TOTAL ENERGY CONSUMED IN THE YEAR)



Despite the increase in mileage and the activities in the territory, petrol consumption decreased: this result was achieved by further improving the percentage of use of bifuel vehicles, which rose from 86% of km travelled by methane in 2020 to 92% in 2021. This significant improvement demonstrates the commitment of the Italgas Group to cutting emissions and the ethical conduct of its employees behind the wheel of the corporate fleet.

During the year, lines of action were pursued mainly to reduce emissions and make the vehicle fleet more efficient. In particular, the actions included:

- | the publication of a new policy for vehicles for mixed personal/business use with incentives for choosing a car with lower environmental impact and the insertion of a cap on the fuel card;
- | the removal of cars powered exclusively by diesel and petrol from the car list of the Executives class;
- | the training of over 300 employees via safe and sustainable driving courses, with the objective of improving the ratio between distance travelled per unit of fuel. This initiative will continue throughout 2022, involving an increasingly wider pool of drivers and it will further refine the capacity for sustainable driving, including with hybrid vehicles;
- | the implementation of a fleet management software for monitoring consumption and vehicle status.

Sustainability will also be at the centre of car management for 2022 through new even more challenging initiatives such as the introduction of hybrid vehicles (electric-petrol) among the cars for mixed personal/business use as well as operations vehicles and the consequent installation of charging points at the company offices.

Net electricity consumption for industrial use

Net electricity consumption for industrial use dropped by 0.4% compared to the previous financial year, despite the fact that various new Points of Delivery (PODs) were activated in 2021 for the purposes of the installation of the Final Digitised Reduction Groups (GRFDs), which generated additional consumption of 132 MWh.

The above result was also achieved thanks to the completion, in 2021, of the replacement of all traditional bulbs with LED bulbs in the external and internal areas of all IPRMs, Intermediate Reduction Plants (IRIs) and Final Reduction Units (GRFs) equipped with lighting that generated an indicative saving of 150 MWh, equivalent to a saving of 36.9 tCO₂ eq.

Experimental installation continued at various:

- | IPRMs of direct-drive meters inserted into the electrical panels, which allow for the monitoring of the general consumption and secondary utilities (cathode or light protection) in the IPRMs, enabling more detailed analysis, also with a view to certification in accordance with ISO 50001: 2018;
- | GRFDs ("Gruppi di Riduzione Finali Digitalizzati" - Final Digitised Reduction Groups) of innovative systems that allow for energy recovery using microturbines. These systems use energy that would otherwise be dissipated by the gas pressure reduction process, transforming it into electrical energy available for use *in situ* (energy harvesting systems): the electrical energy thus produced is used to feed RTUs and other measurement/control devices *in situ*, in the context of the digitisation of the network.

Furthermore, various interventions were carried out to replace the circulators within the thermal power stations for preheating, with the installation of inverter pumps. Mass interventions are planned in the upcoming years.

Electricity consumption of Italgas Acqua, which represents the company's entire industrial consumption, also decreased thanks to regulation interventions on the output pressures of the relaunch systems, which made it possible to achieve an excellent result in terms of energy saving. In 2021, various experimental interventions were also launched, including the installation of passive filters, brushless motors and system remote control, which will make it possible to achieve significant results starting from 2022.

Net electricity consumption for civil use

Electricity consumption for civil use decreased by 15.7% compared to 2020. The sharp decrease recorded is attributable to improved efficiency in the use of the Group's offices, partly due to the reorganisation of management in response to the pandemic. Furthermore, in 2021 a number of organisational rules were consolidated, which, in addition to greater use of smart working, allowed for the so-called "starting from home" for operators and technicians with the consequent closure of changing rooms at the operations offices: this further contributed to the limited consumption, especially electricity.

The restructuring of several important company offices, already

under way or planned by 2027, will also help further reduce the demand for electricity and, as a result, related emissions.

Photovoltaic

In addition to consumption from purchased electricity, the Group produces electricity from renewable energy sources through 19 photovoltaic plants. Part of the energy produced is self-consumed, whilst the remainder is released to the network.

Below is a table summarising consumption of electricity deriving from photovoltaic plants together with that relative to the emissions avoided thanks to their use for the production of electricity instead of purchasing it on the market.

Photovoltaic ⁵²	2019		2020		2021		Change% 2020- 2021
	kWh	TJ	kWh	TJ	kWh	TJ	
Dedicated collection by GSE	1,333,801	4.80	8,876,626	31.96	9,284,818	33.43	4.6
Self-consumption	45,426	0.16	136,893	0.49	135,598	0.49	-0.9
Production	1,379,227	4.97	9,013,519	32.45	9,420,416	33.91	4.5

Emissions avoided ⁵³	U.o.m.	2019	2020	2021	Change % 2020-2021
Emissions avoided for self-produced energy sold to GSE	t CO ₂ e	370.2	2,337.8	2,419.0	3.5
Emissions avoided for self-produced energy consumed on site	t CO ₂ e	12.2	35.4	33.3	-5.8
Total emissions avoided for photovoltaic	t CO ₂ e	382.4	2,373.2	2,452.3	3.3

⁵² Please note that 2019 data considers Toscana Energia only for the three months of consolidation. 2020 data, on the other hand, also includes Toscana Energia for the full 12 months.

⁵³ Please note that 2019 data considers Toscana Energia only for the three months of consolidation. 2020 data, on the other hand, also includes Toscana Energia for the full 12 months. Please also note that in order to calculate the emissions avoided, the emissions factor was used represented by the national energy mix of the reference year; more specifically, for 2020, the preliminary estimate of the emissions factor for electricity consumption in Italy was used, supplied by the Istituto Superiore per la Protezione e Ricerca Ambientale (Superior Institute for Environmental Protection and Research).

Greenhouse gas emissions

Fully in line with what was done in relation to consumption, for years Italgas has also monitored its greenhouse gas emissions, with the objective of reducing its carbon footprint according to a continuous improvement process in line with the objectives identified in its 2021-2027 Strategic Plan.

Italgas has recorded the following emissions:

- | direct emissions (Scope 1): deriving from the civil consumption of gas, from industrial consumption of gas for preheating, from fuel consumptions for vehicles and grid losses ("fugitive emissions");
- | indirect emissions (Scope 2): deriving from the consumption of electricity purchase and district heating;
- | other indirect emissions (Scope 3) deriving from business travel, outsourced activities (supply chain) and emissions relating to the production of energy purchased and consumed (fuel side, emissions linked to their extraction, production and transport; electricity side, emissions relating to the extraction, production and transport of the fuels used for generation and emissions relating to losses for transmission and distribution).

The Italgas Group's main greenhouse gas emission contribution is from fugitive emissions of natural gas from distribution networks, distributed gas preheating processes in the decompression systems and the use of cars in the corporate fleet.

Scope 1 e Scope 2 ⁵⁴	U.o.m.	2019	2020	2021	Change % 2020-2021
Fugitive gas emissions	10 ³ t CO ₂ e	128.0	146.6	133.4	-9.0%
Emissions from gas consumption for industrial use	10 ³ t CO ₂ e	18.1	18.2	18.1	-0.5%
Emissions from gas consumption for civil use	10 ³ t CO ₂ e	2.5	2.6	2.6	0%
Emissions from fuel consumption for vehicles	10 ³ t CO ₂ e	7.6	5.7	6.4	12.3%
Emissions from thermal energy for civil use	10 ³ t CO ₂ e	-	0.0	0.0	0.0%
Emissions from electricity consumption for industrial use	10 ³ t CO ₂ e	7.5	0.2	0.0	0.0%
Emissions from electricity consumption for civil use	10 ³ t CO ₂ e	-	-	0.2	-
Total	10 ³ t CO ₂ e	163.7	173.3	160.7	-7.3%

2021 saw a drop in total Scope 1 and Scope 2 emissions of 7.3% lower than the previous financial year. The main components that contributed to this decrease are fugitive emissions and emissions from gas consumption for industrial use, which in total make up for over 94% of the total Scope 1 and Scope 2 emissions.

It is important to note how this reduction is even more significant against an increase in Group operations, in terms of increase of network length (+1.9% compared to 2020) and gas distributed (+4.8%).

Emissions from gas for civil and industrial use are in line with the consumption trend described, while those from electricity consumption are decreasing as a result of reduced consumption and the near total supply of electricity from certified renewable sources (certified by the guarantee of origin management system).

⁵⁴ 2019: Scope II location-based; 2020 and 2021: Scope II market-based

Lastly, emissions from fuel consumption for vehicles were +12.3%, in line with the increase in kilometres travelled compared to 2020, a year particularly characterised by the lockdowns due to the pandemic. The significant improvement in the total value of emissions is mainly due to the 2021 completion of the project to modernise the fleet, which, last year, also involved the company Toscana Energia.

Another significant parameter is represented by the value of the NO_x and particulate emissions expressed in grams per kilometre travelled by the fleet. In 2021, these values were 0.081 gNO_x/km (same as 2020) and 0.0003 gPart/km, equivalent to a 18.3% reduction compared to 2020. The savings obtained in 2021, if the same number of kilometres had been travelled using a non bifuel and older fleet of operations vehicles, is quantified as ranging between 50 and 55% of nitrogen oxides and 1500% of particulate; CO₂ savings amounted to 1.39 thousand tonnes. These indicators provide further representation of the capacity to reduce emissions levels, brought about by the fleet transformation project.

Fugitive emissions

The Italgas Group's fugitive emissions for 2021 decreased considerably, equal to -9.0% compared to 2020.

By analysing the characteristic KPIs of the process in more depth, a 13.0% decrease is recorded on the indicator of the ratio between emissions and gas distributed and 10.3% for the indicator of the ratio between emissions and km of network inspected.

The prompt inspection, localisation and repair of leaks also produced an important result in terms of savings of fugitive emissions into the atmosphere. In 2021, thanks to the operational effort in the prompt elimination of leaks, emissions avoided made up around 34% of total emissions⁵⁵.

2021 also saw a number of important developments, thanks

to the partnership with Picarro and the Polytechnic University of Turin, mainly:

- | the use of an innovative approach, developed in collaboration with Picarro, in the assessment of measurement uncertainty (named 4 Bins model), which uses Bayes' theorem and statistical analysis of data samples;
- | the launch of a collaboration with the Polytechnic University of Turin to estimate the fugitive emissions that cannot be quantified with the CRDS system. Thanks to this project, for the first time it was possible to estimate (for now using specific emissions factors) emissions from permeation, operational emissions, emissions due to maintenance on reduction units and emissions due to meter replacements. This project will continue throughout 2022 with the purpose of refining the calculation and estimation methods. For 2021, the emissions not quantifiable with Picarro for the Group made up around 1.4% (already accounted for in the above table);
- | the launch of the development, jointly with Picarro, of a GIS model for asset management used to design smart maintenance for the Italgas networks, with a view to extension to Group level thereafter. From 2022, these innovative tools will be implemented as a basis for the development of the network maintenance CAPEX plan, in order to focus on interventions on the most emissions-heavy networks.

The partnership with the Polytechnic University of Turin will also make it possible to develop, in 2022, reporting models aimed at achieving levels 4-5 of the OGMP⁵⁶ framework in short times and to explore the applicability of other tools and technologies for the reconciliation of measurements in the field.

Below is the table showing the fugitive emissions and some reference KPIs, the data of which refers to the companies consolidated by the Group.

	U.o.m.	2019 ⁵⁷	2020	2021
Total natural gas fugitive emissions	10 ⁶ Sm ³	7.4	8.5	7.7
Total fugitive emissions in CO ₂ e	10 ³ tCO ₂	128.0	146.6	133.4
Gas distributed	10 ⁶ Sm ³	8,001.0	8,477.0	8,886.6
Gas Leakage Rate (natural gas fugitive emissions / gas distributed)	Sm ³ / Sm ³	0.092%	0.100%	0.087%
Network consistency ⁵⁸	km	70,484.3	71,184.5	72,145.2
Fugitive emissions of natural gas / network consistency	Sm ³ / km	104.9	118.9	106.7

⁵⁵ Total emissions that would be obtained considering the maximum emission time, i.e. one year.

⁵⁶ Levels 4 and 5 require that the estimate of the fugitive emissions be based on real measurements taken in the field at site/source level.

⁵⁷ 2019 data on fugitive emissions was calculated by re-parametrising, only for the 3-month consolidation period, the fugitive emissions of Toscana Energia, calculated on the basis of the new method (CRDS Picarro). For more details on the method used, refer to the italgas.it website, in the section on "Our commitment" - "Energy efficiency and the environment". For the value shown in the 2019 Consolidated Non-Financial Statement, please refer to the document published on the Group's website at <https://www.italgas.it/wp-content/uploads/sites/2/2021/07/Non-Financial-Statement-2019.pdf>.

⁵⁸ Note that the km of network used for the 2021 KPIs are related to the ARERA consistency declared in 2020 (i.e. as at 31/12/2020). For the other gas network consistency of Medea, an average consistency for 2021 was considered, given the variability due to multiple conversions of the networks to natural gas during the year.

Scope 2 emissions	U.o.m.	2019	2020	2021
Location-based	10 ³ tCO ₂	7.5	7.3	6.4
Market-based ⁵⁹	10 ³ tCO ₂	12.9	0.2	0.2

Market-based indirect Scope 2 emissions are substantially in line with 2020, as a result of purchasing electricity produced from certified renewable sources, as certified by the Guarantees of Origin (GO) management system.

Scope 3 emissions	U.o.m.	2019	2020	2021
Supply chain	10 ³ tCO ₂	128.3	148.7	167.6
Energy	10 ³ tCO ₂	5.7	4.0	4.1
Business Travel	10 ³ tCO ₂	2.3	0.6	0.8
Total	10 ³ tCO ₂	136.3	153.3	172.5

Scope 3 emissions increased slightly on 2020, mainly as a result of an increase in the spending of outsourced activities by around 11% and the inclusion of Toscana Energia Green within the scope considered. Scope 3 emissions deriving from outsourced activities were calculated, in line with what was done in the reported historical series, by associating a conversion factor of the value spent in CO2 emissions for each product class.

The Group, which for the sake of completeness of information reported the value for 2022 using the same methodology, has nevertheless undertaken an overall revision of the calculation model for Scope 3 emissions linked to the supply chain, through a wide-ranging project that might make it possible to calculate specific emissions factors for suppliers which can be updated as often as required by the evolution of their supply chain.

By following this approach, the Group also intends to achieve an important objective: aware of the relevance of including its supply chain in the fight against climate change, Italgas intends to develop an approach inspired by "Partnerships for the goals" (SDG 17), by promoting the best techniques/technologies available or, where possible, by identifying new solutions with its suppliers. On the basis of this journey, the Group will determine, in the Strategic Plan, a specific target for the reduction of Scope 3 emissions.

⁵⁹ The calculation of market-based Scope 2 emissions requires that the emission quota related to renewable sources be null and that the residual mix type emission factor be used for the quota not covered by such contracts.

CONSUMPTION AND EMISSIONS AVOIDED FOR THE GROUP

GRI 302-4 Reduction of energy consumption GRI 305-5 Reduction of GHG emissions	2020		2021	
	TJ	tCO ₂ eq	TJ	tCO ₂ eq
Network conversion from LPG to natural gas	23.1	217.0	46.3	452.5
Vehicle fleet conversion	-	1,250.0	-	1,390.0
Renovation of the site at Largo Regio Parco 11 and 9 in Turin ⁶⁰	6.47	382.0	5.5	389.9
Preheating optimisation systems	8.82	500.0	30.9	1,735.1
Installation of smart meters	2.6	192.0	2.6	187.8
Photovoltaic	32.4	2,373.0	33.9	2,452.3
Purchase of electricity from certified renewable sources	0.0	7,039.0	0.0	6,155.7
Replacement of lighting with LED bulbs	-	-	0.5	36.9
Total emissions avoided	73.4	11,953.0	119.7	12,800.2

Third-party emissions avoided by esco seaside activities

Seaside is the ESCO of the Italgas Group. Among other activities, it proposes and performs energy efficiency interventions for its public and private customers in a residential and industrial context.

Specifically, the EPCs - Energy Performance Contracts - in place require that the savings generated following interventions be guaranteed and suitably measured.

In the public sector, the main tool used is funding via third parties envisaged by Italian Legislative Decree 115/2008, often combined with the project financing, governed by the Tenders Code (Italian Legislative Decree 50/2016). The proposals are characterised by the assumption of risk, against the standards offered, at the full expense of the proposing party and the contracts provide for an economic rebalancing mechanism to

the benefit of the Administration, if the minimum objectives are not successfully guaranteed.

The remuneration mainly derives from the saving levels achieved, which must be able to generate the necessary cash flows to repay the investments.

The EPCs predominantly concern interventions

- | on the air conditioning systems, generally powered by methane gas;
- | on the public lighting systems, powered by electricity;
- | to construct photovoltaic plants, which reduce withdrawals of electricity from the network.

In 2021, these interventions made it possible to achieve the following results, calculated using historical consumption figures:

Energy carrier	U.o.m.	2021 Saving	2021 Saving (GJ)	2021 Saving (tCO ₂ e)
Electricity	MWh	8,746.0	31,485.6	2,148.9
Methane gas	Sm ³	200,471.4	6,928.3	397.5

Energy carrier	U.o.m.	Saving 2021	Saving 2021 (tCO ₂ e)
Production	MWh	2,311.8	602.3
Self-consumption	MWh	947.5	-

⁶⁰ The 2020 figure refers to the site on Largo Regio Parco 11 only.

Waste production and disposal

In 2021, the Group's main companies replaced the use of the traditional paper Loading and Unloading Register by adopting a waste management software application, which allows for faster and easier completion and standardisation of data collection relating to the production and disposal of waste.

In all, for the Group as a whole, in 2021, waste deriving from production came to approximately 334.4 tonnes (-41.5% compared to 2020); the total value of waste sent for recovery or disposal for 2021 comes to 352.8 tonnes (-44.0% compared to 2020), 96% of which are not hazardous, including any stocks in 2020. This type of waste consists mainly of mechanical meters, subject to a large-scale replacement campaign, and partly of material resulting from maintenance and development of the network and connections and sludge from the septic tanks of Toscana Energia and Medea.

An in-depth analysis of the quantity and type of waste produced finds that the trend of the activities is sharply decreasing. Examining and isolating the exceptional events in the 2020-2021 two-year period confirms the achieved results.

Activities carried out on the reclamation sites in 2021

In 2021, Italgas Reti implemented design, safety, characterisation, monitoring, reclamation and environmental restoration activities on a total of 31 sites (already identified in 2020), on the basis of the national environmental legislation for the reclamation of polluted sites, represented by Italian Legislative Decree 152/06 "Environmental Standards", which replaced the previous legislative reference established by Ministerial Decree 471/99.

For the sake of completeness of information, on 04/08/2021 the former Italgas area in Chiavari on Viale Trieste was sold to a third party, which replaced Italgas as the new party subject to the legal obligations regarding the reclamation of polluted sites and waste management. Therefore, as at 31/12/2021 there were 30 areas with an active environmental procedure managed by Italgas Reti.

Except for in specific cases, the reclaimed sites are the former gas production facilities initially called "illuminating gas" in the second half of the 19th century, which then became "city gas" for cooking and heating.

In these sites, the pollution, when present, was mainly due to the dispersion of tar, as a by-product of the distillation of fossil carbon to produce the city's gas.

The sites in which an environmental procedure is operative in accordance with Italian Legislative Decree no. 152/06 Part Four Title V "Reclamation of contaminated sites" are distributed throughout national territory and are geographically located as follows:

- | 6 in Piedmont;
- | 8 in Liguria;
- | 8 in Veneto;
- | 1 in Tuscany;
- | 3 nel Lazio;
- | 2 in Campania;
- | 1 in Molise;

- | 1 in Calabria.

From an administrative point of view, only the "via Brin" site of Naples comes under the competence of the Ministry of the Ecological Transition (*Ministero della Transizione Ecologica*, MITE), as it falls within the scope of the Site of National Interest (SNI) of Eastern Naples, whilst the remaining sites come under the competence of Regional or Municipal authorities.

According to the "state of business", the 30 sites can be grouped together into five clusters:

- | 5 have active sites and operating groundwater pumping systems

Venice Mestre v. Altobello - Venice Santa Marta - Cairo Montenotte Park 3 - Lucca - Naples via Brin;

- | 1 has an active site Cuneo;

- | 6 have active groundwater reclamation and safety systems

Turin C.so Regina Margherita Area Università - Civitavecchia - Venice Island of Murano - Venice San Francesco Area ITGR - Castellammare di Stabia - Ventimiglia;

- | 6 have finished operational sites and/or active monitoring

Bassano del Grappa - Legnago - Sanremo - Turin via Trofarello - Turin C.so Regina Margherita Area ITGR (recovery of gas holders 2 and 3) - Venice San Francesco Area ex Veritas;

- | 12 are under design or approaching start-up of operations

Cairo Montenotte Parks 1 and 2 - Cairo Montenotte Terreni C.so Stalingrado - Campobasso - Catanzaro - Chiavari Loc. Caperana - Ciampino - Este - Rapallo - Rome - Savona - Turin Basse di Stura - Turin C.so Unione Sovietica.

Industrial water

In 2018, with the update in 2020, Italgas carried out an environmental analysis which showed that the use of water resources is not a significant environmental aspect because it is used exclusively for hygiene-sanitary and fire-fighting purposes. The Italgas production process does not involve the use of water for industrial purposes, with the exception of the quantities used to top up the gas preheating systems, inserted inside the cabins used to reduce the pressure of gas collected from the high pressure gas pipe system, without the presence of industrial drains. With specific reference to the management of the Medea distribution networks, the water used is heated to vaporise the LPG into a liquid phase when leaving the tanks. This water, which is also released into the fire-fighting system, is collected from the aqueduct or groundwater via wells. At the Sassari plant, the washing water is released to the ground, after treatment, in compliance with the authorisation.

For 2021, lastly, as part of the reclamation work, approximately 247,240 cubic metres of water were taken from the contaminated groundwater; this was treated to take the concentrations of pollutants back to the limits permitted for discharge in public drains, in compliance with current legislation and authorisations.

Water for civil uses

The Group companies' environmental analyses, prepared in accordance with standard UNI EN ISO 14001, showed that use of water resources is not a significant environmental aspect. However, the safeguarding of resources and their rational use is envisaged by the HSEQ Policy and this is why the Group is committed to reducing limited water consumption. The withdrawal of fresh water from the aqueduct, used for hygiene/sanitary purposes in the changing rooms and offices and for the fire-fighting system, came to 76,025 cubic metres

(-23.6%): the reduction is mainly attributable to the closure of the changing rooms (and showers) at the operations offices and the greater use of smart working. As regard civil drains, most waste water is conveyed, considering its nature, to the drains without any treatment.

This differs for Italgas Acqua, the Group company that manages the distribution of water under concession in five municipalities of Campania. For this company, managing water consumption means collecting the water, making it suitable for drinking and distributing it to the city, guaranteeing quality standards and continuity and regularity of service.

DNF Main Key Performance Indicators

GRI 302-1 Energy consumed within the organization	U.o.m.	2019 ⁶¹	2020	2021
FUEL ENERGY CONSUMPTION				
Fuel energy consumption from non-renewable sources				
Fuel energy consumption for civil and industrial use	TJ	367.7	368.0	366.0
of which natural gas for civil use	TJ	45.3	45.3	46.4
of which natural gas for industrial use	TJ	313.6	310.2	306.4
LPG and propane air for civil and industrial use	TJ	8.8	12.6 ⁶²	13.2
Fuel energy consumption for vehicles⁶³	TJ	122.0	123.0	137.2
of which diesel	TJ	17.9	11.0	12.1
of which petrol	TJ	25.5	18.1	16.2
of which natural gas	TJ	78.7	93.9 ⁶⁴	109.0
Fuel energy consumption from renewable sources				
Fuel energy consumption from renewable sources	TJ	0	0	0
Total fuel energy consumption				
Total fuel energy consumption	TJ	489.7	491.0	503.2

⁶¹ The data relative to the consumption of natural gas energy by vehicles has been restated with respect to the 2019 Non-Financial Statement. For the value shown in the 2019 Consolidated Non-Financial Statement, please refer to the document published on the Group's website at <https://www.italgas.it/wp-content/uploads/sites/2/2021/07/Non-Financial-Statement-2019.pdf>

⁶² Please note that as compared with 2019, propane air has been considered separately from LPG.

⁶³ For more details on the trend of consumption linked to vehicles, refer to the specific graphs and the information given in the section "Emissions and action taken to reduce them" of this document.

⁶⁴ The trend of energy consumption is consistent with the change in the fuel mix used by the vehicle fleet. For more details on the trend of consumption linked to vehicles, refer to the specific graphs and the information given in the section "Emissions and action taken to reduce them" of this document.

GRI 302-1 Energy consumed within the organization	U.o.m.	2019⁶¹	2020	2021
CONSUMPTION OF PURCHASED ENERGY				
Consumption of purchased energy from non-renewable sources				
of witch electricity	TJ	100.0	1.5	1.9
Heating energy	TJ	0	0.3	0.3
Consumption of purchased energy from renewable sources				
Consumption of purchased energy from renewable sources	TJ	0	99.3	91.8
Total consumption of purchased energy				
Total consumption of purchased energy	TJ	100.1	101.1	94.0
TOTAL ENERGY CONSUMED WITHIN THE ORGANISATION				
Total energy consumed within the organization	TJ	589.8	592.1	597.2

GRI 302-3 ENERGY INTENSITY

Below are some energy intensity values in respect of different reference parameters:

1. Energy intensity calculated by comparing the total Group energy consumption with the gas distributed. This parameter offers an indication of the quantity of energy used to supply 10⁶Sm³ of gas

Energy intensity	U.o.m.	2019*	2020	2021
Global energy intensity	TJ/10 ⁶ Sm ³	0.074	0.070	0.067
Total energy consumed within the organization	TJ	589.78	592.15	597.2
Gas distributed	10 ⁶ Sm ³	8,001	8,477	8,887

* In 2019, 3 months of Toscana Energia are considered.

2. Energy intensity calculated by comparing the total industrial natural gas energy consumption with the gas distributed. This parameter offers an indication of the quantity of energy used for pre-heating to supply 10⁶Sm³ of gas

Energy intensity	U.o.m.	2019*	2020	2021
Natural gas for industrial use energy intensity	TJ/10 ⁶ Sm ³	0.039	0.037	0.034
Total natural gas for industrial use energy consumed	TJ	313.62	310.15	306.3
Gas distributed	10 ⁶ Sm ³	8,001	8,477	8,887

* In 2019, 3 months of Toscana Energia are considered.

3. Energy intensity calculated by comparing the total Group energy consumption with km of network. This parameter offers an indication of the quantity of energy used to supply the service per km of network

Energy intensity	U.o.m.	2019*	2020	2021
Energy intensity per km of network	GJ/km	8.37	8.32	8.24
Total energy consumed within the organization	GJ	589,782.8	592,147.7	597,233.4
km of network	km	70,502	71,185	72,503

* In 2019, 3 months of Toscana Energia are considered.

4. Energy intensity calculated by comparing industrial electricity consumption with km of network. This parameter offers an indication of the quantity of electricity used to supply the service per km of network

Energy intensity	U.o.m.	2019*	2020	2021
Industrial electricity intensity per km of network*	GJ/km	0.785	0.798	0.777
Industrial electricity consumed within the organisation	GJ	55,374.6	56,824.3	56,350.3
km of network	km	70,502	71,185	72,503

* In 2019, 3 months of Toscana Energia are considered.

5. Energy intensity calculated by comparing the total Group energy consumption with the number of delivery points active. This parameter offers an indication of the quantity of energy used to supply the service per re-delivery point

Energy intensity	U.o.m.	2019*	2020	2021
Energy intensity per delivery point*	GJ/unità	0.078	0.078	0.079
Total energy consumed within the organization	GJ	589,782.89	592,147.77	597,233.41
Active delivery points	unità	7.573 · 10 ⁶	7.595 · 10 ⁶	7.604 · 10 ⁶

* In 2019, 3 months of Toscana Energia are considered.

GRI 303-3 Water withdrawals	U.o.m.	2019	2020	2021
Quarry water, collected from quarries	MI	0	0	0
Sea water	MI	0	0	0
Rainwater collected	MI	0	0	0
Water withdrawn from the aqueduct (municipal drinking water)	MI	134,1	98,04	75,77
Surface water	MI	0	0	0
Underground water	MI	0,41	0,15	0,26
External waste water	MI	0	0	0
Total water withdrawn	MI	138,25	99,51	76,03

GRI 303-4 Water discharge	U.o.m.	2019*	2020	2021
Discharged in underground water ⁶⁵	MI	0,33	1,40	0
Discharge to sewers	MI	137,91	98,01	74,19
Discharged in seawater	MI	0	0	0
Discharged in surface water	MI	0	0	1,55
Benefit/other use	MI	0	0	0,28
Sent to other treatment plants	MI	NA	0,11	0
Total discharges	MI	138,25	99,51	76,03

For the Italgas Group, the water drains correspond to the collections; consequently, water consumption is zero (**GRI 303-5 Water consumption**).

⁶⁵ Please note that water is drained in the soil after treatment.

GRI 305-1 Direct (Scope 1) GHG emissions GRI 305-2 Indirect (Scope 2) GHG emissions from energy consumption GRI 305-3 Other indirect (Scope 3) GHG emissions GRI 305-4 Intensity of GHG emissions	GRI Standard	U.o.m.	2019 ⁶⁶	2020	2021
Total scope 1	305-1	10 ³ t CO ₂ e	156.3	173.1	160.5
Total scope 2 ⁶⁷	305-2	10 ³ t CO ₂ e	7.5	0.2	0.2
Total scope 1 and scope 2		10 ³ t CO ₂ e	163.8	173.3	160.7
Total scope 3	305-3	10 ³ t CO ₂ e	136.3	153.3	172.5
Total scope 1, scope 2 and scope 3			300.1	326.6	333.3
Carbon intensity ⁶⁸	305-4	tCO ₂ eq/10 ⁶ Sm ³	20.5	20.4	18.1

GRI 305-7 Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	U.o.m.	2019	2020	2021
Civil	tNO _x	1.26	1.26	1.29
Service	tNO _x	17.2	17.2	16.4
Vehicles	tNO _x	5.04	3.11	3.36
Total	tNO _x	23.6 ⁶⁹	21.7	21.1

GRI 306-4 Waste not for disposal	U.o.m.	2019		2020		2021	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Recovery/Recycling	t	2.0	637.5	31.5	527.9	12.0	329.1
<i>of which ferrous material</i>	t	0.0	581.6	1.0	424.5	0	287.5
<i>of which other material</i>	t	2.0	55.9	30.5	103.4	12.0	41.6

⁶⁶ Data restated with respect to the 2019 Non-Financial Statement. For the value shown in the 2019 Consolidated Non-Financial Statement, please refer to the document published on the Group's website at <https://www.italgas.it/wp-content/uploads/sites/2/2021/07/Non-Financial-Statement-2019.pdf>

⁶⁷ 2019: Scope II location-based, 2020 and 2021: Scope II market-based

⁶⁸ Calculated as Scope 1 and Scope 2 emissions / gas distributed.

⁶⁹ 2019 NO_x emissions were calculated partly using the 2020 calculation method and, where not possible, the 2019 calculation method was applied. For the value shown in the 2019 Consolidated Non-Financial Statement, please refer to the document published on the Group's website at <https://www.italgas.it/wp-content/uploads/sites/2/2021/07/Non-Financial-Statement-2019.pdf>.

GRI 306-5 Waste by type and disposal method	U.o.m.	2019*		2020		2021	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Incineration	t	0	0	0	0.1	0	0.3
<i>of which ferrous material</i>	t	n.a.	n.a.	0	0	0	0
<i>of which other material</i>	t	n.a.	n.a.	0	0.1	0	0.3
Waste sent directly to landfill	t	0,3	0	0	0	0	0
<i>of which ferrous material</i>	t	n.a.	n.a.	0	0	0	0
<i>of which other material</i>	t	n.a.	n.a.	0	0	0	0
Other disposal plant	t	3.9	3.3	3.3	67.0	1.5	9.6
<i>of which ferrous material</i>	t	n.a.	n.a.	0.8	0	0	0
<i>of which other material</i>	t	n.a.	n.a.	2.4	67.0	1.5	9.6
Total	t	4.1	3.3	3.2	67.0	1.5	10.0

*In order to standardise the report with the new version of the GRI, the table has been amended in respect of previous versions, hence waste is not available broken down by type of material for 2019.

Waste by type	U.o.m.	2019	2020	2021
Non-hazardous	t	559.1	526.7	318.3
Hazardous	t	7.9	45.0	16.07

Main data on reclamation	2019		2020		2021	
	n	m ²	n	m ²	n	m ²
Sites involved by reclamation works or to be reclaimed	32	1,269,951	32	1,265,551	30	1,206,677
Certified reclamation works	3	15,909	0	0	0	0
Approved characterisation plans	28	1,226,319	28	1,208,348	26	1,143,810
Approved risk analysis (152/2006) or approved preliminary reclamation projects (pursuant to 471/99)	23	1,132,588	23	1,109,240	21	1,049,533
Approved operative reclamation projects (152/2006) or approved final reclamation projects (pursuant to 471/99)	20	1,120,178	19	1,094,760	18	1,036,482
Operative safety measures	1	10805	1	257	1	257
Soil emergency safety measures	0	0	0	0	0	0
Groundwater safety measures	9	0	10	0	11	0

5.6 Business Outlook

As we all know, the so-called Coronavirus Emergency unfolded in Italy in February 2020, with the spread of infection and the necessary emergency measures taken by the Health and Government Authorities to contain the spread.

Although this state of emergency is only expected to be officially declared over on 31 March 2022, the Company has not to date noted any major adverse effects on the development and investment initiatives. By leveraging digitisation processes, measures have been implemented to ensure the continuity and effectiveness of worksite activities and interventions at customer premises, while operating in complete safety and in compliance with the terms set out in the company plans.

With reference to the customer base / sales company and their solvency, it is noted that the rules for user access to the gas distribution service are established by ARERA and are regulated in the Network Code. At present, the Company has not noted and does not anticipate any significant adverse repercussions on receipts expected from gas sales companies such as to jeopardise the financial balance of the Group, or on the regularity of payments by counterparties.

With regard to access to credit, Italgas does not foresee any significant negative impacts, taking the following into account: (i) the Company has cash deposited with major credit institutions for a total of around € 1,391.8 million as of 31 December 2021; (ii) there are limited requirements to refinance debt (in January 2022 a bond was repaid for around € 112 million and the subsequent repayment is due during 2024), (iii) the bonds issued by Italgas as of 31 December 2021, as part of the Euro Medium Term Notes Programme, do not require the observance of covenants relating to the data in the financial statements.

As of 31 December 2021, the only loan agreement providing for financial covenants, which have been complied with, is the EIB loan for € 90 million taken out by Toscana Energia.

The success of the “dual-tranche” bond issue maturing in February 2028 and February 2033, for a total of € 500 million each, implementing the EMTN Programme, as well as confirmation of the rating by Moody's (Baa2, stable outlook), on 25 November 2021, and Fitch (BBB+, stable outlook), on 6 December 2021, bear witness to the Company's financial soundness and confirm its ability to access the capital market.

With reference to the impacts, including potential ones, on revenues, costs, investments and cash flows expected as a result of the limitations imposed by the aforementioned health emergency, the Company has not found any evidence to date to suggest significant negative effects on FY 2022.

However, the Company is currently unable to estimate the potential material negative effects on the economic, financial and equity outlook in the periods to come, should the health emergency situation persist or return to a critical state.

In this context, Italgas will therefore continue to pursue its strategic objectives, focusing on digital transformation with the goal of improving service quality, streamlining processes and operating costs, whilst paying constant attention to development opportunities. With specific regard to investments, Italgas expects to continue to carry out its plan targeted primarily at the implementation of projects for network digitisation and repurposing and the methanisation of Sardinia, plus the normal maintenance and development of the networks managed.

Russia-Ukraine conflict

As we know, in February 2022 the Russian-Ukrainian military conflict exploded following the invasion by the Russian army into Ukraine sovereign territory. The state of political and military tension generated and the consequent economic sanctions adopted by the international community against Russia have had significant effects and created turbulence on the global markets, on both the financial front and in terms of prices and the export of raw materials, considering the significant role that Russia and Ukraine play in the international economic chessboard.

Italgas confirms that it does not have production activities or personnel deployed in Russia, Ukraine or countries geo-politically aligned with Russia, nor does it have commercial and/or financial relationships with such countries. Therefore, there are no materially significant restrictions to the execution of financial transactions through the bank system, even after the exclusion of Russia from the SWIFT international payment system. Nevertheless, in a market already characterised by restrictions and slowdowns in the procurement chain, especially in relation to components, we cannot rule out that the political and economic tension induced by the ongoing conflict might exacerbate such difficulties and have implications, in a way that cannot yet be estimated or predicted, on the effectiveness and timeliness of the Group's procurement capacity.

With reference to the tensions on the financial markets, Italgas reports that it is marginally exposed to foreign exchange risk and in any case only against the US dollar. With regard to the availability of sources of financing and the related costs, it is reported that i) over 92% of Italgas' financial debt is fixed rate, ii) the upcoming repayment of a bond envisaged for 2024 has no refinancing and/or liquidity requirements in the short term, iii) the Group in any case holds liquidity at leading credit institutions for an amount, as at 31 December 2021, of € 1,391.8 million, which, including in light of the existing investment plans and the operations planned over the next 18 months, would make it possible to manage any restrictions on access to credit with no significantly material effects.

With reference to the indirect risks associated with the sales companies that use the Italgas Group's networks, if they are found to be suffering, in a deteriorated international scenario, from adverse commodity procurement conditions such as, for example, huge increases in the prices of the raw material that cannot be passed on to end customers resulting in a worsening of their financial conditions and related difficulty in regularly complying with their contractual obligations towards the Italgas Group, it is recalled that the rules for user access to the gas distribution service are established by ARERA and regulated in the Network Code, which defines the system for existing financial guarantees to protect the distributor.

Lastly, with reference to the risk of lower volumes of gas injected into the national infrastructure, as we know, the current tariff regulation does not lead to exposure of the distributors to changes in volumes of gas distributed. In any case, the risk of a prolonged interruption to injection of natural gas into the distribution infrastructure, which could impact in a significantly negative way upon the Group's operating continuity, would nevertheless be mitigated by the actions already in place and/or being studied at national and European level, such as the optimisation of storage, the diversification of procurement sources and the increase in domestic output.

