



 **NFD 2020**

CONSOLIDATED
NON-FINANCIAL
DISCLOSURE

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NON-FINANCIAL
DISCLOSURE

LETTER to STAKEHOLDERS

Dear readers,

Before presenting the highlights of the 2020 Consolidated non-financial disclosure of 2i Rete Gas, I feel duty-bound to recall the dramatic event that marked 2020 and the impacts it has had on our lives and on our business.

Since February 2020, we have been facing a pandemic with global and still undefined effects, against a progressively worsening backdrop that has quickly spread throughout the country.

Our Company immediately took the necessary organisational steps with a view, first and foremost, to protecting the health of employees while ensuring business continuity. Such a teamwork required significant efforts in order to deal with a situation that not only had never been considered, but no one had even imagined before.

The choices made as the situation evolved have been influenced by a scenario of great uncertainty, which shows no sign of letting up, and of great concern for the safety of

employees and contractors, but also regarding our ability to ensure delivery of the essential service we provide, starting with the First Response.

A task force was established right away. It involved all corporate functions (Team COVID-19) and met on a regular basis in order to decide on the necessary measures in a timely manner based on (i) a review of all the concerns submitted for a joint assessment, (ii) an exchange of information and (iii) updates on the guidance and containment measures issued by the Government, Regional Authorities, Ministries, Civil Protection and Local Authorities.

The very first actions to prevent the spread of the contagion concerned employees from the first red zones that were established, as they were instructed to refrain from reaching the workplace and to carry out their work tasks remotely (i.e., smart working), while business trips, meetings and contacts with external stakeholders were placed on hold for the remaining office staff. In order to make it easier to reach the workplace safely and to cope with the new

logistical difficulties, flexible working hours were extended. Cleaning and sanitation procedures were increased significantly at all sites and on all mixed-use vehicles. Masks and sanitising gel were distributed to all staff, overcoming the initial setbacks caused by limited market availability. The health surveillance service was strengthened, paying special attention to individuals who were either vulnerable or were affected by previous health conditions, while an ad hoc insurance policy was taken out for each employee.

An internal information flow was constantly fed through emails sent to all personnel and through the corporate intranet, providing procedures, updates and guidance. To allow operational staff to gain access to information, access to the intranet from tablets was implemented.

With regard to business operations, service to end clients and sales companies was guaranteed at all times. To this end, activities were reduced immediately to essential services to protect employees

and external colleagues, acting ahead of the guidelines issued by the Authority to the extent as lying within its province. Flexible hours were increasingly extended and extraordinary leaves were granted to help employees cope with their family organisation, which had been disrupted following school closure.

As the contagion spread, in line with the Prime Minister's Decrees issued from time to time, the organisational model designed for the first red zones was applied to all the Sites and all Departments, with all staff being instructed to refrain from reaching the workplace, except for proven work requirements to be agreed upon with their own supervisor.

Consequently, 2i Rete Gas asked its organisational structure to make a significant effort to change the way of working, swiftly making the necessary investments to purchase laptops and smartphones and to make the company network more resilient and robust, so as to enable as many people as possible to discharge their work duties remotely (smart working). As early

as mid-March 2020, 90% of clerical staff carried out their work remotely, while the sharp drop in operational staff's activity was addressed by delivering online training courses via tablets and by relying, for short periods, on all management tools available in order to mitigate impacts in the most critical times while pursuing a balanced and sustainable solution for all stakeholders. Again, with a view to respecting the different stakeholders, the company immediately extended workers' health protection measures also to its contractors' employees, and further intensified checks to ensure compliance with the protocols once work had resumed on the sites.

With regard to the suppliers whose fieldwork on gas grids was most affected, higher costs incurred for the application of the measures called for by the situation were acknowledged and advance payments were made to mitigate the effects of financial hardship.

These are just some of the measures that were implemented in a very short time and in sometimes dramatic

circumstances that bear witness to the involvement of all business units, the effectiveness of a widespread communication network, the virtuous synergy between all the players and bodies involved.

The company exhibited great cohesion as well as strong organisation and resilience skills, thanks to an across-the-board highly professional attitude, sense of duty and spirit of co-operation.

Therefore, while the organisational solutions adopted to reduce the risk of contagion caused difficulties and some limitations, they also unleashed previously-unused skills and significant resilience capabilities and made it possible to successfully try out a different way of working with a stronger focus on accountability, trust and goal sharing. In spite of the distancing required under the circumstances, new ways of interaction were quickly adopted. While they were driven by the ongoing situation, they proved effective thanks to the strong relationships that have been built among colleagues so far.

LETTER
to STAKEHOLDERS (continued)

The positive legacies of this dramatic experience will consist of many aspects to be exploited, such as greater flexibility and the resilience and adaptation abilities shown, together with a greater awareness of our fragility and our position in the world, in a strongly interconnected economic and environmental system.

In 2020, sustainability also and above all meant finding a balance in guaranteeing people's safety, service delivery to end clients, supply chain stability and the achievement of goals, which were reached despite the pandemic.

Continuing with its previous endeavours, the Company resolutely launched the Sustainability Plan set in 2019, which contemplates contributing to 10 SDGs by achieving 40 goals to be reached by implementing 67 concrete actions. These goals are spread across all corporate functions and are supervised by a manager.

Of the 28 targets set out in the 2020 Plan, 25 were fully reached, while others planned for the years to come have already been achieved ahead of time.

Reporting on the results achieved raises awareness about any shortcomings and how much effort is needed for significant improvement. For this reason, targets are set on a medium-term and the plan can be adapted to suit future needs.

The next step will be to measure ourselves against industry benchmarks and rating agencies' evaluation, to assess whether the sustainability plan is appropriately coherent, challenging and effective.

Although interaction between colleagues and with the outside world took place entirely through virtual platforms and operations were slowed down, the Company managed to carry out many projects to make a concrete contribution to ESG issues.

With regard to the sustainability of investments, a specific cost-benefit analysis tool was developed, enabling all Departments to rapidly assess the sustainability of major investments according to consistent parameters.

With regard to environmental impact, 2i Rete Gas contemplates launching

a project to estimate fugitive emissions and the positive impact of the significant investments already made over the past few years for the upgrading of old networks. Another important project in terms of respect for the environment pertains to the increase in the amount of waste intended for recovery. To this end, processes were improved and a new contract with suppliers was prepared for the collection, transport and management of waste and recovery of materials. In 2020, the percentage of special waste produced by the Group that was sent for recovery stood at 99.95%.

Again, with an eye to the environment, attention is drawn to the commissioning of gas installations in 6 new Municipalities in Cilento, in compliance with the time schedule of the major methane conversion programme for this area, whose inhabitants will therefore be able to benefit from one of the least polluting energy carriers.

In principle, significant efforts are also being made by the institutions and the regulator to promote research

endeavours in the hydrogen, reverse flow and power-to-gas sectors, in which 2i Rete Gas is involved, including in partnership with third parties.

The development and the key role of human resources were reflected in a number of initiatives that came on stream during the year. These included meetings of the Network Time workgroups, which are made up of the technical personnel responsible for Operation and User Management activities. These meetings resulted in proposals aimed at streamlining and improving the efficiency of operating procedures as part of meaningful discussions among all players involved.

Training for all groups of employees was expanded and will also be extended to the personnel of contractors for some specific tasks.

The job evaluation programme is about to reach completion also for the business and staff units of the central organisation, making it possible to enhance the performance review system and the mapping of skills.

The results achieved during the year include the acquisitions of a number of industry operators; the establishment, ahead of schedule, of a corporate vehicle to enhance connectivity infrastructures; and the increasing engagement of suppliers in ESG issues.

As we look back over the past year, a compassionate thought should be shared for the victims and the people who faced hardship and endured painful losses as a result of the pandemic; as we look forward to the future, our Group should continue to be proud of the cohesion and resilience it has shown.

Enjoy the read!



Michele De Censi
Chief Executive Officer

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METHODOLOGICAL FRAMEWORK

OBJECTIVE AND REFERENCE STANDARDS

The “Consolidated non-financial disclosure” (hereinafter also referred to as the “Disclosure”) of the 2i Rete Gas Group (hereinafter also referred to as “2i Rete Gas” or the “Group”) for the year 2020 was prepared consistent with the criteria set in previous years, pursuant to **Italian Legislative Decree No. 254 dated 30 December 2016** (hereinafter referred to as “Decree 254/2016”) and by relying, as a methodological framework, on the principles set out in the “**Sustainability Reporting Standards**” of the **Global Reporting Initiative** (hereinafter referred to as “GRI”), in accordance with the “**Core**” option.

In preparing this Disclosure, full reference was made to the reporting principles set out by the GRI, which are essential to ensuring quality disclosures: **Stakeholder inclusiveness; Sustainability Context; Materiality; Completeness; Balance; Comparability; Accuracy; Timeliness; Clarity and Reliability.**

The Disclosure highlights the results of the in-depth analyses carried out in relation to the topic areas selected as relevant based on Decree 254/2016, the characteristics of the Group and the activity carried out, and, where appropriate, also with a view to the best practices in the industry, commenting on the results presented. The level of detail

and of reporting on the topics, in compliance with Decree 254/2016 and the guidelines of the GRI, reflect an updating of the materiality analyses carried out in 2020.

SCOPE

The scope of consolidation for the purposes of this Disclosure **consists of 2i Rete Gas S.p.A.** (hereinafter referred to as the “Parent Company”) **and its fully consolidated subsidiaries** (hereinafter referred to as the “Group”) as at 31 December 2020. The Group companies mainly carry out **gas distribution** activities regulated by the Italian Regulatory Authority for Energy, Networks and Environment (**Autorità di Regolazione per Energia Reti e Ambiente**, ARERA).

To gain a better understanding of the comparative data over previous years as shown in this consolidated Disclosure, it should be noted that on 30 April 2020 the Parent Company completed the acquisition from the Bonatti Group of 100% of the share capital of Maierà Gas S.r.l., Montelungo Gas S.r.l. and Cometam Gas S.r.l., these being companies engaging in gas distribution and subsequently merged into 2i Rete Gas S.p.A. In addition, on 15 September 2020 the Parent Company acquired a 100% equity interest in Powergas Distribuzione S.p.A., a company based in Campania engaging in gas distribution. With regard to water services supplied in general, in 2020 they proved again marginal as

compared to the core business, both from a financial perspective as well as in terms of business with customers; at 31 December 2020, all concessions and water services supplied were discontinued. For this reason, these services are not covered by this Disclosure as in previous years.

The following indicators refer to the reporting year from **1 January to 31 December 2020**; in order to ensure comparability, the data and information for financial years 2018 and 2019 have also been reported as required by the GRI. The change in the scope of consolidation between the three financial years and the other elements deemed necessary for understanding the performance of the three-year period have been included, where deemed necessary, in specific explanatory notes in the document; information concerning the companies acquired has been included in the scope of consolidation since the 2020 Disclosure, while comparative data relating to 2019 included information concerning the companies acquired in 2018 but not information concerning the companies being acquired in 2020.

PROCESS FOR THE DEFINITION OF TOPIC AREAS AND MATERIALITY

In 2020, the Group continued to develop the process started in the previous year, with the aim of further integrating **sustainability with its corporate strategy and business operations.** As part of this process, the list of

Key stakeholders for the Group



SHAREHOLDERS and LENDERS



HUMAN CAPITAL and UNIONS



SUPERVISORY AUTHORITY and ASSOCIATIONS



SUPPLIERS, CONTRACTORS and INDUSTRIAL PARTNERS



SALES COMPANIES, END CLIENTS of the NETWORK



MUNICIPALITIES and LOCAL AUTHORITIES



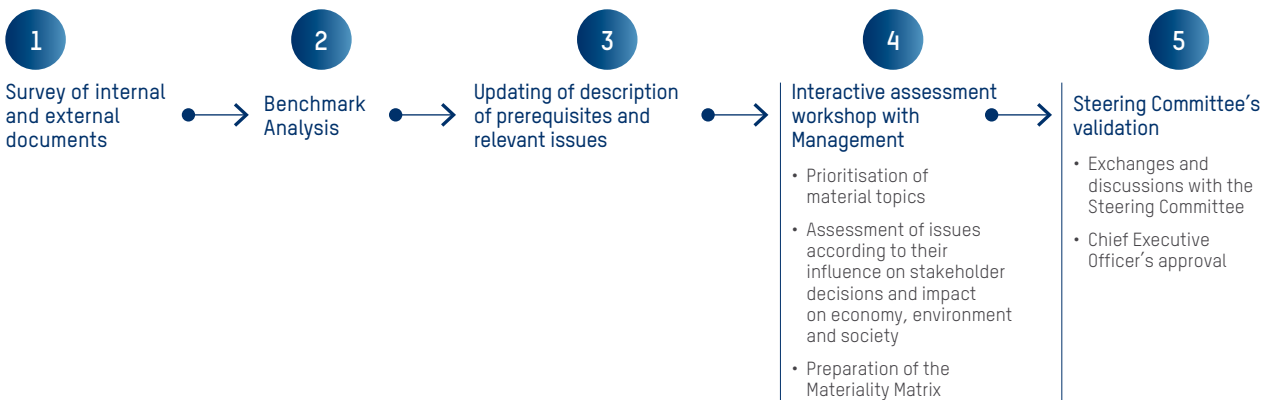
ENVIRONMENT and COMMUNITIES

stakeholders and the **Materiality Analysis** of the Group were updated. With regard to stakeholders, both internal and external, the groups already identified in 2019 were confirmed as parties (i) towards which the Group has responsibilities and/or (ii) that can have an impact on its performance, the interests and expectations of whom are therefore taken into account when making corporate decisions. The update of the Materiality Analysis was preceded by a survey conducted based on

internal and external documentary sources and by a benchmark analysis of the external and industry context, both at a national and international level. The aim of these efforts was to gain insights into trends and best practices and to steer the management of operations towards exploiting opportunities and minimising risks. The results of these efforts made it possible to gain more insights into and refine the description of (i) **issues that are potentially relevant** from a financial,

environmental, social and governance point of view for both 2i Rete Gas and its reference stakeholders, and (ii) **prerequisites**, i.e., issues that are considered - as already outlined in last year's report - to be crucial to ensuring a responsible management of corporate activities. Since the latter were confirmed, they did not undergo any further materiality analysis and include: regulatory compliance, ethics and anti-corruption, listening to stakeholders and creating sustainable economic value.

Process for the definition of the Materiality Matrix



The updated **list of** potentially relevant topics was shared and discussed as part of an interactive assessment **workshop** with the Management of the main corporate departments, in charge of the relations with the identified stakeholders — and, on the other hand, the Group vision to be defined. During this workshop, each Manager involved expressed his or her vote both from the point of view of the corporate department being represented as well as from the point of view of the reference stakeholder. The results were analysed by the Steering Committee and presented in the form of a **Materiality Matrix**, which makes it possible to highlight the updated connection of the relevant themes with the strategy of the Group and the reference stakeholders.

In the light of this process, which showed results **virtually in line** with previous years, the relevant issues were therefore confirmed and, in a couple of cases, the nomenclature was rephrased (from “Selecting, empowering, training, developing and engaging human capital” to “Management, development and engagement of human capital” and from “Reliability and efficiency of plants, quality, safety and protection of public health” to “Reliability and efficiency of plants”) so as to conjure up more appropriately and readily the extent of the link with the main aspects of sustainability being considered.

The material topics are disclosed in this Disclosure and for the purpose of collecting the relevant information, the “Sustainability and Transparency”

Working Group collected the necessary data provided by the representatives of the corporate departments involved, subject to such data being processed and checked by them as required.

In particular, 2020 focused on handling the SARS-CoV-2 pandemic emergency that impacted the entire Group organisation. To this end, a multidisciplinary team (Team COVID-19) has been operating within the Company’s Management Team since February to coordinate the actions required to cope with the emergency situation.

Precautions were therefore promptly adopted to monitor, assess and contain the spread of contagion among members of the organisation, suppliers working with the organisation and the community to which the Group provides public utility services. The aim was to meet the need to protect the health and safety of both its own staff and contractors while ensuring the delivery of essential services and business continuity.

The restrictive measures issued from time to time, consistent with the regulatory measures that followed and are currently in force, covered different areas. The most significant measures adopted, in addition to those set out by the regulations laid down by the Authorities, included:

- a closer monitoring of internal information flows, aimed at drawing attention to the hygiene rules to be complied with, implementing the rules of conduct issued from time to time and promoting reliance on the

practices, tools and devices put in place to minimise contact and work safely in the context of the pandemic situation;

- the introduction of specific preventive health protection measures, such as strengthening the health surveillance service and protecting, by taking out a specific insurance policy, employees who had been hospitalised after testing positive for the virus.

Details regarding the management of the pandemic emergency are available in various sections of this report (see in particular “Management, development and engagement of human capital”; “Safeguarding health and safety” and “Responsible supply chain management”).

Finally, the economic data contained in the Disclosure were taken from the Group’s Consolidated Financial Statements.

The process of continuous review of materiality will continue in the years to come, also through a process of stakeholder engagement. As part of this process, in financial year 2020 account was again taken of the (i) results of the latest customer satisfaction analysis (see “Satisfaction”) conducted to measure the level of quality perceived by different types of clients on specific aspects of the service provided, and (ii) latest assessment of work-related stress, which was carried out to identify any critical issues pertaining to work content and context and to implement an

adequate risk management system to improve working conditions and levels of protection of people's health and safety.

The Board of Directors of 2i Rete Gas S.p.A. approved this document on 29 March 2021.

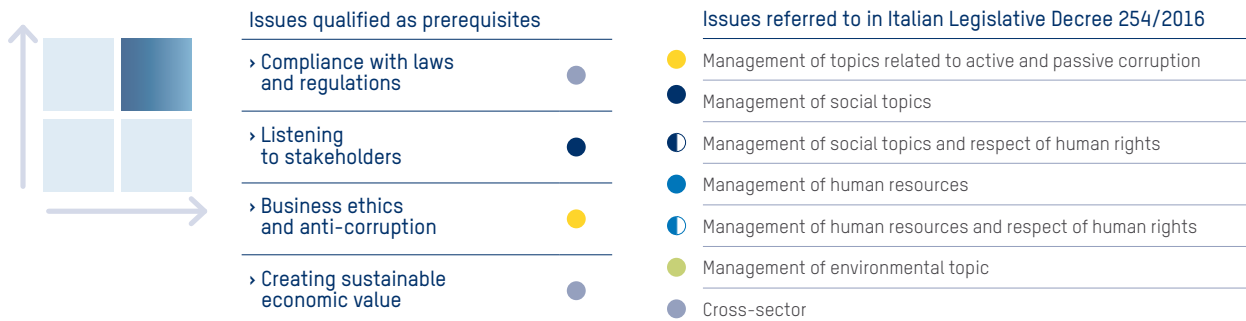
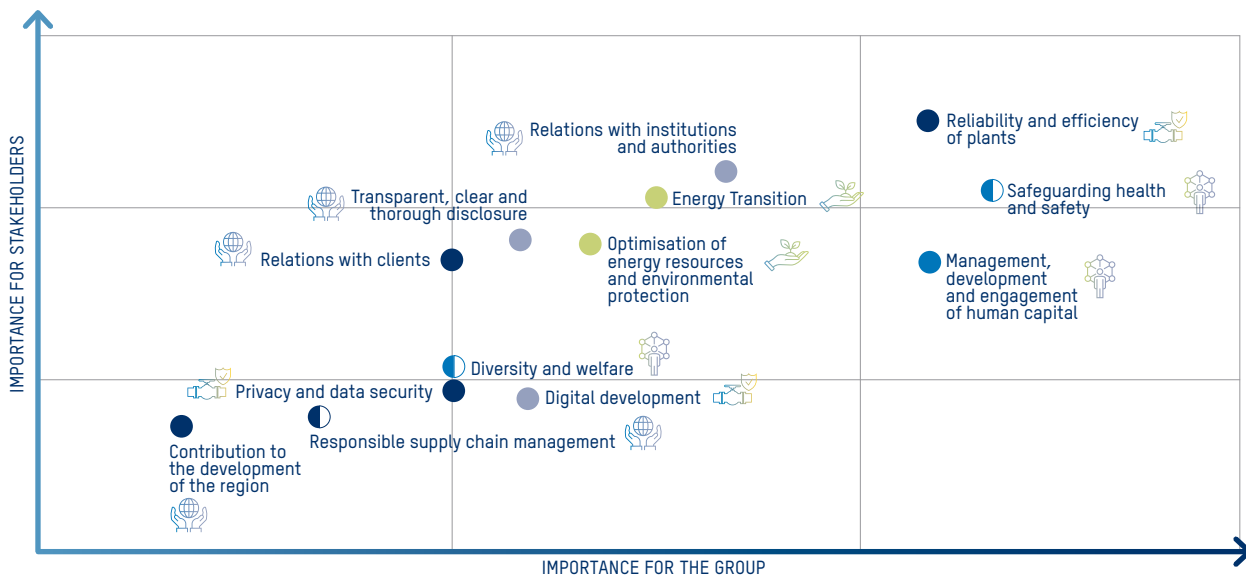
This Consolidated non-financial disclosure is subject to limited assurance in accordance with ISAE 3000 by PricewaterhouseCoopers S.p.A.

An e-mail address for further requests for information is available in order to facilitate dialogue with stakeholders.



sostenibilita@2iretegas.it

Relevant topics in the Materiality Matrix



2i Rete Gas is the result of a process of acquisitions that over time has led the Group to being committed to aggregating, integrating and consolidating multiple realities in the natural gas distribution industry.

Today the Group operates nationwide in both provincial capitals and small municipalities and works daily to fulfil its role as a concessionaire of a public utility service, guaranteeing high performance levels and constant attention to the challenges facing the industry itself.

2,148

Concessions managed

18

Regions

67 thousand

km of network managed

4.4 million

Redelivery points

5.8 billion

m³ of gas transported

2,015

Employees



GROUP PROFILE



HIGHLIGHTS, HISTORY AND CORPORATE STRUCTURE

2i Rete Gas represents a reference point in the Italian natural gas distribution industry.

The Group currently operates at a national level, has operations in 18 regions and in 138 ATEMs where, at the end of 2020, its 2,015 workforce allowed it to manage 2,148 concessions and 67 thousand km of network through which it distributed 5.8 billion cubic metres of gas (natural gas and LPG) on behalf of 296 sales companies to 4.4 million end clients of the network, ranking as the second largest national operator in the industry.

This ranking was driven by a long-standing history that has its roots in the last century following the first methane pipelines developed across the Italian territory, and by a major path of expansion through acquisitions started in the early 2000s.

This growth was achieved through the acquisition of several companies - all engaging in gas distribution and measurement and owning a strong know-how in the design, construction and operation of networks - and was characterised by an ongoing process of harmonisation and integration between the business models, protocols and systems of the various entities acquired and the wealth of skills and management and

operational tools developed internally. This expansion path led the Parent Company (which has been operating as an independent distributor since 2009 and was indeed the first operator in Italy to take on this role) and its subsidiaries to form a Group which, by relying on highly skilled in-house resources in the rigorous conduct of its core business, has always stood out for its ability to pick up and own the challenges facing the industry.

After completing in 2019 the integration process also for (i) 2i Rete Impianti S.p.A. (formerly Nedgia S.p.A.), a distribution company that was acquired from the Gas Natural Fenosa group and merged by incorporation into the Parent Company on 1 October 2019, and (ii) Compagnia Generale Metanodotti S.r.l., which had already been merged on 1 January 2019, 2i Rete Gas S.p.A. - in line with its strategy of growth through integration processes and ahead of the effects expected from local tenders - in financial year 2020 completed further acquisitions of companies engaging in the distribution sector. More specifically, on 30 April 2020 it acquired from BN Investimenti S.p.A. the entire share capital of **Montelungo Gas S.r.l.**, **Maierà Gas S.r.l.** and **Cometam Gas S.r.l.**, a company running a 60 km network in the south

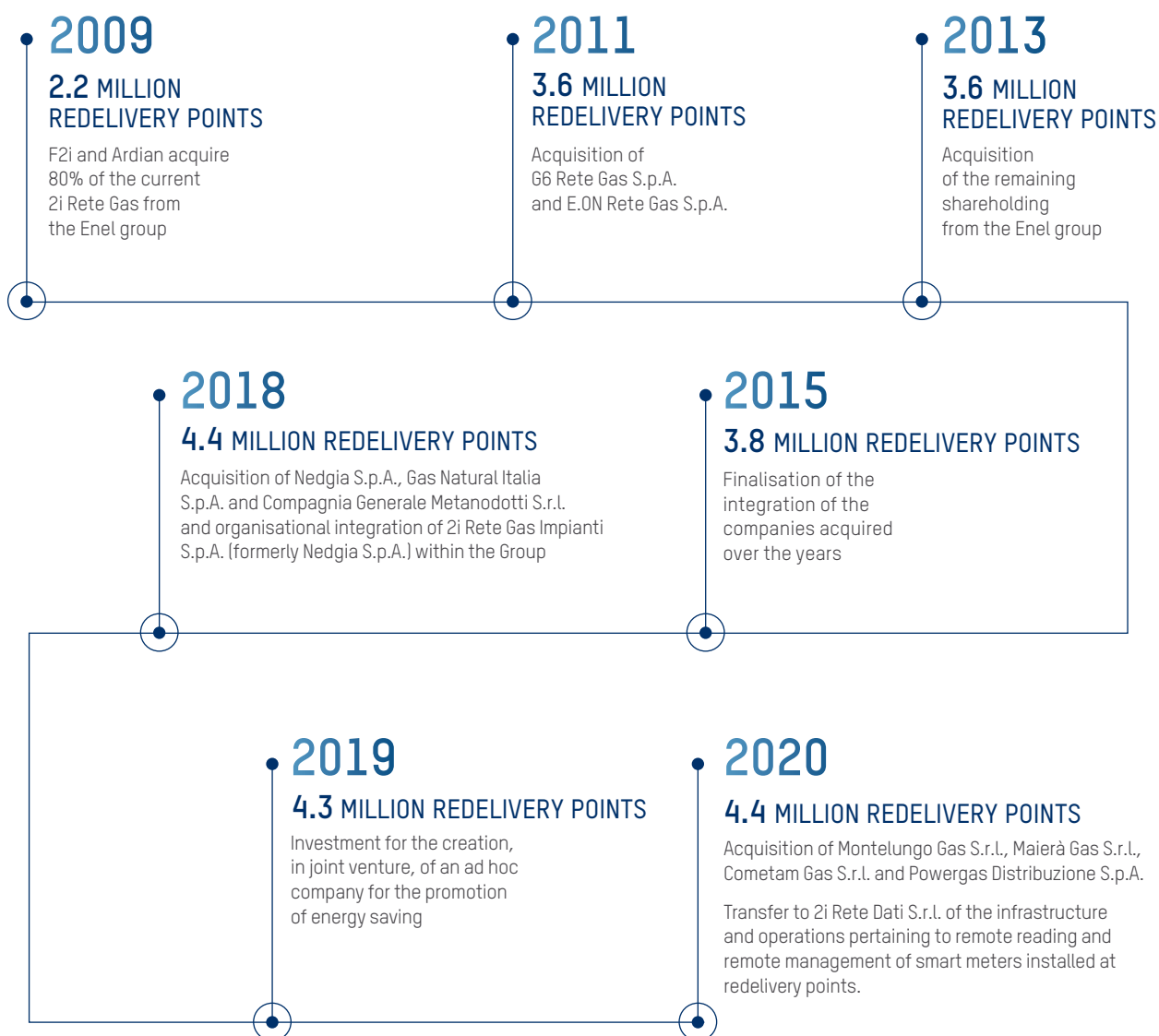
of Italy (Campania and Calabria), whose merger with corporate and management integration had already been completed on 1 October 2020.

On 15 September 2020, 2i Rete Gas S.p.A. also acquired 100% of the share capital of **Powergas Distribuzione S.p.A.**, a company operating the gas distribution system in 14 Municipalities in the provinces of Benevento and Avellino. The company was merged by incorporation into the Parent Company effective 1 January 2021, with a view to rapidly integrating its operations and concessions.

On 13 January 2021, 2i Rete Gas S.p.A. entered into an agreement with EDF group's Edison S.p.A. for the purchase of 100% of the share capital of **Infrastrutture Distribuzione Gas S.p.A.**, a company operating a gas distribution service in 58 Municipalities with about 152 thousand end clients under management and a distribution network spanning about 2,700 kilometres.

The transaction, which is expected to reach completion within the first four months of 2021 will, subject to the Antitrust Authority's approval, allow 2i Rete Gas to strengthen its presence in regions that are complementary with its areas of operations, and to obtain significant economies of scale and density, applying best practices

Main stages in its history



and at the same time empowering the resources of the target company, with results that will benefit users, concession-granting bodies and stakeholders alike.

With the aim of rationalising and focusing on activities and competences that are not strictly related to gas distribution, although they are strategic for service management purposes, effective 1 January 2021 2i Rete Gas S.p.A. transferred the infrastructure and operations dedicated to remote reading and remote management of smart meters installed at redelivery points pursuant to ARERA Resolution 155/2008,

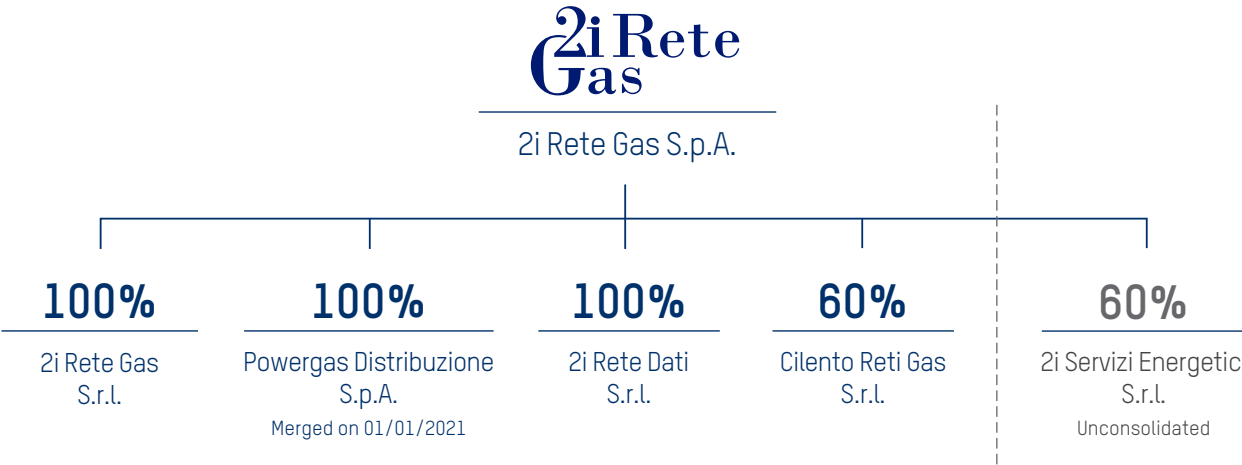
as amended, to its wholly owned subsidiary **2i Rete Dati S.r.l.**

Lastly, the Group also completed the plan for the disposal of businesses relating to the remaining concessions for the management of integrated water system operations. In this connection, effective 1 January 2021 it assigned to "Sogea S.r.l." the drinking water supply contracts with the Municipalities of Ventimiglia di Sicilia, Ciminna and Baucina, as well as the ownership of the plants supplying water to the municipal distribution networks and the building used as aqueduct relay station, while it assigned to Rivieracqua S.c.p.A. the

business relating to the distribution of drinking water in the Municipalities of Riva Ligure and Santo Stefano al Mare, in the Province of Imperia.

As a result of the above-mentioned corporate and business rationalisation efforts, in addition to a 100% interest in **2i Rete Gas S.r.l.** - the company managing the gas distribution service in the Municipality of Cinisello Balsamo - and a 100% interest in **2i Rete Dati S.r.l.**, 2i Rete Gas S.p.A. currently holds a 60% interest in **Cilento Reti Gas S.r.l.**, a project company the remaining 40% of which is held by Bonatti S.p.A. as construction partner, and a 60% interest in **2i Servizi Energetici S.r.l.**

The Group as at 31/12/2020



Cilento Reti Gas operates under a public concession for the design and construction of the network and the management of the natural gas distribution service in the areas of Bussento, Lambro and Mingardo, and in the areas of Gelbison and Cervati, Alento and Monte Stella.

The company is involved in the construction of the natural gas distribution system in the 31 Municipalities that are parties to the agreement signed in 2010, securing investments for the construction and expansion of infrastructure and investments

intended to guarantee the safety of the plants, continuity and quality of service, protection of the environment as well as streamlining of organisational and operational efficiency.

In 2020, consistent with company plans, Cilento Reti Gas completed the construction of the natural gas distribution network in the Municipalities of Torraca, Morigerati, Caselle in Pittari, Casaletto Spartano, Tortorella and Ispani and started the related distribution service.

Zi Servizi Energetici, established in 2019 as a joint venture with Tekne Esco S.r.l. (which holds the remaining 40% of the share capital), is the Group company engaging in the development and marketing of energy efficiency initiatives for public and private entities. The company, it should be noted, is not included in the Group's scope of consolidation.

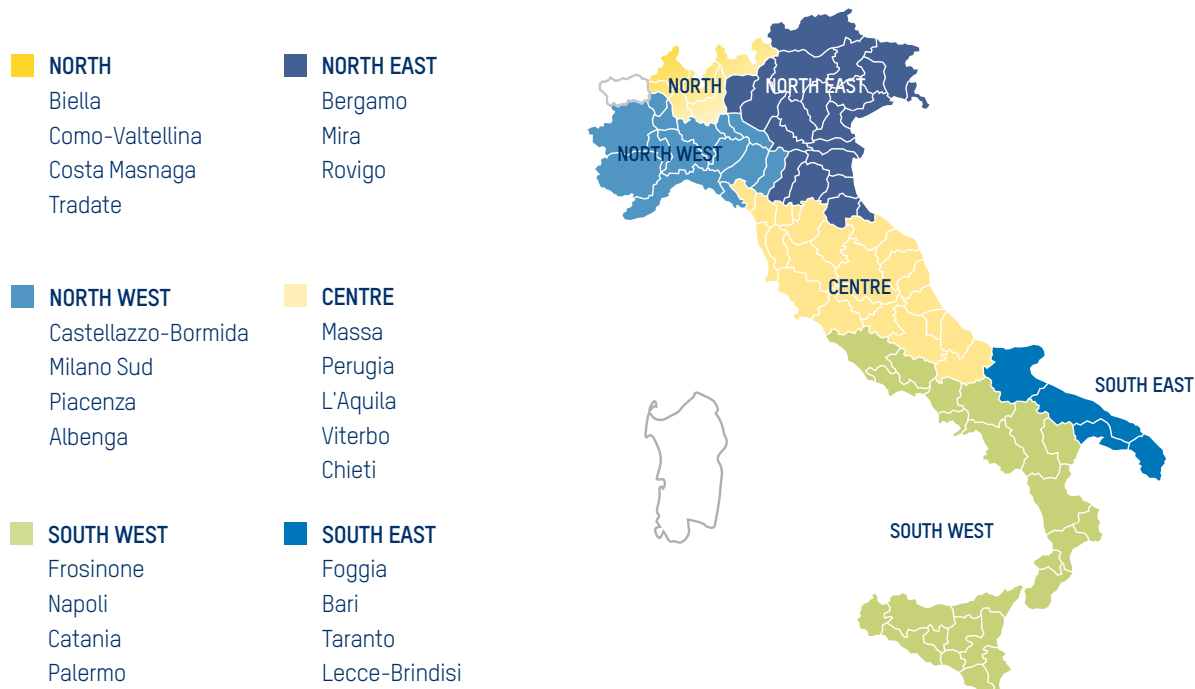
The progressive **simplification of the corporate structure and the definition of an organisational structure capable of taking advantage of the synergies that are necessary to achieve continuous performance improvement** are other guidelines that have accompanied and continue to characterise the Group's constantly evolving history.

From a corporate point of view, the subsidiaries of Zi Rete Gas S.p.A., according to current service contracts and in order to guarantee the highest performance levels in widespread territorial areas, benefit from the activities of the central and territorial organisational structures of the Parent Company, which is organised with:

- a central management office in Milan, mainly dedicated to staff activities;
- three decentralised offices also dedicated to staff activities in Verona, Frosinone and Acquaviva delle Fonti (Province of Bari);
- six Territorial Departments that coordinate 24 Operational Areas which, in turn, manage the territory of competence.

This organisation consists of a streamlined and flexible structure, able to adapt quickly to the changing context and respond to the needs of the categories of Clients with whom the Group has relations.

Territorial Departments



GOVERNANCE

The governance model of the Group is based on the principles of integrity, fairness, and business ethics.

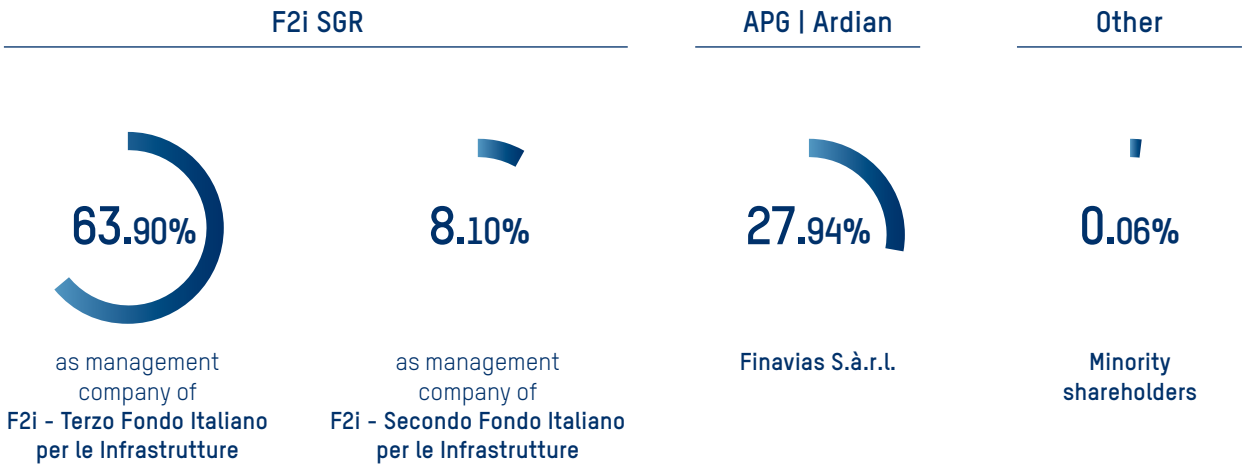
The system of corporate governance rules together with the set of decision-making processes guide the Group towards the creation of value for shareholders, the protection of stakeholders' interests, and ensuring transparency in relations with them, as well as towards the control of corporate risks.

OWNERSHIP STRUCTURE AND LEGAL FORM

2i Rete Gas S.p.A. is a joint-stock company controlled by investment funds reserved for institutional investors and managed by **F2i SGR S.p.A.**, Italy's largest independent manager of infrastructure funds, with assets under management in the region of € 5.5 billion and investments in companies that make up the Country's main infrastructure platform. The company is also indirectly owned,

through shareholder Finavias S.a.r.l, by **APG Asset Management**, one of the world's largest pension fund managers investing in the infrastructure and energy sectors at a global level, with assets under management totalling approximately € 573 billion, and by one of the leading independent investment companies, **Ardian**, with € 90 billion worth of assets under management or advisory operations in Europe, North America and Asia.

Shareholding of 2i Rete Gas S.p.A.



GOVERNANCE STRUCTURE, DELEGATION SYSTEM AND BODIES

Zi Rete Gas S.p.A. adopts a so-called traditional governance and control system in accordance with the applicable regulatory provisions, which envisages:

- the Shareholders' Meeting
- the Board of Directors
- the Board of Statutory Auditors with the statutory audit of the Group entrusted to the auditing firm PricewaterhouseCoopers S.p.A.

The functions and activities of these corporate bodies are governed by law and the articles of association of the company.

With specific reference to the Parent Company, the decision-making body is the Shareholders' Meeting, which is responsible for appointing the Board of Directors, the Board of Statutory Auditors and the audit firm.

The **Board of Directors** is responsible for the ordinary and extraordinary management of the Company and has the power to carry out all the actions deemed necessary to implement and achieve the corporate purpose, with the exception of those actions that are reserved for the Shareholders' Meeting by the applicable regulations and the Articles of Association.

The current Board of Directors is composed of 9 members, 4 of whom are women. The current Board of Directors was appointed by the

Shareholders' Meeting on 23 April 2018 for three financial years, with its term of office expiring on the date of the Shareholders' Meeting to be convened to approve the financial statements for the year ended 31 December 2020.



The Board of Directors includes high-profile managers and professionals from the management of F2i SGR, APG and Ardian, as well as from the decision-making bodies of the infrastructure funds sponsors, identified by the Shareholders in order to represent an adequate combination of professional experience and individual skills.

The meetings of the Board of Directors are managed electronically using a modern software interface, allowing support information to be viewed online, thereby doing away with the need for printing while ensuring confidentiality and traceability of all activities.

Zi Rete Gas S.p.A., whose share capital is not listed on a regulated market, at the time of appointment verifies that the Directors meet the necessary requirements of integrity and that there are no conflicts of interest with the Company.

On 20 January 2020, Professor Stefano Gatti, associate professor at Bocconi University Finance Department, joined the Board of Directors, replacing outgoing member Jans-Willem Ruisbroek. On 22 October 2020, Marion Calcine, Chief Investment Officer of Ardian Infrastructure, was co-opted to the Board to replace Rosario Mazza, who resigned to pursue different assignments at Ardian.

The **Chief Executive Officer of the Parent Company is Michele Enrico De Censi**, a manager with longstanding experience in the energy and infrastructure sector. The Chief Executive Officer periodically provides the Board of Directors with detailed information on the Company's operating performance and the exercise of his delegated powers. He also reports on sustainability issues, and keeps abreast of developments in industry regulations that could have an impact on the Group's performance.

The Board of Directors of Zi Rete Gas S.p.A. has also set up a **Tender Executive Committee** composed of 4 members of the Board of Directors and chaired by the Chief Executive Officer, the purpose of which is to support the Company in evaluating and deciding on its participation in major calls for tender.

The companies that are directly controlled are wholly owned by the Parent Company and are subject to its

management and coordination, with a Sole Director at the top.

Cilento Reti Gas S.r.l., a company that manages the concession and the project for the construction of a methane distribution network in the Cilento area, controlled through 2i Rete Gas S.p.A. that holds 60% of the shares while the remaining 40% is owned by the construction company Bonatti S.p.A., is the only one governed by a Board of Directors with directors representing both shareholders.

The power and delegation system implemented by the Group consists of a structured system of general powers of attorney and delegation of functions pursuant to Italian Legislative Decree no. 81/2008, Italian Legislative Decree no. 231/2001 and Regulation (EU) 2016/679, aimed at ensuring the operations of the company in terms of effectiveness and efficiency, and the correct allocation of responsibilities in terms of regulations and management.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors monitors compliance with **law, memorandum of association** and articles of association, and has **monitoring functions in terms of compliance with the principles of proper governance in the discharge of corporate tasks**. It also verifies the **suitability of the organisational, administrative and accounting structure** adopted by the Company and its actual functioning.

The Board of Statutory Auditors consists of 3 standing auditors and 2 alternate auditors who may be re-appointed and remain in office for three accounting periods.

The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 23 April 2018 for three financial years, with its term of office expiring on the date of the Shareholders' Meeting to be convened to approve the financial statements for the year ended 31 December 2020. On 23 November 2020, standing auditor Nicola Gaiero passed away prematurely. 2i Rete Gas would like to express its gratitude for his work and heartfelt compassion for his loss. He was replaced by alternate auditor Andrea Cioccarelli.

In accordance with the provisions of article 19 of Legislative Decree no. 39/2010 on control bodies in Public Interest Entities, the Board of Statutory Auditors is also qualified as **Internal Control and Audit Committee**.

It shall also oversee the **financial reporting process, the effectiveness of the internal control and risk management systems, independence of the statutory auditor or of the independent auditors**, in particular as regards the provision of non-audit services to the body whose accounts must be audited.

SUPERVISORY BODY

The Supervisory Body **monitors the functioning of and compliance with the Company's Organisation,**

Management and Control Model and makes sure that it is updated.

2i Rete Gas S.p.A. and the companies of the Group have appointed a Supervisory Body in accordance with Legislative Decree 231/2001. With regard to the Parent Company, the current Supervisory Body - which was appointed by the Board of Directors and whose term of office will expire in conjunction with the latter's - consists of the following 3 members, who were, among other things, appointed both in pursuance of law requirements as well as with the aim of relying on the combination of diverse professional skills and experiences: Daniela Mainini, a criminal lawyer with proven experience also in the field of liability under Legislative Decree 231/2001, acting as Chairman; the Chairman of the Board of Statutory Auditors, Marco Dell'Acqua, acting as a full member; and Maria Cristina Fortunati, Head of Legal and Corporate Affairs, acting as a full member. Such a composition ensures ongoing exchanges also with the Board of Statutory Auditors and a link with the Company's Legal and Corporate Affairs unit, which is responsible for overseeing the Company's activities from a legal perspective.

Board of Directors of 2i Rete Gas S.p.A.

Paola Muratorio - 1949

Chairman of the Board of Directors

Carlo Michelini - 1968

Deputy Chairman and Member of the Tender Executive Committee

Michele Enrico De Censi - 1966

Director
Chief Executive Officer and Managing Director Chairman of the Tender Executive Committee

Matteo Ambroggio - 1972

Director and Member of the Tender Executive Committee

Rita Ciccone - 1960

Director

Rosaria Calabrese - 1978

Director

Rosario Mazza - 1983

Director and Member of the Tender Executive Committee
resigned on 22.10.2020

Carlo Maddalena - 1987

Director

Jans-Willem Ruisbroek - 1982

Director
resigned on 15.01.2020

Prof. Stefano Gatti - 1967

Director
starting from 20.01.2020

Marion Calcine - 1984

Director and Member of the Tender Executive Committee
starting from 22.10.2020

Board of Statutory Auditors of 2i Rete Gas S.p.A.

Marco Antonio Dell'Acqua - 1966

Chairman

Marco Giuliani - 1959

Standing Auditor

Nicola Gaiero - 1961

Standing Auditor
until 23.11.2020

Andrea Cioccarelli - 1964

Standing Auditor
replacing Nicola Gaiero

Giuseppe Panagia - 1968

Alternate Auditor

RESPONSIBLE BUSINESS MANAGEMENT

The Group operates in the natural gas supply chain and carries out its business in compliance with the regulations issued by the Regulatory Authority for Energy, Networks and Environment (ARERA), which sets out the terms and procedures for accessing infrastructure capabilities and delivering gas distribution and measurement services, as well as tariffs for the remuneration of activities carried out under a public concession system.

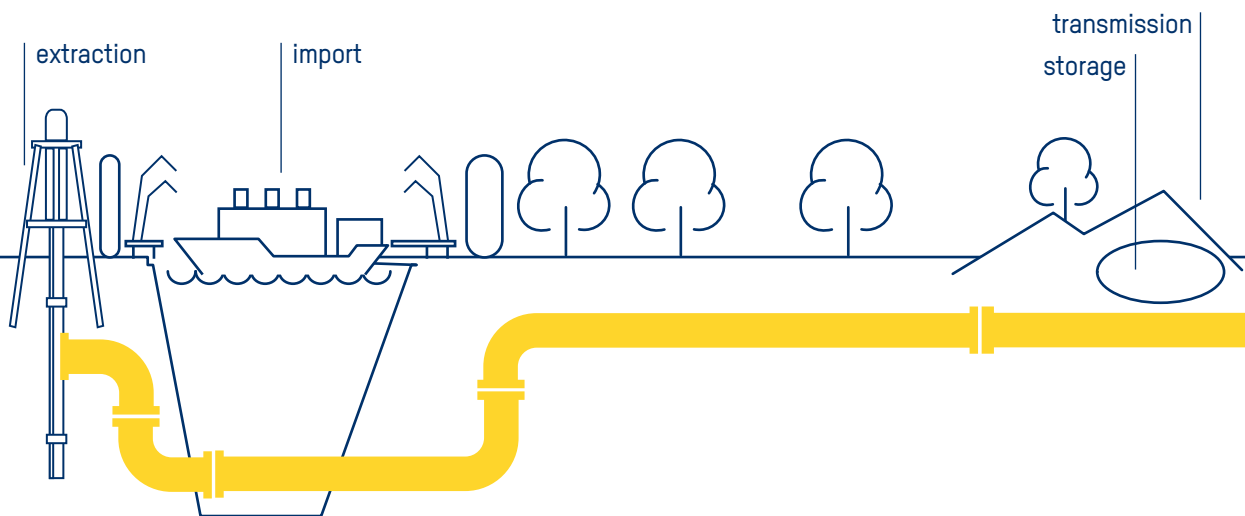
Indeed, gas distribution is the activity that, through an **integrated system of infrastructures** (withdrawal stations, pressure reduction units, distribution

networks, redelivery points and meters) ensures the withdrawal of gas from the national transmission network to be redelivered to the end clients of the network (domestic or industrial) on behalf of the sales companies authorised to market the supply.

Aware of its role, the Group carries out its activities by pursuing **operational excellence**, applying methods of **continuous improvement** and compliance with criteria of **efficiency and economic management**, offering high levels of performance and striving to ensure a sustainable evolution of the gas distribution infrastructure in the medium to long term. This in the full conviction

that the conduct of its core business goes beyond the supervision of the infrastructure under management and the service provided, because distributing methane means making available the most flexible and cleanest energy resource among traditional fuels and thus guaranteeing significant benefits in terms of safety and environmental protection, such as continuity of supply, flexibility of use, reduced environmental impact and integration with the electricity produced from renewable sources, thus contributing by vocation to improving the quality of life of the communities in which it operates and accompanying the development of the areas served towards a more sustainable tomorrow.

Natural gas supply chain



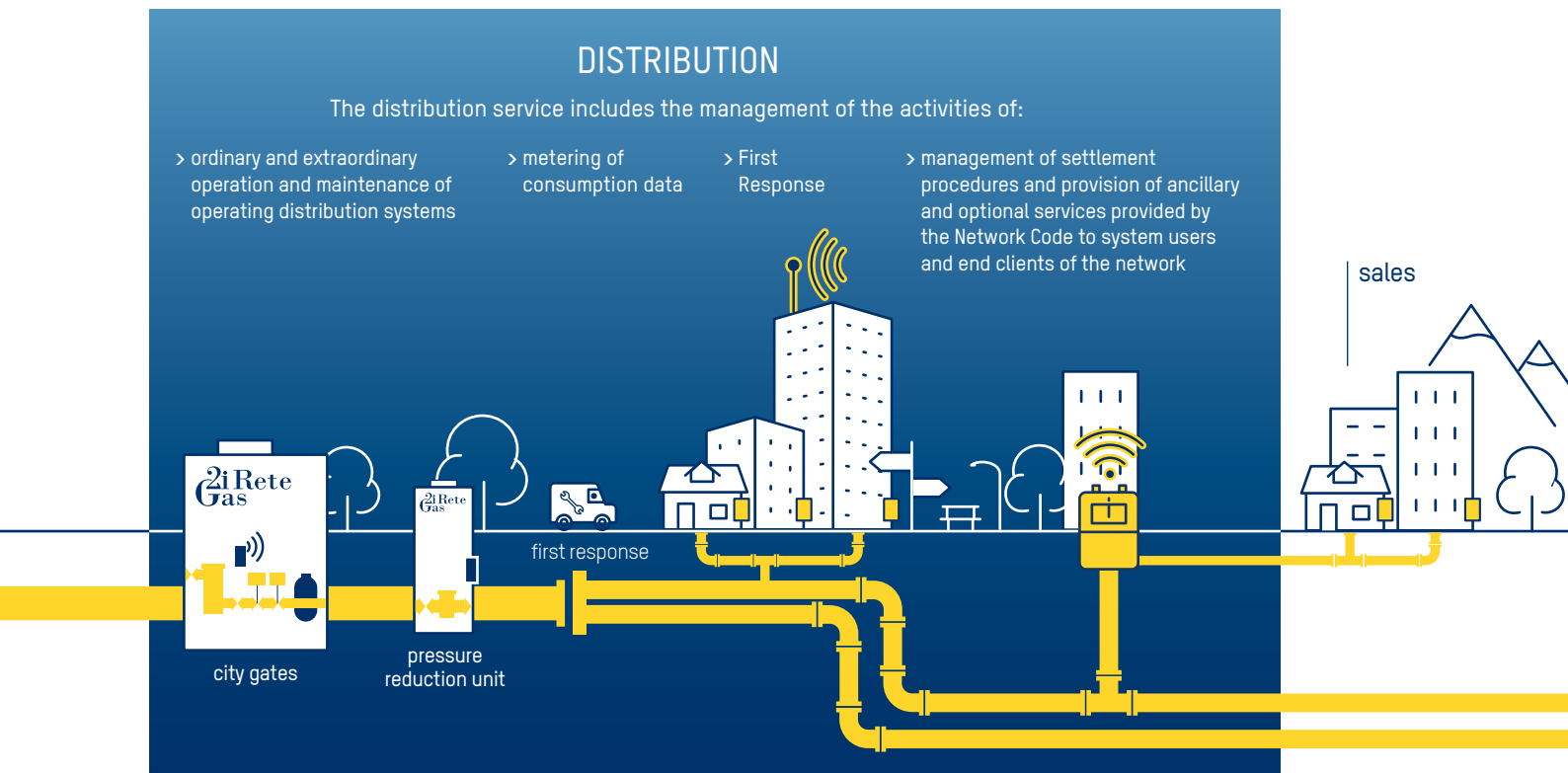
Mission and Values

Consistent with the foregoing, the Group's mission is to manage, develop and enhance gas distribution networks and infrastructure, with the aim of continuous improvement and operational excellence and to pursue technological innovations for a new energy model that reduces environmental impact and continues to efficiently meet the Country's energy needs.

Moreover, the following are the guiding principles which lay at the foundation of its identity as a Group, and guide its strategic choices and its daily operations.

- COLLABORATION AND SHARING
- KNOW-HOW AND EXCELLENCE
- INNOVATION AND CHANGE
- RESPONSIBILITY AND RESPECT

These values, taken as a whole, constitute the guide on which the Group guides the behaviour that 2i Rete Gas, through its staff, concretely implements inside and outside the organisation, therefore also towards the stakeholders with whom it relates and which it considers key interlocutors to maintain its leadership as a solid, reliable and responsible Group.



Approach to sustainability

By developing its identity values and pursuing a balanced evolution in the medium and long term, 2i Rete Gas sets out to play an active role in the transition towards a more sustainable economy from an environmental, social and governance perspective. As a result, in 2020 the Group continued to develop the process started the previous year, with the aim of increasing the integration of sustainability with its strategy and business operations.

The cornerstone of this process was the definition of the **Sustainability Plan**, which was prepared based on the related Framework. It was built with the support of all the Departments and the main corporate Functions, from which projects were collected for development in accordance with specific objectives and KPIs set for the period 2020-2023 and, thereafter, according to an increasingly synergic integration of ESG issues in strategic planning.

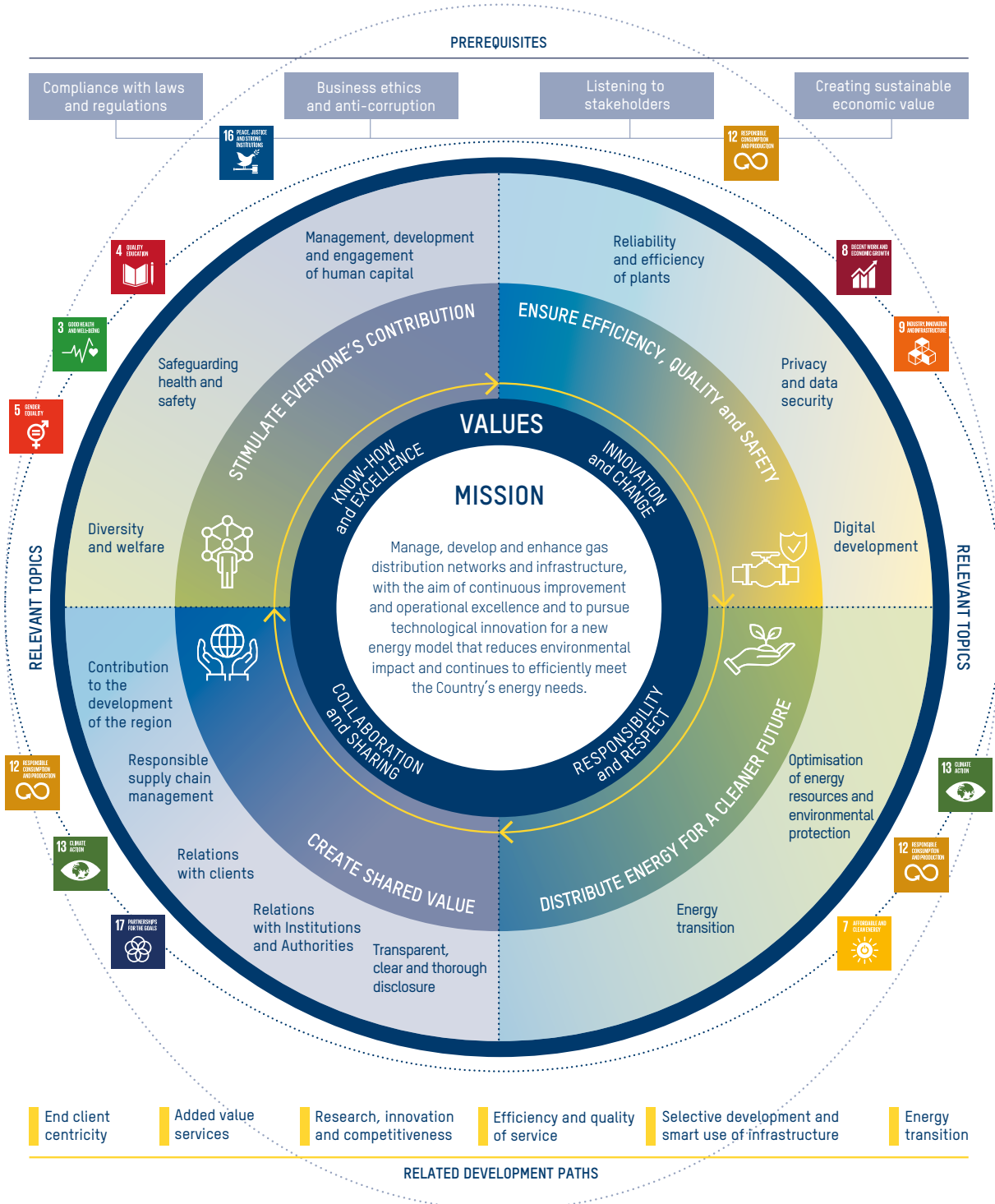
FRAMEWORK

The **Sustainability Framework** reflects the approach that 2i Rete Gas has defined and intends to develop in this area. Consistent with the Mission, corporate values, material topics and reference SDGs and, finally, Sustainability Policy, it:

- highlights first of all the **prerequisites**, i.e., the aspects considered as essential to ensure responsible management of company activities and, at the same time, the creation of sustainable and lasting value over time: Regulatory compliance; Ethics and anti-corruption; Listening to stakeholders and Creating sustainable economic value;
- illustrates the **four priority lines of action** that 2i Rete Gas, by relying on the most widely accepted standards of responsible business and setting such standards against its own operating backdrop, has identified in order to contribute to achieving a more sustainable future: Stimulate everyone's contribution; Ensure efficiency, quality and safety; Distribute energy for a cleaner future and Create shared value. The ensuing **commitments** are intended for the **four interconnected ecosystems** with which the Group interacts in conducting its business: People; Assets; Environment and Stakeholders;
- sets out the contribution that, through concrete actions, 2i Rete Gas intends to make to achieve **some of the 17 Sustainable Development Goals (SDGs)** promoted by the United Nations;
- reflects a **circular approach**, since the Sustainability Plan from which it originated allows 2i ReteGas to monitor and report on an annual basis its ESG performance, with a view to measuring progress against established targets while maintaining an active dialogue with reference stakeholders, whose interests and expectations are duly taken into account when making corporate decisions and periodically updating the materiality analysis;
- makes reference to the **development guidelines** linked to the Strategic Plan: Research, innovation and competitiveness; Efficiency and quality of service; Selective development and smart use of infrastructure; Energy transition and End customer centrality.

Albeit essentially in line with the contents of the previous edition, the Framework published in this report reflects the results of the latest materiality analysis (see "Process for the definition of topic areas and materiality").

Sustainability Framework



PLAN

As mentioned earlier, the Sustainability Plan is the **document that sets out the sustainability projects defined on a four-year basis**. Consistent with the Framework and the related Policy, it is linked with the **material topics**, updated annually by the Group, and with the **reference SDGs**. The purpose is to underline the Company's determination to manage its activities responsibly, by delivering on commitments aimed at creating and distributing value and taking into account those aspects that have a significant impact on the Group's economic, social and environmental performance, which could, as such, significantly influence the assessments of **stakeholders**, in line with certain **global challenges**.

The 2020-2023 edition of the Sustainability Plan was formally approved by the Board of Directors of 2i Rete Gas S.p.A. in March 2020. It:

- is based as much on **prerequisites** as on the **13 material topics**;
- includes a total of **40 goals** to be achieved in the short, medium and long term by implementing

67 concrete initiatives (lines of action and projects), which can be measured through specific KPIs;

- considers 2018 as the baseline of reference for the definition of the majority of quantitative targets;
- sets out, as a whole, to help to achieve in particular the **10 SDGs** recognised as relevant to the business and consistent with the Group's strategic guidelines.

The spirit that drove the drafting of the first edition of the Plan reflects the Company's determination to take a step forward in the sustainability path it has undertaken, contemplating totally new working practices as well as not-so-obvious metrics. It should be stressed that during the year, as a result of the pandemic emergency, some projects that during the planning phase were considered as a possible outcome of analyses to be conducted (e.g. the introduction of smart working, which in the past was not even activated on an experimental basis) gained considerable momentum due to the circumstance. By contrast, in some other cases, actions with a strong relational component momentarily

slowed down, even though they had already been scheduled (e.g. meetings with sales companies or installers).

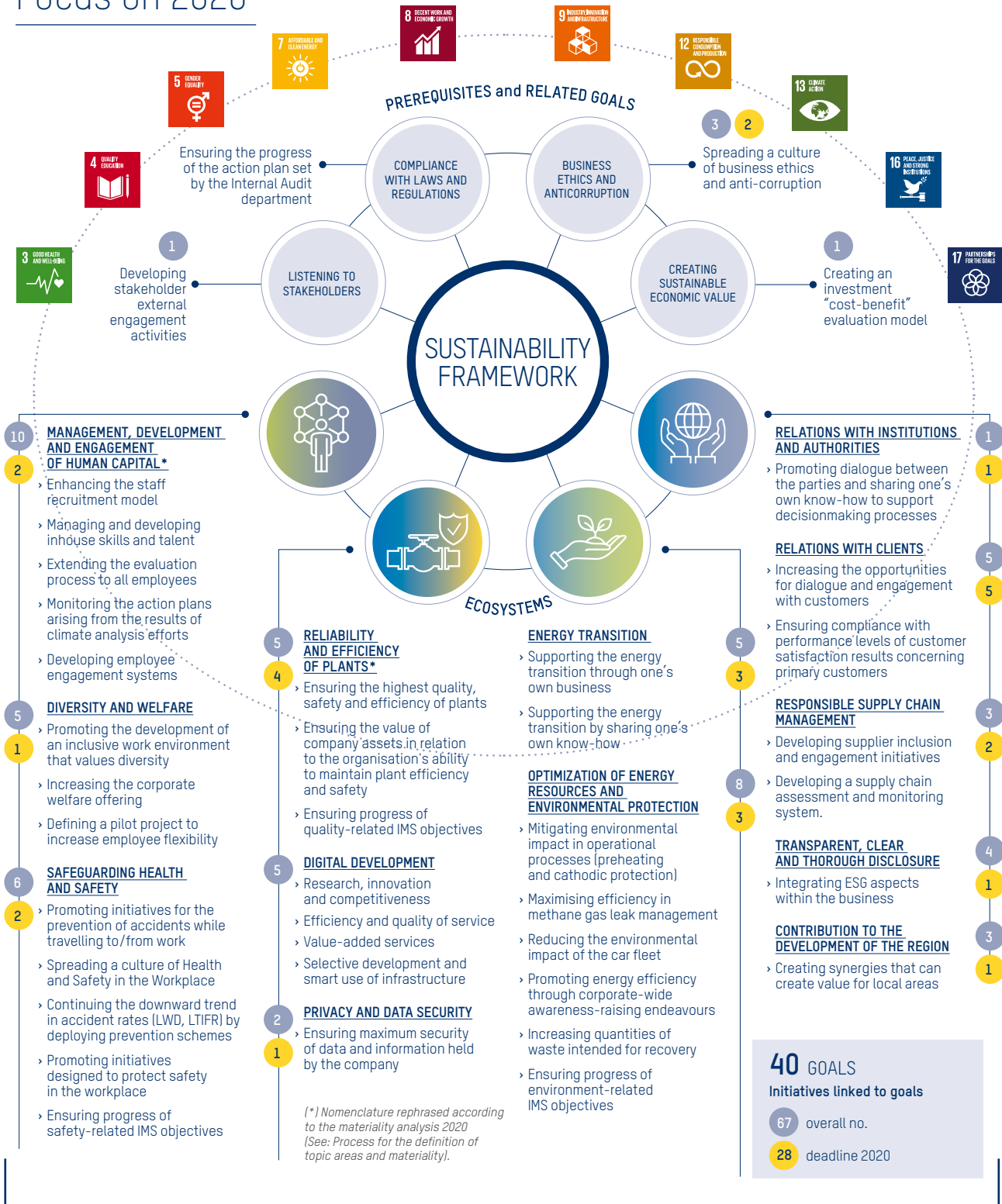
In any case, of the 28 initiatives included in the 2020-2023 Sustainability Plan having their deadline in 2020, 25 were completed in full compliance with the set targets, while 3 were completed without meeting the set targets and/or meeting them partially.

All the endeavours underpinning the achievement of targets having deadlines beyond 2020 were the subject of a project planning effort spread out on the timeline. In most cases, their implementation is already underway. Two initiatives, reflected in the Plan with 2021 and 2022 deadlines, respectively, were completed earlier in the year.

Structure of the 2020-2023 Sustainability Plan



Focus on 2020



MATERIAL TOPICS and RELATED GOALS

Icons on the progress of the initiatives included in the Plan

The paragraphs in the following document describe the initiatives included in the 2020 Plan, together with those completed ahead of time, are referenced through explanatory icons.

	SUSTAINABILITY PLAN Initiative scheduled for 2020 completed, target achieved		SUSTAINABILITY PLAN Initiative scheduled for 2021 completed early
	SUSTAINABILITY PLAN Initiative scheduled for 2020 completed, target not achieved		SUSTAINABILITY PLAN Initiative scheduled for 2022 completed early
	SUSTAINABILITY PLAN Initiative scheduled for 2020 started, not completed		SUSTAINABILITY PLAN Initiative scheduled for 2023 completed early
	SUSTAINABILITY PLAN Initiative scheduled for 2020 not started		

The Sustainability Plan is reviewed **annually** taking into consideration the milestones reached, with the possibility of making adjustments, through appropriate re-planning, to items that may not be in line with expectations, and including different projects, if any, designed to meet new needs arising. More specifically, the Sustainability Plan is revised after the materiality analysis has been updated and following completion of the periodic monitoring of the goals and projects planned and consolidated as at 31 December of the previous year.

This activity is carried out in conjunction with the collection of information required for the preparation of the NFD, and entails a weighting as well as a review of performance in relation to the results achieved as benchmarked against the established KPIs and in accordance with the guidelines previously implemented.

In this phase, **some objectives may be adjusted** or **new ones may be included** in the event that any new material topics are identified.

The outcome of the process whereby new goals are set, together with the definition of the initiatives (lines of action and projects) to achieve them, in accordance with the methods defined by the Group and the rules set out in the system corporate documents, are presented following the consolidation of the NFD and are subsequently reflected in the Plan revision to be submitted to the Board of Directors for approval.

SUSTAINABILITY GOVERNANCE

In 2020, in conjunction with the definition of the above-mentioned Plan, 2i Rete Gas prepared a **sustainability corporate governance** update. To this end, reliance was made on a widespread model serving the purpose of transferring corporate commitments across the organisation and, therefore, ensuring their fulfilment even if specifically dedicated resources are unavailable. As explained in more detail under "Transparent, clear and thorough disclosure", the update consisted in identifying several profiles to be tasked with supervising, in terms of implementation and monitoring,

the Sustainability Plan according to different levels of responsibility.

They include:

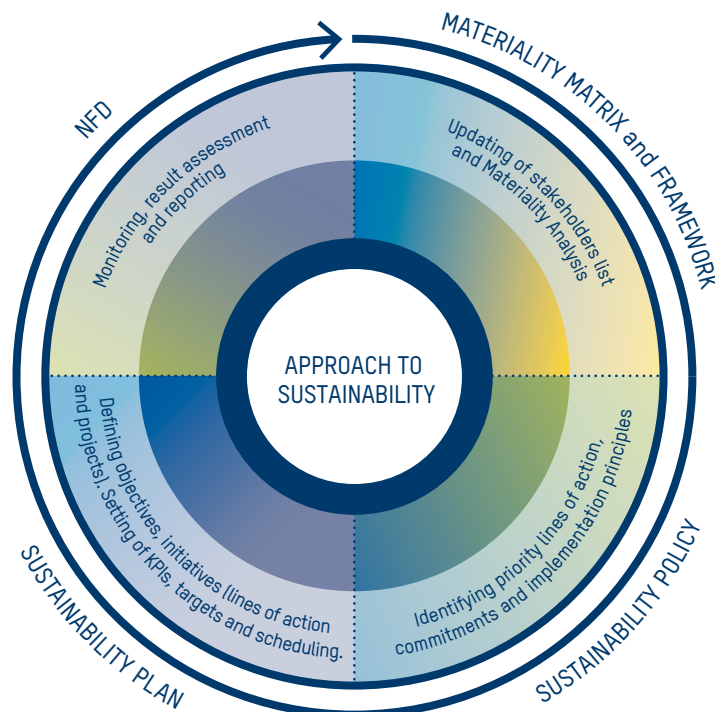
- **Sponsors** entrusted with the coordination of the projects that make up the Plan;
- **Project e Process Owners** responsible for reaching the targets set out in the Plan;
- **Data Providers** monitoring and recording progress of the project activities, providing support to Project and Process Owners.

The tasks assigned to the above profiles will, as a whole, complement those pertaining to the **Sustainability and Transparency Working Group** and

to the **Steering Committee**, who have retained their original composition as defined in 2017 and whose duties include, respectively:

- supporting the Management in matters relating to sustainability by integrating it into the business processes and suggesting a progressive development of the initiatives, assisting Project and Process Owners in reaching the targets set out in the Plan;
- approving updates to the Sustainability Policy and Plan and ensuring the achievement of the objectives approved by the Board of Directors.

Approach to Sustainability



Policies and certifications

Based on the relevant Framework, the Sustainability Policy is a document providing guidance on (i) business decisions with a view to sustainability, (ii) the assumption of concrete commitments and (iii) the definition of implementation principles to be followed to ensure responsible business management.

It sets the **priority lines of actions** and raises awareness in respect of the **commitments** undertaken in the area of sustainability in order to pursue a balanced development in the medium and long term.

Furthermore, the Policy highlights, endorses and sets out the Company's belief that in order that sustainable and long-lasting value may be created, business growth must be combined with respect for the principles of legality, integrity, impartiality and transparency, on the basis of an integrated strategy, applying at the same time continuous improvement practices as well as operation efficiency and cost-effectiveness criteria.

Indeed, the commitments set out in the Policy are driven and underpinned by prerequisites, i.e. aspects considered to be essential - such as regulatory compliance, ethics and anti-corruption, listening to stakeholders and creating sustainable economic value - as well as by **implementation principles** that identify the priority actions to be taken and developed.

It was formally approved by the Board of Directors of 2i Rete Gas S.p.A. in March 2020 and since then, it has been applied to all the Group companies over which 2i Rete Gas S.p.A. has control and it is applied, together with the laws and regulations in force, the guiding principles and principles of conduct set out in the Group's Charter of Values and Code of Ethics, the Organisation and Management Model pursuant to Legislative Decree 231/01, the Integrated Management Standards and Certificates for Quality, Health and Safety and Environment and other policy documents adopted by the Group, as pursuant to the provisions, procedures and operating instructions that govern the operations of corporate departments.

The Sustainability Policy is reviewed **annually** and, if appropriate, adjusted according to the annual update of the materiality and principles guiding the updates of the relevant Plan.

Following the annual update of the Materiality Analysis, the edition of the Policy approved in March 2020 remains in force. It was disclosed in full to both the employees through the corporate intranet and to external stakeholders through publication on the website.

An overview of the commitments and implementation principles set out in the Sustainability Policy can be viewed by accessing the chapters making up this "Disclosure".

With a view to enabling the Company to deliver the "Management and operation of the natural gas distribution service" regularly, uninterruptedly and safely in compliance with the applicable binding requirements and in accordance with the reference certification standards, 2i Rete Gas S.p.A. relies on an **Integrated Quality, Health, Safety and Environment Management System** (hereinafter referred to as "IMS"), which has been certified in accordance with the following reference standards: **UNI EN ISO 9001:2015, UNI EN ISO 14001:2015, UNI ISO 45001:2018** and, where applicable, **BS OHSAS 18001:2007**.

It reflects the principles stated in the **Integrated Policy for Quality, Health and Safety and Environment**, which sets out the relevant issues with respect to the three standards to which it refers.

The QHE Management System Policy **is fully consistent** with the contents of the Group Sustainability Policy, on which it is based.

In addition to the IMS of the Parent Company, in 2020 the Quality Management System of 2i Rete Gas S.r.l. was certified, with certificate being confirmed pursuant to standard UNI EN ISO 9001:2015.

The Group considers its IMS as a fundamental stimulus for staff engagement and for the continuous improvement of its business activities.

COMPLIANCE WITH LAWS AND REGULATIONS

Group companies carry on their businesses in compliance with the primary and secondary law provisions applicable from time to time (with special emphasis on the provisions of the Italian Civil Code, Public Contracts Code, Legislative Decree 164/2000,

GDPR and the regulations on the protection of personal data, legislation on Transparency and Market Abuse, Legislative Decree 231/2001, antitrust regulations, etc.) as well as with the specific provisions issued by the industry authority (ARERA).

The company organisation through dedicated departments, carefully and constantly monitors the compliance of its activities with the primary and secondary regulations applicable to the Group and to the specific natural gas distribution sector.

FUNCTION	DESCRIPTION
LEGAL AND CORPORATE AFFAIRS	The Legal and Corporate Affairs Function of the General Affairs Department has the task of ensuring compliance of corporate actions with the law provisions. As such, it constantly monitors and identifies the most significant amendments to primary law provisions applicable to the Company's business, as well as relevant interpretation developments in case law, reporting them from time to time to the relevant divisions to ensure continuous compliance with such provisions and providing support in updating organisational documents and application procedures or practices in place. If necessary, the aforesaid function delivers training to other company divisions so that the conduct principles to be followed in relations with stakeholders are shared and complied with by all employees for the purpose of ensuring compliance with the law and preventing offences from being committed.
REGULATORY AFFAIRS	The Regulatory Affairs Function of the General Affairs Department ensures constant monitoring of regulatory and institutional issues, supporting the divisions concerned in interpreting significant regulatory provisions and in amending over time the organisational documents accordingly. In particular, a report is published on a monthly basis, outlining the regulatory measures that are relevant to the Company's business and to the industry at large.
ADMINISTRATION	The Administration Function of the Administration, Finance and Control Department is responsible for ensuring the Company's compliance with and the correct interpretation of all the obligations and purposes under the tax system.

FUNCTION	DESCRIPTION
ENGINEERING	The Engineering Function of the Operations Department has the task of ensuring, by monitoring the national and international technical regulatory frameworks for the gas sector, proper operation and compliance of the gas distribution system with the legal standards and technical provisions issued by the relevant authorities from time to time. To this end, it may also adopt and circulate within the Company - through the corporate intranet - technical guidelines for the design, maintenance and operation of the systems as well as technical specifications for materials, equipment, instruments and system components.
QUALITY, SAFETY AND ENVIRONMENT	The Quality, Safety and Environment Function of the Operations Department has the task of ensuring that corporate organisational documentation complies with the provisions of Legislative Decree 81/2008, Consolidated Safety Act, by constantly updating the Risk Assessment Document and the company organisation for the protection of workers' health and safety.
INDUSTRIAL RELATIONS	The Industrial Relations Function of the Human Resources Department has the task of ensuring the correct interpretation of labour legislation, in conjunction with the Legal and Corporate Affairs Function, and contractual legislation and related updates, as well as providing regulatory updates to the Department on aspects related to benefits and wage and, in conjunction with the Administration, Finance and Control Department, tax-related matters. The Function is also tasked with ensuring the Company's compliance with and correct interpretation of all the obligations and purposes under the tax system. This Function also ensures company compliance with privacy regulations and internal coordination of the Human Resources Department in relation to issues connected with the Organisation, Management and Control Model approved pursuant to Legislative Decree 231/2001.
PROCUREMENT AND SERVICES	The Procurement and Services Function oversees compliance with the applicable law regulations in dealings with the supply chain and in respect of contracts for works, services and supplies pertaining to the core business of 2i Rete Gas, as well as compliance with the specific rules set out in Legislative Decree 50/2016, as amended - with regard to the special sector segment - as well as Regulations governing below-threshold contracts pursuant to Article 36(8) of Legislative Decree 50/2016 applicable to works, services and supplies referring to the activities as under Article 115 of Legislative Decree 50/2016 for amounts below the Community thresholds set. The Function also checks the ethical reliability of the suppliers listed in 2i Rete Gas's Register of suppliers (both qualified and to be qualified), in order to monitor and avert the risk of starting and/or maintaining commercial relations with entities belonging to organisations involved in criminal activity or other wrongdoing that may prove of significance, including under Article 80 of Legislative Decree 50/2016 (general requirements), Anti-mafia regulations and Legislative Decree 231/01.

The Group, who conducts its business entirely in Italy, operates in compliance with the tax system in force, duly fulfilling its duties as a taxpayer, operating in full compliance with all tax laws, regulations and practices and cooperating at all times with the national tax authorities with full transparency. Tax obligations relating to the Group and all its subsidiaries are managed and fulfilled by the Administration and Tax Function of the Parent Company 2i Rete Gas S.p.A., with the support of leading Italian tax firms. The operating instructions adopted by the Group in the area of taxation cover the correct calculation of direct and indirect taxes and related obligations and are aimed at defining the processes, actions and responsibilities to ensure effective and efficient processing of tax calculations for the annual financial report and all tax returns pertaining to direct and indirect taxes.



An operational instruction is also in place to control and manage pending tax liabilities, which are dealt with most expeditiously and attentively so as to ensure the proper conduct of business. In addition, in order to ensure that adequate control is performed when participating in tenders, a specific instruction will require the issuance of a self-certification on such liabilities.

Subject to a mapping of risks - including tax-related risks - the internal control system suggests improvements to the abovementioned procedures and then carries out a two-yearly follow-up on all significant aspects that could lead to errors or omissions when filing tax returns. In addition, the Supervisory Body requires a report on tax compliance issues to be submitted on a four-monthly basis.

As far as tax planning is concerned, the Group relies on tax breaks on a sporadic basis, only when an actual business action is well matched with a reporting that can meet tax requirements. This is the case with incentives relating to "super-depreciation" and, more recently, "hyper-depreciation".

The issue of taxation is also the subject of a specifically dedicated part of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, last updated in September 2020.

In the special part of the Organisation Model, letter B lists the tax offences recently introduced into the legislative landscape by Legislative Decree 74/2000, i.e. Fraudulent misrepresentation by producing invoices or other records in respect of non-existent transactions, Fraudulent misrepresentation by relying on other artifices, Issuing invoices or other records in respect of non-existent transactions, Concealing or destroying accounting records, Fraudulent evasion of tax payments. The text identifies

the processes that are sensitive to these offences, the general principles of conduct and implementation (obligations to "do" or "not do", monitoring and prevention measures), as well as the need to instruct and comply with instructions based on the Organisation Model itself, and the review tasks lying with the Supervisory Body.



In 2020, upon instruction of the aforesaid Board, an in-depth six-month audit was conducted on all relevant aspects to understand any weak points concerning the framework that is to ensure compliance, with special emphasis on tax crimes introduced recently within the 231 Model.

For information about the internal audit model and organisational controls, reference should be made to the specific section in the Consolidated Financial Statements, where disclosures on quantification of direct taxes reflected in the Group's financial statements are also available.

BUSINESS ETHICS and ANTI-CORRUPTION

As an essential prerequisite to guarantee a responsible management of its business, 2i Rete Gas is committed to carrying out its activities according to ethical principles and endeavours to promote a corporate culture based on honesty, integrity and fairness, as well as on compliance with the rules of law, impartiality and transparency principles, the laws in force, industry regulations and the institutions with which it deals.

TOOLS

The Group prevents the risks of active and passive corruption by implementing and applying its **Charter of Values, 231 Model, Code of Ethics, Sustainability Policy and Integrated Policy for Quality, Safety and the Environment**, whose structure, values and principles are detailed in specific organisation-related documents (provisions, procedures, operating instructions, quality manual) governing the activities of corporate functions and by updating and/or delivering training on anti-corruption regulations and policies and on responsibility as under Legislative Decree 231.

The current **Organisation, Management and Control Model** (hereinafter referred to as the "Model") of 2i Rete Gas S.p.A., approved in 2011 and subject to

continuous updating over time, sets out to outline sensitive or at-risk company processes and the relevant organisational, precautionary and control measures in place, which are designed to eliminate "crime risk" and administrative responsibility for the Group pursuant to Legislative Decree 231/01. The Model aims to ensure that the management of the Group is carried out in compliance with the principles of legality, correctness, transparency and traceability, in line with efficient work practices and in compliance with the provisions of the law.

The current version of the Model was updated by the Parent Company in September 2020 and subsequently adopted by all the companies in the Group.

The **Code of Ethics**, which is part of the Model, defines in detail the ethical and behavioural principles which 2i Rete Gas S.p.A. and its subsidiaries and their respective employees and collaborators (as well as all the other individuals for whom the Code of Ethics is intended, including members of corporate bodies, suppliers and consultants) are required to abide by and comply with in the performance of their tasks, including the rules of law and principles of fairness, impartiality and personal integrity. The Code of Ethics also sets out these principles as part of the

Company's relations with its main stakeholders, including employees, shareholders, clients, public administrations, etc., providing precise criteria of conduct to be followed by the Company in such relations right from outset.

In particular, the **Model and the Code of Ethics are published on the Group's Internet and Intranet sites.**



The Model is also the subject of periodic training for employees. In 2020, the online course on Model 231 was once again delivered to new hires, thus continuing the process for the transfer of regulatory notions and principles that in 2019 involved all employees, who were required to complete it within the deadlines as set by the Human Resources Department.

In the last three-year period, the Company's employees also received extensive information and training on the specific issue of crimes related to corruption between private individuals and on whistleblowing procedures. This activity, which was

organised by the Human Resources Department and carried out by the Legal and Corporate Affairs unit of the General Affairs Department, was extended to both local office as well as head-office staff.

The Model is also the subject of periodic training for the members of the Board of Directors. Every year, the Board of Directors receives a report on the activities carried out by the Supervisory Body and approves such amendments to the Model as may from time to time be necessary in order to comply with regulatory changes. In its meeting held on 19 February 2021, the Supervisory Body also provided the Board of Directors with specific training on the subject of the liability of entities for administrative wrongdoing resulting from a crime pursuant to Legislative Decree 231/2001, with special emphasis on the purposes of the regulations and its scope, the strategic significance of approving and implementing the Organisation, Management and Control Model, the role of the Supervisory Body and the information flows to the latter, with a focus also on Law No. 179 of 30 November 2017, which introduced a system of protection for workers who report crimes or irregularities of which they become aware in the course of their work.

The Model includes a special section where the activities at greater risk are identified in respect of each type of crime set forth in Legislative Decree 231/2001 as a possible source of administrative liability to which the Company may be exposed. Notably, given its dual nature — being on the one hand a private entity and, on the other hand, acting as a public utility service provider in the conduct of its core business — the Company is subject to both the laws governing corruption under the Criminal Code as applicable to entities to whom public utility services are entrusted, as well as Civil Code provisions governing corruption between private individuals. According to the Model, therefore, the activities identified as involving a higher risk of corruption include both those involving relations with public institutions and bodies (e.g. granting authorities, public authorities responsible for managing funding for methane conversion projects, public authorities owning works interfering with natural gas distribution plants and network, industry Authorities, etc.) and those involving dealings with banks, suppliers (including selection), clients, as well as preliminary staff hiring activities.

In the light of the foregoing, the initiatives related to the goal set out in the Plan to **spread a culture of Business Ethics and anti-corruption** include two lines of action:



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

The first, designed to **analyse existing controls on the broader issue of “Business ethics”**, consisted of a **review of policies and internal procedures existing on the matter**. The review was completed during the year and covered not only the above-mentioned areas but also internal controls, with special reference to relations with the Public Administration, dealings with suppliers, staff selection and training, protection of confidentiality of personal data and protection of the environment.



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target not achieved

The second line of action consisted in the drafting of a specific **“Policy on ethics in business”** to be adopted as new guidelines harmonising, summarising and outlining the principles, paradigms and organisational and operational controls already implemented

by the Group for an ongoing commitment to promoting a corporate culture based on honesty, integrity and fairness. The document, the drafting of which was completed during 2020, will be submitted to the Board of Directors in March 2021 with a view to its formal approval and circulation, together with the approval of this Consolidated non-financial disclosure.



CONCERNS AND REPORTING

As required by the Code of Ethics, the Parent Company and its subsidiaries provide stakeholders, including their own employees, with **specific communication tools** (including two certified email accounts) where they can directly report to the Supervisory Bodies of the individual companies any violations or alleged violations of the Code of Ethics and the Model. In this regard, the Company promptly arranged for its Model to comply with the rules on whistleblowing, establishing, among other things, sanctions against managers, directors and statutory auditors who infringe the privacy of the individuals raising concerns or who take discriminatory or harmful actions against such individuals because of the concerns they raised.

Whenever a report is submitted, including upon recommendation of the Audit Committee or the directors,

the Supervisory Body collects, examines, and stores all the reports and information received, evaluates them carefully and impartially, ruling on their truthfulness and validity and ensuring anonymity with regard to the name of the person submitting the report. To this end, it adopts appropriate measures to ensure the confidentiality of the identity of the person submitting the report and, consequently, to avoid any form of reprisal or discrimination.

As was the case in previous years, no anonymous reports were received in 2020 and no enquiries were sent to the “code of ethics” certified mailbox.

In addition, each corporate department provides the Supervisory Body with a four-monthly report, in which they illustrate, with reference to the four-month period, the main activities carried out with regard to internal supervision measures and controls performed in compliance with the Model, as well as any concerns raised in respect of events that may have occurred as part of potentially relevant company activities with a view to Legislative Decree 231/2001. The Supervisory Body reviews the individual reports, asks for clarifications and additions as appropriate and, unless specific reports need to be filed, provides an overview of the information collected which is then shared with the directors of the company concerned.

With reference to the internal concerns raised through the periodic reports, the Parent Company took,

from time to time, the necessary measures, such as audits and in-depth investigations conducted by the Internal Audit department; infliction of disciplinary measures; fulfilment of requests for information received by the Company from law enforcement agencies; audits on contractors. These measures were reported to the Supervisory Body.

None of these reports revealed any confirmed incidents of corruption.

The Organisational Model states that in case of infringement of the provisions set out in Model itself (and, therefore, of the corporate procedures that form an integral part thereof) committed by any employee, 2i Rete Gas S.p.A. will adopt the sanctioning measures set forth in the Organisational Model, with reference being made in this respect to the Disciplinary Code (as defined in the national collective bargaining agreement applicable to the Gas and Water industry).

During the course of the year, three disciplinary sanctions were inflicted (one of which of a non-conservative nature) against employees whose conduct was found to be contrary to the Code of Ethics.

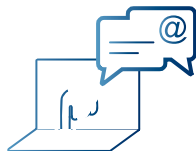
FURTHER ACTIONS

With regard to policies aimed at fighting corruption, it should be noted that 2020 saw the definition of the final reports relating to a thorough investigation carried out in 2019 to establish if any conflicts of interest, whether potential or otherwise, existed among all the Company's employees.



The final reports and relevant measures adopted by the Company with a specific action plan were shared with the Chief Executive Officer. Investigation is scheduled to take place every two years. Last but not least, it should be noted that in order to ensure that the Company meets the essential requirements for participation in public tenders, audits are conducted on a regular and ongoing basis regarding criminal proceedings pending and previous convictions against all natural persons working for the Company, whether as directors, members of the Board of Statutory Auditors and of the Supervisory Body or acting as mere attorneys.

These audits ensure that the Company operates by relying on natural persons who have not committed crimes of such nature and extent as to affect the Company's status as a dependable public utility service provider (crimes under Article 80 of Italian Legislative Decree no. 50/2016, also with reference to compliance with anti-mafia legislation).



The companies of the Group have dedicated mailboxes for submitting reports. The companies acquired in 2020 adopted - upon acquisition - the Parent Company's Code of Ethics and Organisational Model as well as its reporting channels.

	Supervisory Body	Code of Ethics
2i Rete Gas S.p.A.	0dv231@2iretegas.it	2iReteGas.CodiceEtico@2iretegas.it
2i Rete Gas S.r.l.	0dv231@2iretegas.it	2iReteGas.CodiceEtico@2iretegas.it
Cilento Reti Gas S.r.l.	CilentoRetiGas0dv@2iretegas.it	CilentoRetiGas.CodiceEtico@2iretegas.it

RISK MANAGEMENT

The Group's internal governance and risk management system consists of the set of tools necessary or useful for directing, managing and monitoring business activities.

Its purpose is to **ensure compliance with laws and corporate procedures; to protect company assets; to manage activities effectively and efficiently; and to provide accurate and complete accounting and financial information.**

The Group has implemented an approach to manage all the risks that may affect the conditions underpinning the creation of value by setting up a system for identifying, assessing, managing, and controlling risks.

The Group's internal control and risk management system is based on an integrated control scheme, with the identification of the tasks of each body and department involved, and with concrete methods of coordination between them.

THE BOARD OF DIRECTORS, also through the mandate granted to the Chief Executive Officer, **defines the policy for the internal control and risk management system**, also with the support of the Internal Audit department; it also **periodically checks the adequacy and effective functioning of the system**, ensuring that the main corporate risks are identified and managed.

THE BOARD OF STATUTORY AUDITORS, acting also as the "Internal Control and Audit Committee", **oversees the effectiveness of the system.**

THE AUDIT FIRM carries out the legal audit, expressing an opinion on the separate and consolidated financial statements and presenting the results of the statutory audit in a special report; it **carries out verifications** also during the financial year, **on how the company accounts are kept and on the correct recording of the management activities in the accounting records.**

THE SUPERVISORY BODY, in turn, **carries out periodic checks and specific verifications** on relevant corporate processes **in order to determine compliance with the Model and the Code of Ethics.**

THE INTERNAL AUDIT DEPARTMENT (which also acts as Compliance Officer) **is the body that performs audits on the functioning and adequacy of the system by implementing the annual Audit Plan.** As a matter of fact:

- **it promotes periodic Risk Analysis**, setting forth the methodological rules (according to ERM - Enterprise Risk Management and CRSA - Control Risk Self-Assessment international best practices) and checking the adequacy of the assessments made on management-related and law compliance risks;
- **it carries out assessments on the controls** designed to counter the aforesaid risks, based on the audit tasks performed until then;
- **it provides** the institutional control bodies and departments involved with **appropriate reports;**
- **it prepares**, based on a "rolling" approach following Risk Analysis, **the three-year Audit Plan.** The strategy behind the latest version of the plan entailed performing the following tasks:
 - completion of audit coverages to achieve the objective on the analysis of audit activity carried out in the period spanning 2014-2022 by covering one or more times all company processes and local areas;

- continuing extensive reliance on follow-ups on the main corporate processes, focusing on issues that are particularly significant for the Group's business and related Sustainability Plan;
- issuing continuous monitoring releases, which enabled - as of 2020 - corporate functions to operate on the basis of control criteria embedded in these operating methods, such releases being issued on a progressive basis in 2019;
- monitoring the actual completion of the preventive or corrective action plans requested during audits or follow-ups conducted in previous years.



The Internal Audit department also **helps to raise** company-wide **awareness and perception of the business risks and legislative and regulatory non-compliance risks** that the Company may face, while urging the different department heads to define suitable corrective and preventive plans to avert such risks, disseminating at the same time the principles set out in the Code of Ethics.

Each body and department exercises its control duties in continuous coordination, also through the preparation and dissemination of the annual reports submitted to the Board of Directors at the time of approval of the annual financial statements.

Finally, the verification of the application of corporate rules in the activities carried out is primarily the responsibility of management, as control activities are an integral part of the management processes that the individual operating units must implement.

THE DATA PROTECTION OFFICER (DPO), appointed in 2018, is responsible for **informing and advising the Data Processor and Controllers** (and employees that process personal data) **on the obligations arising from EU legislation** (notably Regulation (EU) 2016/679) and **Italian legislation and for monitoring compliance**.

When asked, it must give its opinion on the necessity of carrying out a data protection impact assessment, as well as monitor the process in accordance with article 35 of the Regulation. It must also **cooperate with the Data Protection Authority and act as a point of contact** on matters relating to the processing of personal data.

In order to guarantee compliance with the standards mentioned above, **THE QUALITY, SAFETY AND ENVIRONMENT DEPARTMENT carries out internal verifications extended also to ensuring compliance with respect to the Consolidated Law on Safety (Italian Legislative Decree no. 81/2008), the Consolidated Law on Environment (Italian Legislative Decree no. 152/2006 and Part I of the Consolidated Law on the regulation of quality and tariffs of gas distribution and metering services for the regulatory period 2020-2025 (Resolution no. 569/19 of ARERA).**



The Risk Management Model is described in section 15 of the Annual Financial Report 2020

Major risks regarding key topics

TOPIC AREA	ASSOCIATED RISKS	STAKEHOLDERS INVOLVED	RISK MANAGEMENT METHOD
MANAGEMENT OF ENVIRONMENTAL TOPIC	Dispersion and inefficiency of the gas distribution network	Environment and Communities	Extensive monitoring of the network with equipment to search for leaks Planned verifications Checks on the level of odourisation Planning of network updating initiatives
	Non-optimal consumption	Environment and Communities	Implementation of energy saving projects concerning the gas used for preheating Upgrading car fleet with low environmental impact vehicles Actions to improve energy efficiency of buildings
	Enhancing odourisation management of low-usage networks	Environment and Communities	Developing and implementing projects for automatic adjustment of odourisation levels, network digitisation
	Failure to manage the energy transition process	Environment and Communities, Shareholders and Lenders	Participation in panel discussions on decarbonisation Projects for alternative use of distribution networks through a process of digitisation of such networks
MANAGEMENT OF HUMAN RESOURCES	Failure to promote capacity building	People and Unions	Plan to assess individual performance, Training programmes
	Failure to provide adequate and timely technical training on distribution network management	People and Unions	Initiatives for continuous updating through training plans, prompt issue of procedures in case of emergency
	Health and safety	People and Unions	Health monitoring, non-occupational accident insurance policy, life insurance policy Training and awareness
	Failure to strike up an adequate dialogue with People and Unions	People and Unions	Frequent company meetings with Unions, Management training and communication
MANAGEMENT OF TOPICS RELATED TO ACTIVE AND PASSIVE CORRUPTION	Non-transparency in the management of relations with Local Authorities	Municipalities and Local Authorities People	231 Model, and Code of Ethics Charter of Values Procedures with rules of engagement and continuous reporting to the Supervisory Body
	Selection of suppliers that are non-compliant with the legal requirements	Suppliers and Contractors	Register of suppliers, selection process, purchasing portal 231 Model Code of Ethics
	Inadequate supervision of financial reporting procedures	Shareholders and Lenders, Communities	Internal Audit plans, Continuous monitoring, Certification by independent bodies, constant updating of procedures

TOPIC AREA	ASSOCIATED RISKS	STAKEHOLDERS INVOLVED	RISK MANAGEMENT METHOD
MANAGEMENT OF SOCIAL TOPICS AND RESPECT OF HUMAN RIGHTS	Service interruption	Municipalities and Local Authorities Communities People	Intervention within the standard required by the regulation Informing the competent authorities of the reasons for the gas incident and of the measures taken
	Delayed handling of requests from contracting authorities	Municipalities and Local Authorities Communities People	Program to handle document requests Monitoring of responses within the set deadlines Reporting to relevant authorities
	Unsatisfactory quality of service	Sales Companies and End Clients	Performance monitoring, call centre, customer satisfaction survey, meetings with sales companies, conciliation protocol
	Use of suppliers that do not meet the minimum selection requirements of the Group	Suppliers and Contractors	Register of suppliers, selection process, purchasing portal Code of Ethics
	Failure to provide precise and on-time control over corporate governance issues	Shareholders and Lenders	Governance Model
	Health and safety	Municipalities and Local Authorities Environment and Communities Suppliers and Contractors Network End Clients	Inspection of the distribution network and attention paid to the quality of service Supply chain management in the selection phase On-site inspection visits by external safety coordinators
	Ineffective participation in the sector decision-making	Public Institutions and Authorities	Communication of opinions and documents Participation in institutional meetings Conferences and seminars Collaboration projects with authorities and research centres
	Protection of personal data	People End Clients of the Network Municipalities and Local Authorities Environment and Communities Suppliers and Contractors	Information initiatives on the activities carried out in compliance with the relevant legislation, including: Nominating the Data Protection Officer and the persons responsible for the processing of personal data, Establishment of a data processing register Amendment of contractual clauses and disclosures Implementation of IT infrastructure security tools, with special reference to the security of data exchanged by the smart meter network

CREATING SUSTAINABLE ECONOMIC VALUE

For 2i Rete Gas Group, 2020 was a year in which, from a corporate point of view, a number of acquisitions of local gas distribution companies were followed by related merger transactions with the aim of quickly streamlining the Group's structure, avoiding costs due to corporate separation while allowing all business synergies to be exploited in the shortest possible time.

In 2020, the Group's operating figures (number of concessions managed, active redelivery points, kilometres of network managed) improved over the previous year, with the aforementioned acquisitions also playing a role to this end.

It should be noted that for the purpose of complying, among other things, with the measure agreed with the Antitrust Authority as part of the 2018 acquisition of Nedgia S.p.A., 2019 was affected by the sale of the equity investment in Murgia Reti Gas S.r.l., a special purpose vehicle into which the Parent Company had transferred the concessions, its assets and debts relating to the Bari 2 and Foggia 1 ATEMs.

The volumes transported declined slightly, partly due to the impact of the aforesaid sale and the emergency situation being faced by the country. From an economic perspective, the Financial Report shows a drop in revenues due to the introduction of the forecasts of the new tariff period, to which, however, the Company has

responded with further optimisation actions carried out despite the difficult time the Italian and world economy are facing. The comparison of EBITDA with the previous year is also affected by the capital gain recorded in 2019 following the sale, as mentioned earlier, of the assets of the Murgia S.r.l. perimeter, while the containment of financial charges allowed profitability to be recovered further.

Net profit therefore stood at € 183.8 million, while the net financial position, which changed during the year as a result of both the four acquisitions mentioned above and to ordinary company needs, showed a further drop.

Economic performance

MAIN ECONOMIC AND EQUITY INDICATORS OF THE GROUP

	31.12.2018	31.12.2019	31.12.2020
REVENUE	985.6	1,057.1	1,038.8
EBITDA	461.2	531.1	514.4
EBIT	271.4	326.8	313.8
NET PROFIT	155.4	206.5	183.8
NET FINANCIAL POSITION	2,640.5	2,677.8	2,650.2
SHAREHOLDERS' EQUITY	825.7	934.6	1,040.8
NET INVESTED CAPITAL	3,440.5	3,609.5	3,691.0
TOTAL NET FIXED ASSETS	3,474.3	3,560.8	3,630.0

million euro

514.4

million €

EBITDA AT THE END OF 2020

183.8

million €

NET PROFIT OF THE YEAR
AT THE END OF 2020

1,040.8

million €

SHAREHOLDERS' EQUITY

Zi Rete Gas views the creation of sustainable economic value as a key enabler in ensuring business continuity in the long term, bearing in mind that, as reflected in the Sustainability Policy, such value is geared not only towards shareholders and bondholders but also towards generating positive impacts inside and outside the organisation and, therefore, for all stakeholders.



SUSTAINABILITY PLAN

Initiative scheduled for 2021
completed early

Having said this, in order to make a preliminary assessment and gain greater insights into the impacts generated by its investments, in 2020 the Group gave strong momentum to activities scheduled for 2021, with a view to **developing an investment “cost-benefit” assessment model**. More specifically, a new investment assessment model was created and developed in-house thanks to the joint effort of the “Engineering” and “Budgeting and management control” functions. When performing

a feasibility analysis for a project, the model takes into account a number of parameters such as the replacement of more polluting energy sources, the minimisation of energy costs for the community, the different local and climatic conditions, which help to gauge the sustainability of the initiatives. As a result, investment decisions will also be weighed up from an environmental and social perspective rather than just a technical and financial viewpoint.

The cost-benefit analysis is a tool that allows the advantages or disadvantages generated by an investment to be estimated, evaluating the relevant costs and benefits as an extent of the impact on social well-being, so that an objectively clear view may be gained in respect of the benefits accruing to the Local Communities and Authorities as a result of a project. Based on a set of inputs and algorithms that are constantly adjusted, the model provides a forward-looking view of

the investment and helps to identify the importance and urgency thereof from different perspectives not only related to technical issues.

The project also includes an ex-post control phase that will allow the algorithms to be honed, focusing on the actual results of the investment, so as to ensure increasingly accurate guidance in the decision-making process.

Market Share

The Group's market share, in terms of both redelivery points and kilometres of network managed, did not vary significantly during the year, despite the four acquisitions of small-sized gas distribution companies completed during the period.

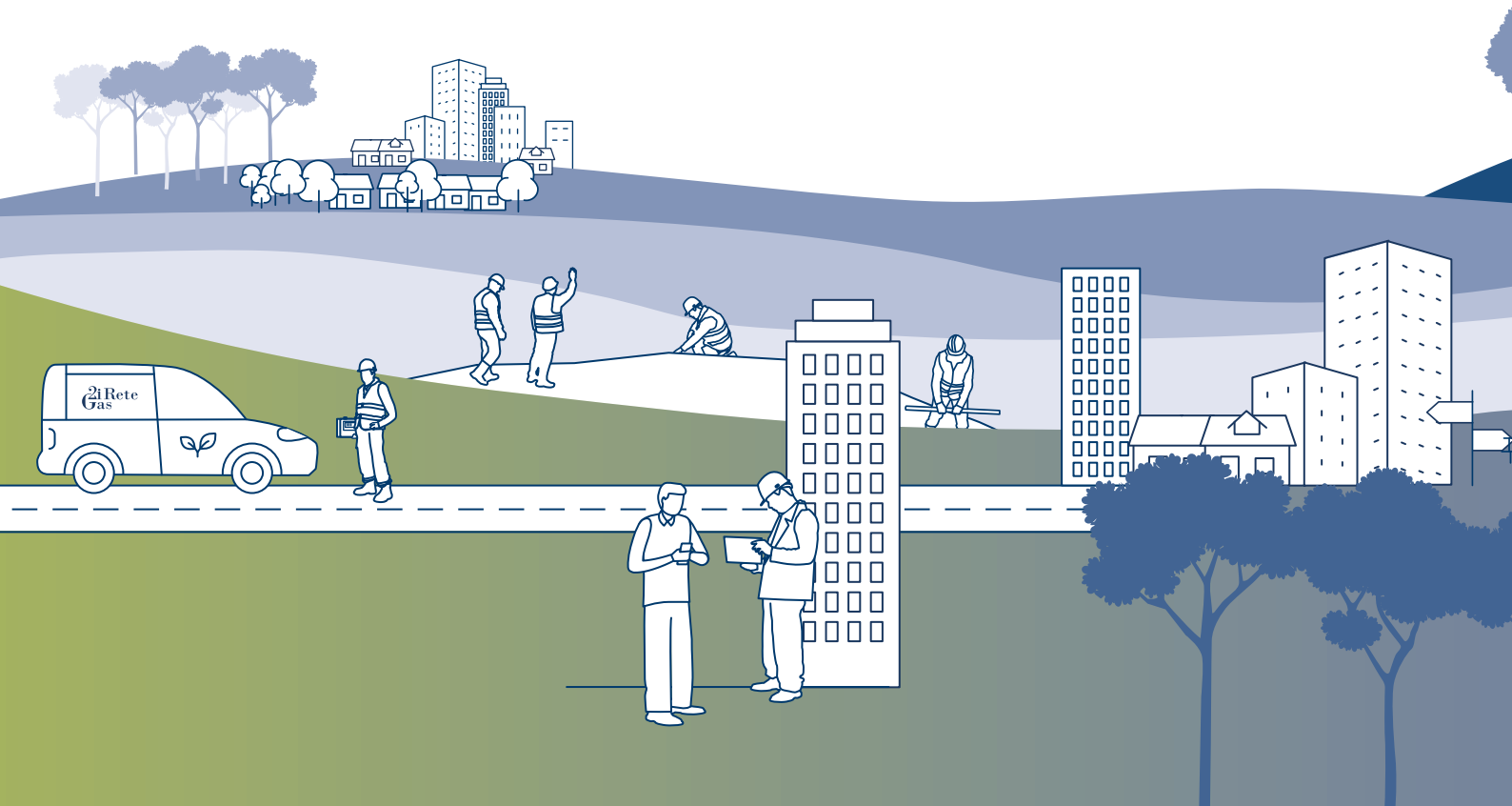


PEOPLE COMMITMENT

2i Rete Gas is committed to putting people at the heart of its business, encouraging their **engagement** and **development** in terms of their ability to contribute and promoting a culture based on **participation** and **exchange**, where everyone can continue to improve their **skills** and unleash their full **potential**, adding responsibly and proudly to the Company's performance by:

IMPLEMENTATION PRINCIPLES

- Promoting respect for personal and inalienable human rights, recognising **equal opportunities** for all employees, rejecting all forms of discrimination and, indeed, nurturing **diversity** through **inclusive approaches**.
- Encouraging **skill development**, **experience sharing** and **knowledge exchange** as well as implementing a **merit-related policy** based on the assessment of people's conduct, performance, competences and commitment.
- Furthering a corporate culture based on **dialogue, engagement** and **empowerment**.
- Managing the protection of the **health and safety** of its employees and collaborators.



STIMULATE EVERYONE'S CONTRIBUTION



SIZING

The Group's current positioning results from the continuous evolution of its business, benefitting from an ongoing commitment and a long-standing expertise in the processes of integrating new assets, achieving new and increasingly challenging growth targets, applying a flexible organisational model capable of capturing synergies in terms of market presence, costs and efficiency, empowering People and enhancing their skills, as they show increasingly renewed capacity for adaptation and initiative, allowing each new experience and opportunity to act as a further stimulus, including from a professional growth perspective.

This has enabled the Group to take advantage of best practices and improve the professional skills

existing within the organisation not only by promoting and maintaining a **positive and proactive climate**, but also by gearing choices towards a **streamlining of the processes** and supporting **technological innovation**, with the objective of strengthening and aiming **teamwork** towards the best **sharing of knowledge and know-how and collaboration among the different generations** for the achievement of future goals. As regards 2020, in April Montelungo Gas S.r.l., Maierà Gas S.r.l. and Cometam Gas S.r.l. were acquired, while in September Powergas Distribuzione S.p.A. was taken over, resulting in 9 new Resources joining the Group, holding chiefly operational positions within the South West Department.

On the other hand, with regard to the sale of plants, following Italgas taking over ATEM Torino 2 pursuant to Ministerial Decree dated 21 April 2011,

a Resource was transferred to the successor company.

At the end of 2020, **the Group had 2,015 employees.**

Since its establishment, 2i Rete Gas - as part of a project to renew and increase professional skills deemed as crucial for the development of the Company's strategy - has deployed a major multiannual recruiting plan, which, together with the skill enhancement plan (e.g. changing the type of agreement from staff leasing to direct employment), in 2020 led to the **inclusion of 72 Resources**, including the 9 aforesaid Resources, following the acquisition of Cometam Gas S.r.l. (1 Resource), Montelungo Gas S.r.l. (1 Resource) and Powergas Distribuzione S.p.A. (7 Resources). Among **new hires** graduates account for 55.6% and their average age is 33 years. Over the past seven years, 337 people have been hired, including



2,015
CURRENT STAFF



1,987
PERMANENT
CONTRACTS



1,937
FULL-TIME STAFF



337
PEOPLE HIRED
WITHIN THE LAST 7 YEARS



194 young university graduates (accounting for approximately 57.6% of those new hires).

In 2020, **114 people left the company**, 89 of whom were retired or terminated by mutual agreement, with the aim of coaching people close to retirement. They included high school graduates (47%) and university graduates (15%),

while women accounted for 22%. The average age of employees terminated in the period was 57.

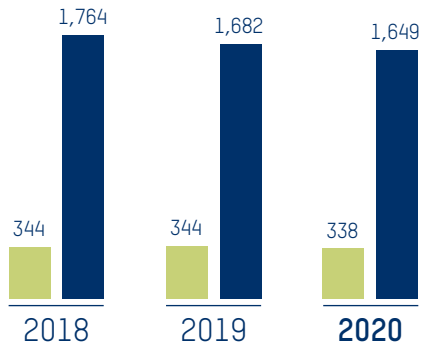
The Group continues to consider it strategic to **maintain internally the skills that cannot be delegated**, preferring direct employment to staff leasing, such as permanent or fixed-term contracts which eventually

become permanent contracts in almost all cases, subject however to getting to know the Resources being employed and to their successful evaluation.

At 31 December 2020, **permanent contracts accounted approximately for 98.6% of total contracts.**

Type of contract

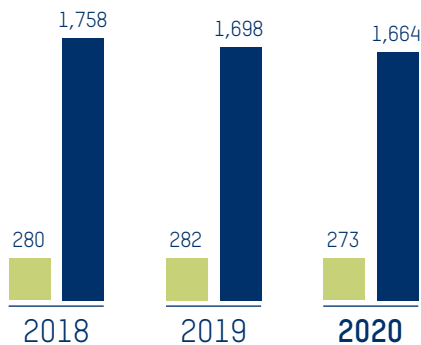
Permanent



Fixed-term



Full-time



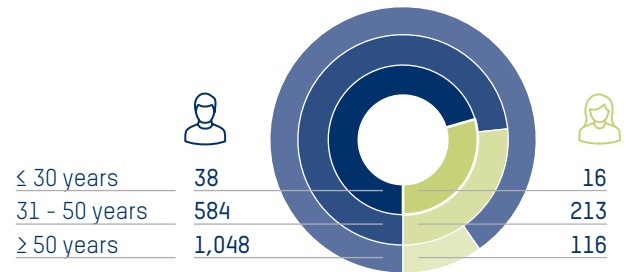
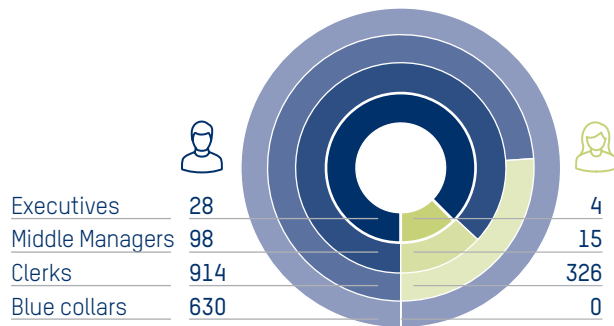
Part-time



Current staff

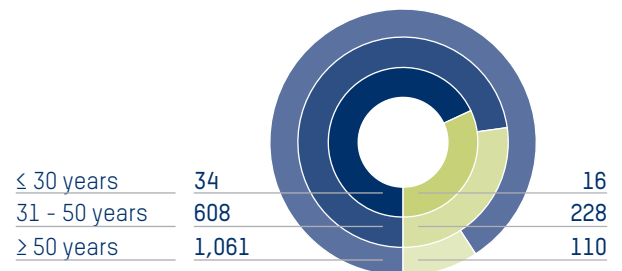
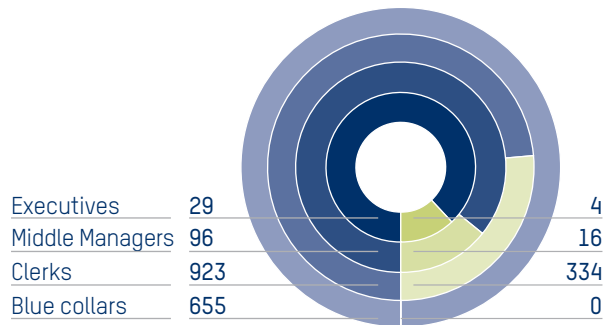
2020

 345  1,670 Total 2,015



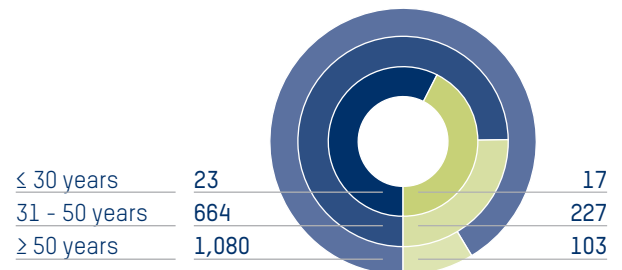
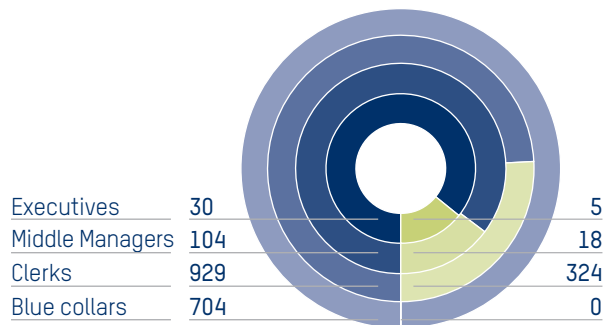
2019

 354  1,703 Total 2,057



2018

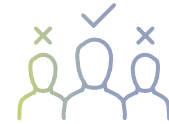
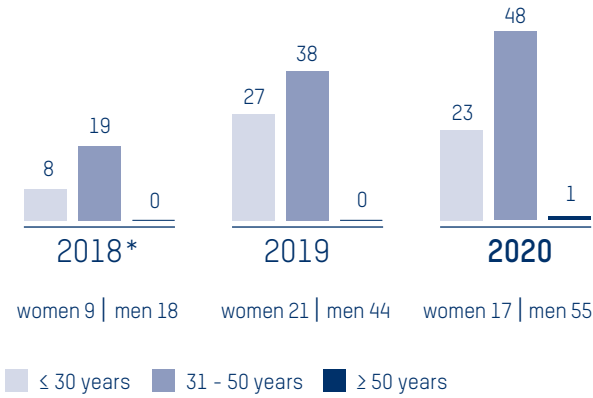
 347  1,767 Total 2,114



 no. of women  no. of men



Incoming



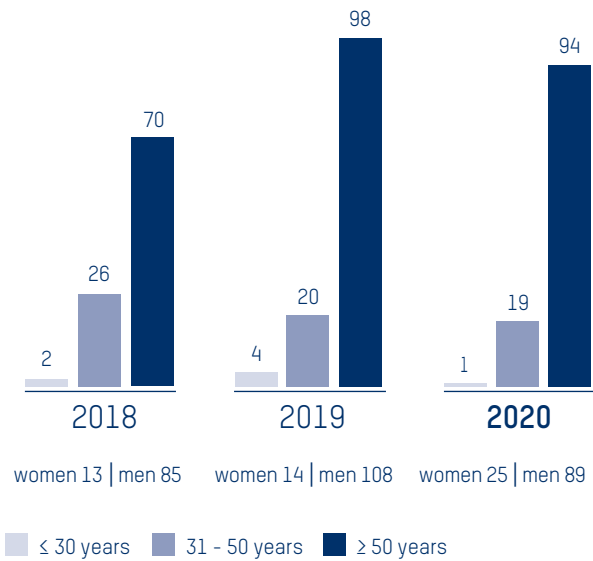
72 new Resources employed in 2020

* 2018 figures do not include resources resulting from acquisitions



194 recent graduates hired within the last seven years

Outgoing



Incoming-outgoing turnover

2020



women



men

	≤ 30 years		31-50 years		≥ 50 years	
	+5	+31.3%	+12	+5.2%	0	0%
	-1	-6.3%	-15	-7.1%	-9	-7.8%
	+18	+43.2%	+36	+5.4%	1	0%
	-0	-0%	-4	-0.7%	-85	-8%

2019

	≤ 30 years		31-50 years		≥ 50 years	
	+6	+37.5%	+15	+6.6%	0	0%
	-1	-6.3%	-6	-2.2%	-7	-4.5%
	+21	+61.8%	+23	+3.8%	0	0%
	-3	-8.8%	-14	-1.6%	-91	-6.1%

2018

	≤ 30 years		31-50 years		≥ 50 years	
	+2	+11.8%	+7	+3.1%	0	0%
	-1	-5.9%	-6	-2.6%	-6	-5.8%
	+6	+26.1%	+12	+1.8%	0	0%
	-1	-4.3%	-20	-3%	-64	-5.9%

With regard to the percentage values relating to rates, the effects of extraordinary corporate transactions on both entries and terminations are excluded.



MANAGEMENT, DEVELOPMENT and ENGAGEMENT OF HUMAN CAPITAL

2i Rete Gas considers People to be a key strategic asset and promotes a corporate culture based on listening, dialogue and participation, driving an ever-increasing sense of belonging and growing motivation, stimulating a sense of responsibility in each Resource, thereby turning him or her in an agent and a champion of the Company's continuous improvement endeavours. The Group promotes the development of human capital, the talent building, the sharing and exchange of knowledge, placing value on refresher training efforts that can build on previous experience and are geared towards innovation and continuous improvement.

The development of distinctive, specialist, operational and managerial skills is driven by the definition of targeted **training paths** and deployment of **job rotation plans** and **succession plans**.

The Group organises **experience sharing and listening opportunities** and recognises **individual merits** as related to conduct, performance, competences and commitment **while respecting People** and ensuring compliance with **equal opportunity** standards, **without any discrimination whatsoever**.

Efforts are made to promote a **behavioural culture based on meaningful feedback and exchange**, where managers support their direct reports in their growth path.

Learning and improvement are supported and encouraged by:

- a **performance evaluation** that can raise awareness and self-empowerment;
- **targeted training paths**, including with a view to ensuring expertise continuity in relation to a path of turnover of resources in the same position;
- **development plans** that ensure the transfer of skills between senior resources and junior resources;
- **remuneration and incentive schemes** ensuring clarity and impartiality, based on merit, result measurement and behaviour assessment..

SELECTION

The people employed by 2i Rete Gas are selected through a process that is **transparent**, mindful of **Human Rights** and **dignity of the individual**, and **impartial**, in compliance with the Group's Code of Ethics, Legislative Decree 231/01 and the "Integrated Policy for Quality, Safety and Environmental".

The recruitment and selection process offers **equal opportunities** to any individual irrespective of their gender, religion, belief, ethnic origin, disability, age, sexual or political orientation, and it avoids any form of discrimination.

Such impartiality is ensured by the consolidated use of **SAP Success Factors** as a tool for management of recruitment and selection processes.

Almost all processes are managed within the platform, resulting in a precise and prompt traceability of all phases of the process.

The times and the different steps of validation and evaluation are also certified. Moreover, this tool allows applications to be retrieved by relying on one single channel, which also serves as a database, collecting an ever-increasing number of resumes.

In 2020, given the particular situation arisen from the COVID-19 emergency and the ensuing overall reliance on remote working also for the staff of the Human Resources Department, almost all selection processes were completed, without slowing down operations, by using videoconferencing platforms for the various steps of the candidate

interviewing process. In the course of the year, a total of **65 selection processes deriving from external research** were completed.

The new selections were dictated, in most cases, by the need to replace staff due to normal turnover, change of position following job posting or maternity leave. The selection plan mainly met the need to strengthen local technical and operational functions following replacements and successions and, to a lesser extent, to reinforce Headquarters functions such as Procurement and Services, Network Commercial Services and Administration, Finance and Control.



2i Rete Gas continues to support **job posting** and **job rotation**, viewing them not only as tools to meet organisational needs, but also as the method of choice to create opportunities for the exchange of skills and knowledge and to strengthen the network of collaboration between the various corporate divisions and functions. To increase opportunities for professional development of Resources and talents within the Company, **21 internal searches** were activated in 2020.

DRIVING SELECTION PRINCIPLES

- respect of human rights
- dignity of the individual
- impartiality and transparency
- equal opportunities

DEVELOPMENT AND TRAINING

The Group firmly believes that to increase the quality and efficiency of its services and ensure that its choices and actions prove successful, investing in the **professional growth** and **motivation** of its own People is crucial, encouraging new experiences, providing tools to support the development of soft skills, increasing awareness in each of them through exchange, sharing and continuous feedback.

For this reason, 2i Rete Gas continued the **process of extending the performance evaluation process**, whereby managers not only evaluate results, but also individual behaviour, encouraging those that are most consistent with corporate values. The evaluation process is indeed set up in such a way as to achieve an increasingly stronger and shared awareness of corporate objectives, performance levels and expected results, and to identify the scope for development of the individual's skills, further training needs and job rotation opportunities, including cross-sectoral ones.

In 2020, the important **Job Evaluation** project that was initially launched for local and departmental organisation purposes reached almost full completion with regard to the evaluation of the central organisation, both in terms of business units and staff units. This has allowed the development and enhancement of a performance assessment system - implemented in 2015 - even more target-oriented and capable of identifying the quality standards of performance based on both macro roles and individual jobs and laying the foundations of the technical and management skills required of the individual position. As part of the performance assessment, the level and degree of competence of the individual resource being assessed is evaluated with reference to the position held, also with a view to define a customized and suitable training and development plan.



In 2020, the most significant phase of the **project for the definition of a corporate training catalogue** containing programmes, including modular ones, to be related to individual corporate positions and respective distinctive competencies and to be submitted to the managers to define the training plan for the individual Resources, was completed.



In 2020, the performance evaluation plan reached a new milestone, in line with the project for the gradual extension thereof. Indeed, this process, initially launched only for specialist positions and positions dealing with the coordination of functional and technical processes, over the years was extended to all staff of the Head-office and department units, area technical staff with a grade higher than 6, Works Supervision Employees, Works Execution Coordinators, Branch Office Representative and Smart Meter Representative. In 2020, new criteria were identified to involve also operational staff and area non-managing technical staff, such criteria relating to skill development.

Therefore, it was decided that the 2021 evaluation plan would include 100 operational staff members - who after attending a major training course managed to have their role shifted from generic to skilled worker - as well as

200 technicians certified as Title I and IV according to Uni PDR standards and/or who had obtained APCE certification.

The new phase also required a system update effort, as new ad hoc evaluation forms were implemented on the portal. These forms were simplified and had a greater focus on the technical and operational aspects related to the distribution job. As part of this endeavour, a new resource evaluator profile was introduced, i.e. the **intermediate local manager**, who will be able to share with the Area and Department manager his or her opinion on those resources that constantly interact in the management of daily problems.

This step highlights and stimulates professional growth in the management of employees and makes it possible to simplify the evaluation process and make it even more consistent and effective, providing an opportunity for mutual exchange and awareness.

Therefore, since the Performance Evaluation was implemented in the system, **50.1% of staff were involved in the evaluation process**, in addition to personnel included in incentive plans related to specific business objectives, which require a more comprehensive qualitative evaluation.

Training plays a primary role as a development engine and value generator.

Starting in March, 2020 was characterised by a sudden and radical change in the way courses were delivered as a result of the COVID-19 emergency, with online courses increasing from an average of 1% to over 90%.



Employees that underwent an annual assessment

24.10%

as at 31.12.2018

26.16%

as at 31.12.2019

34.63%

as at 31.12.2020

This change in the delivery format required a major effort to bring about a change in both the operational approach and cultural approach of all personnel, as well as involving a significant development of the tools and systems underpinning such change. New operating manuals and tutorial videos were prepared. They contained instructions on how to use the new videoconferencing tools and the corporate intranet remotely, including via tablet, thus making access possible to operational staff as well. This new training method also allowed a new form of "internal communication" to be implemented across the territory, providing a fast track for deployment of internal resources and handling calls relating to emergencies and

special operational technical issues, overcoming the limits arising from the distances and complexities involved in a country-wide organisation setup.

A number of APPs were installed on company smartphones, which in the meantime had been given to all staff in order to facilitate smart working where necessary and possible, allowing efficient connection even without a notebook or tablet.



A number of training sessions were delivered to all Resource managers on the functions of "Microsoft TEAMS",

a tool that during the emergency period allowed dialogue and interaction between managers and employees to continue, which enabled sharing, engaging in teamwork and providing feedback remotely to a greater extent as compared to the past.

The complex backdrop did not affect the schedule for the 2020 Training Plan, as it was successfully completed, despite an initial slowdown in March due to the suspension of all in-person courses that had already been scheduled and their subsequent rescheduling in the online version. Inevitably, training initiatives that were not compulsory and required classroom attendance, which is not compatible with social distancing, were postponed.

People involved in training | including employees exited in the period

2,133

as at 31.12.2018



345



1,788

2,065

as at 31.12.2019



345



1,720

1,896

as at 31.12.2020



283



1,613



Average and total hours of training by professional category

figure for active staff



Total hours of training by professional category

Totals also include hours of training delivered to exited employees



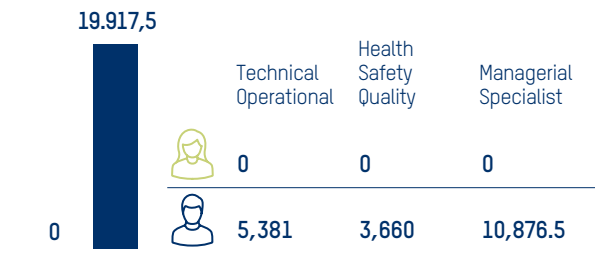
Executives 238,5



Middle Managers 3.093,5



Clerks 36.621

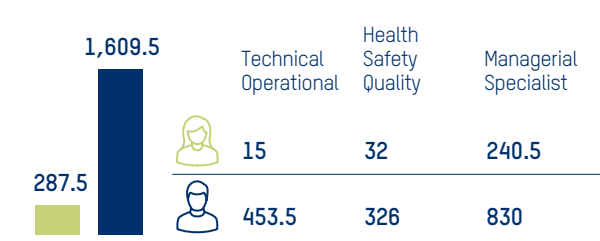


Blue collars 19,917,5

Total 59,870.5 6,329.5 53,541



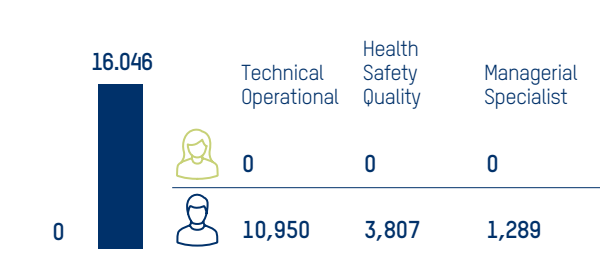
Executives 521



Middle Managers 1.897



Clerks 26.406,1



Blue collars 16,046

Total 44,870.1 4,063.3 40,806.8



Total staff involved in anti-corruption training

figure for active staff



Executives 652,5



Middle Managers 3.156,5



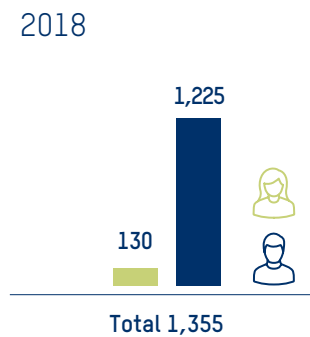
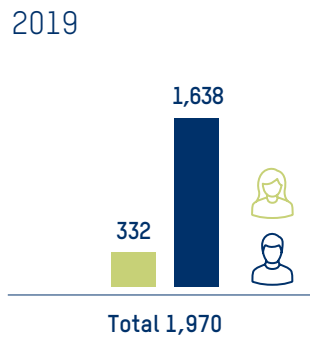
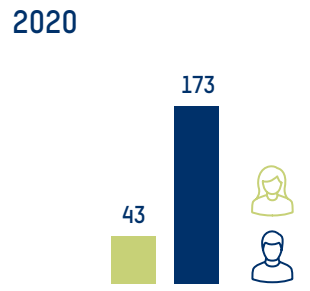
Clerks 28.391,8



Blue collars 11.209

Total 43,409.8 4,637 38,772.8

* In addition to managerial and specialist training, it includes language and IT training.



women men

With regard to the types of courses delivered, an effort worth mentioning in the managerial area is a course on Project Management, which involved about sixty people and was well received. It will be offered again in 2021, also as a result of the numerous requests identified following a survey on training needs. The project dedicated specifically to the new middle managers of the Information Systems Function (“IT Leaders”) continued. It involved all the team leaders of the Division and was supplemented with a specific coaching course. The coaching experience dedicated to managerial roles also continued.

Particularly important was the training on Performance Evaluation, which was designed to provide support to managers (End-User Management and Plant Operation and Maintenance representatives) who were tasked for the first time with evaluating their own staff. A course was also held on remote management of employees and how to provide feedback in a remote work situation.



With regard to specialist training, the training project on **Conflict of Interest and Privacy** continued across the territory. It underscores the Group’s commitment to strict compliance with the specific regulations in force.

For new hires in the Procurement and Services Function, **specific courses on contractual issues** were held. Lastly, refresher courses were organised for the Human Resources Department: one on **personnel selection methods** for local HR representatives, with a view to increasing their involvement in the selection process, while other courses focused on some **specific personnel administration topics**.



As regards **courses on computer applications**, one Excel course and one more specific content course on QLIK Sense were held.

With regard to technical and operational training, the project to **develop the skills of general-purpose workers** was completed in the first few months of 2020, which in this last phase involved the role of maintenance technician-station operator. The project’s underlying goal was to encourage the growth of People within the organisation, in conjunction with the capacity building and skill exchange effort connected with job posting and job rotation. As a whole, this project aimed to increase the professional skills of operational staff, above all on issues and skills deemed as fundamental for the Company’s core business.

Other major projects included those relating to **First Response** designed for new recruits, and the completion of training on the introduction of new operational functions in the works area. With regard to training on Quality and Safety, 2020 saw an increase in courses related to the COVID-19 emergency, mainly on the **safety guidelines applicable in the pandemic period** and on the use of **Personal Protective Equipment**. In collaboration with the Quality, Safety, Environment and Prevention and Protection Services Function, a number of **environmental management training courses** were staged, together with **refresher and preparatory courses for new qualifications as Internal Auditors for Quality, Health and Safety Management Systems**.



Following up on the **project aimed at defining working groups and identifying company innovation and simplification champions** - which was activated in 2019 with the organisation of a significant team building and training event called **Network Time**, involving all the Heads of End-User Management and Plant Operation and Management - in 2020 each of the 6 groups identified engaged in an effort with a view to gaining further insights into



certain specific company processes, identifying and recommending innovative solutions to make core business processes more efficient and to improve aspects related to knowledge sharing, the distribution of delegations and powers and the delivery of technical training to both internal and external personnel. In this regard, a working group dealt with the drafting of all the material necessary for the delivery of a training course on First Response, which was of great importance given the distinctive skills of our profession and was made available through the SAP SuccessFactors (SSF) portal, reserved for Area and Contractor technicians and operators.

The course is scheduled to be delivered in early 2021, once the testing phase has been completed.



With regard to e-learning training for the entire workforce, **general and specialist courses on Health & Safety and on Legislative Decree 231/01** continued to be delivered also in 2020.

The number of hours dedicated to anti-corruption training and the number of people involved in it were lower than in the previous year. This is due to the fact that following their mass delivery in the past few years,

these courses are currently only delivered to new Resources joining the Company.



SUSTAINABILITY PLAN
Initiative scheduled for 2020
completed, target achieved

With regard to **maintaining high levels of satisfaction with the training provided**, one of the initiatives related to the Plan's goal on **management and development of skills and talent within the company** involved **monitoring the level of satisfaction with courses and evaluating their effectiveness over time**. In this regard, in 2020 the "satisfaction questionnaire" on the training provided was released on the SSF platform. This questionnaire replaces a paper-based form previously in use and, more importantly, makes it possible to view in "real time", through a special reporting feature, the situation of the level of satisfaction of each course. The new questionnaire can be filled out anonymously from any device (desktops, notebooks and tablets). Operational staff have also been given direct access to the corporate intranet and to their own Training Plan ("My Learning") through which they can view the teaching materials of all the courses in which they have been enrolled (in past and in future) as well as their certificates of attendance.

With regard to the "questionnaire on the effectiveness" of the course colleagues who from time to time will be involved in the collection

of delivered, new functions have been developed and tested on SSF, allowing a questionnaire to be created and assigned to feedback on the effectiveness of the course delivered to their employees. A technical training catalogue was also drawn up, with the support of the Network Time working group, with the aim of industrialising the process of gathering requirements for 2021 and appropriately steering and harmonising it in line with the jobs defined at local level.

Classroom Training/Distance Learning

ADMINISTRATIVE/MANAGERIAL

Training projects that aim to develop soft skills and consolidate the specific individual skills of People involved in the development of a role and/or organisational growth, in order to stimulate the achievement of increasingly higher objectives of personal and professional growth.

PROJECTS/COURSES

- Community of Future IT Leaders
- ICT Team Leader
- Staff management
- Executive coaching
- Continuous feedback & Performance Evaluation
- Feedback and remote staff management
- Performance evaluation
- Project Management

no. of people **166**

no. of hours **1,788**

TECHNICAL/OPERATIONAL

Development of technical and operational skills, courses with external teaching on regulation and maintenance, on remote control or on specific equipment (which is flanked by various internal courses related to corporate applications, such as WFM).

PROJECTS/COURSES

- Testers
- List of fees and technical specifications
- New SIR application features (cartography)
- Webprocat application (Cathodic Protection)
- New Planning
- Engineering practice platform
- New pipe purchasing process for contractors
- Resolution No. 271
- Sirgas - Redelivery point stratification
- Training for Assessors
- Environmental Auditor
- First Response
- Cathodic protection: ISO level 3 and certification maintenance refresher course
- Plant Operation and Maintenance Module
- UNI 11632 - UNI Standard Reference Practice 39:2018 - Type III, IV and 30-hour refresher course
- Skill development for general-purpose workers employed as: Maintenance Technician-Station Operator
- Asset Management Line "F" - Transitory and Final
- BW Report training for quote monitoring
- Fluid dynamic check of plants
- Web Pressure for operation of regulation and metering peripherals and pressure reduction units

no. of people **1,093**

no. of hours **22,435**



QUALITY AND SAFETY

Courses on Quality and Safety, both in compliance with Decree no. 81/2008 and in order to raise awareness of this issue among staff.

PROJECTS/COURSES

- COVID-19 training
- Personal Protection Equipment
- Safety Manager
- Training for Officers
- Qualification of Internal Auditor for Quality Assurance staff
- ASPP refresher course
- Updates for Workers' Safety Representatives
- National guidelines on legionella
- Fire prevention, initial training and refresher courses
- First Response, initial training and refresher courses
- CSE (Safety Coordinator in the Execution Phase) training - 40 hours
- Environmental Management Training
- Load handling and haulage
- Road signs in the presence of vehicular traffic
- Basic Safety Course
- E-learning course on workers' Safety and office risks (for newly-hired staff)

no. of people **1,547**

no. of hours **13,916**

SPECIALISED/LANGUAGE/INFORMATION TECHNOLOGY COURSES

Specialised courses, activated on the basis of specific needs, and participation in seminars/workshops in the sector.

PROJECTS/COURSES

- Tariffs and Fees (specialist's follow-up)
- Personnel management specialised course: INAIL Management - Severance Pay & Year-end adjustment
- Welfare support provisions and operational solutions in the light of INPS circular letter
- Knowing the company and learning more about our business
- New EU Privacy Regulation (Decree 38)
- Labour costs and Personnel budget
- Contractual aspects of procurements
- Negotiation and pricing strategies and tactics
- IAS/IFRS Specialisation Course
- Public land use fees
- Diagnostics and personnel selection techniques
- Company Welfare
- English language course
- Excel
- Video conferencing tools
- Microservices Architecture
- QLIK Sense
- ITSM: Single portal for ticket service management
- E-learning course on Decree no. 231 (for newly-hired staff)

no. of people **792**

no. of hours **5,271**

COMPENSATION SYSTEM

The Group pays attention to the implementation and updating of compensation policies consistent with business strategies, market trends and organisational structures, with a focus on possible related developments and **alternative motivational levers to ensure a modern total reward system.**

Resource management aims to stimulate and guide work performance and is designed to create compensation systems that are **internally fair** and **market competitive**. At the same time, it enables a communication process that involves managers in the allocation criteria and supports them in seamlessly conveying to their employees the principles that led to the decisions made.

This will allow highly professional Resources to be attracted and retained within the Group, while continuing to motivate all personnel, promoting a relationship based on mutual trust.

The company's approach in defining the compensation system is not limited to aspects of a strictly monetary nature but is developed according to a coordinated vision of **reward systems to ensure staff satisfaction and engagement with both their work and their organisation.** Again, following a close review of the track record of the individual resources, in relation to the position held and their growth potential, development opportunities are identified and merits are recognised, in terms of consistent discharge of their duties, level of performance and

commitment demonstrated, as well as results achieved, whether they are corporate, personal or related to the self-development plan.

In 2020, efforts focused on applying **criteria increasingly closely related and attentive to the different types of roles and skills.** Increasing attention is paid to the technical - operational roles, which demonstrates how important it is for the Group to maintain the entire gas "profession" efficient and competent, while respecting the investment plan.

Improvement of
service quality



Orientation
towards results

Recognition of
merit

Transparency



COMPENSATION SYSTEM

- Definition of salary and classification target by role and responsibility.
- Evolution of compensation and classification only in the presence of margins of excellence with respect to targets and in the case of evolution/change of role.



PERFORMANCE ENHANCEMENT SYSTEM

Recognition of one-off bonuses in order to enhance the commitment, dedication and sense of responsibility in every action taken, as well as the ability to adapt to change and evolve by learning and accepting new challenges.



VARIABLE INCENTIVE SYSTEM BY OBJECTIVES

- MBO system targeting the 1st and 2nd levels of the organisation.
- Key people incentive system, aimed at middle management. The objectives can be measured by type of position and/or transversally to more than one office, and the overall assessment is supplemented by the evaluation of qualitative objectives related to skills and behaviour.
- Incentive system based on specialist's objectives, dedicated to particular profiles (ICT Team Leader, Organisation, Relations with Local Authorities, Technical Sales Reps, Smart Meter Skilled Workers) including individual operational and specialist's objectives. This incentive system proved to be increasingly significant in 2020, as the number of People involved increased. In 2021, involvement will be extended to local HR representatives and Commercial Quality and Operation specialised representatives.



REWARD SYSTEM BASED ON PRODUCTIVITY AND QUALITY OBJECTIVES

A Performance Bonus will be granted to all Group personnel, the amount of which will depend on the achievement of the objectives set in terms of profitability, productivity, efficiency and operational quality.

ENGAGEMENT

2i Rete Gas believes that engaging its own People plays a key role in ensuring a virtuous running of the organisation and reinforcing an increasingly responsible and informed vision of the contributions that each employee can make on a daily basis to improve relations and collaboration in the working environment and to support, even personally, the Company's development and strategies.

In 2020, following a strong reliance on smart working to counter the spread of COVID-19, against a backdrop of restrictions which made it impossible to organise the usual annual meetings and get-togethers under the motto "Noi2i facciamo rete" aimed at strengthening our corporate identity, the **use of online collaboration tools** was strongly encouraged, including, indeed especially, as a means of maintaining constant contact with colleagues, the underlying goal being not only to enable the mere transfer of useful information for work-related purposes but also to allow people to continue to feel part of a team even from a distance.

In a year as complex as 2020, 2i Rete Gas continued to strive to coordinate an effective internal network of information flows, not only to make corporate objectives clearer and shared on a larger scale, but also to communicate news and decisions related to the COVID-19 emergency to its employees in a timely manner. In addition to sending timely newsletters containing indications as they became available, the employees were further

encouraged to access the **corporate intranet**, where comprehensive information was available in relation to the various Decrees issued by the President of the Council of Ministers (aka DPCM) and the behavioural guidelines identified with a view to performing work tasks safely in the context of a pandemic situation. Updates related to smart working and flexible working hours during the emergency period were also available. The corporate intranet also allows access to a new tool, **Back2iMyOffice**, for scheduling return to the office in compliance with the maximum number of people allowed on site. In addition to these specific sections, the following areas may be accessed: "**Navigate in 2i Rete Gas**", where the organisational structure and the areas of activity of company Resources may be viewed; the **new IT Service Management portal**, which replaced the previous helpdesk and new IT equipment request systems; **SAP SuccessFactors**, used for both training and selection purposes; and, lastly, the **portal dedicated to company Welfare**, where the employees can convert their Performance Bonus into goods/ services of greater interest.

In 2020, a number of meetings were organised using virtual rooms, during which many people participated proactively in the proceedings of committees for the management of health emergencies, in projects for the sharing and harmonisation of operating methods and for increasing the efficiency of and streamlining

working processes and practices. The working groups created for this purpose established fruitful interpersonal relationships, as they grew aware and felt pride of being part of the same professional network, where the **exchange of management experiences and knowledge** can be empowered.

With regard to the management of the emergency, central and local head-office colleagues provided their support unremittingly, each giving their contribution in relation to their specific expertise, whether related to safety and health surveillance, information and communication and regulations or in-field operational management.



SUSTAINABILITY PLAN

Initiative scheduled for 2020
completed, target achieved

With regard to ordinary operations and the **definition of forms of knowledge sharing within the company**, which is one of the initiatives included in the Plan in connection with the goal of **managing and developing in-house skills and talent**, during 2020 the **Testers, Operational Control Staff and Technical Planning and Monitoring working groups** were created. In addition, as part of the Network Time initiative meetings were held with the various **managers of Operation and Maintenance and End-Users Representatives**. All groups pursued the objective of proposing concrete solutions with a view to armonisation and innovation.



More specifically, the 6 groups that were created as a result of Network Time - a project launched in 2019 as already mentioned under "Development and training" - set up a number of work groups fully in line with the target set out in the Plan to recommend initiatives aimed at promoting:

- 1) **Knowledge sharing:** tools, methods and processes were recommended to improve the exchange of information and knowledge;
- 2) **Efficacy at work:** areas for system input rationalisation were identified to avoid, where possible, redundancy in the entry and management of data and system misalignment;
- 3) **Training of contractors:** areas of improvement were identified - such areas calling for further training regarding the skills and management methods of contractors' staff - and all useful material for the creation of a training package on first response was prepared and collated;
- 4) **Analysis of operational assignments:** solutions were proposed for a better distribution of assignments and for a more efficient and effective operational monitoring;
- 5) **Streamlining of business processes and budgeting activities;**
- 6) **Streamlining of the plant maintenance plan.**

Streamlining and innovation proposals deriving from the work groups described above were defined following a series of periodic meetings and are being examined

by the Management to establish their feasibility. This requires the deployment of a monitoring system to measure the progressive implementation of the approved projects. The efforts of these groups, which were set up in a number greater than the target set for 2021, confirmed and bore out the meaningfulness and importance of embodying the "Noi2i facciamo rete" motto into everyday life; the people who took part in outlining these initiatives experienced themselves the benefits and sense of pride of feeling **part of a team** and having contributed to creating **a shared value**.



With reference to the **action plan defined after the assessment of work-related stress**, other initiatives are to be found in the **consultation and certification process followed to improve the working environment**, such initiatives underscoring the introduction of a new way of listening to staff and sharing with them the most appropriate solutions to be implemented. In this connection, following the transfer to the new building, it was decided that insights from Department and Area Managers be collected on a regular basis by implementing a specific reporting system to raise concerns and express

appreciation in relation to work space and work environment. To ensure compliance with regulations and comfort in the workplace, the provisions of Operating Instruction 11 ACQ "Operating procedures for the management of the facility management contract for 2i Rete Gas civil buildings" will apply with regard to control and evaluation of services using tools such as SLAs, Customer Satisfaction surveys and random checks, as well as relying on constant interaction with the facility management supplier to share and implement any remedial measures that may prove necessary.

The **VISORV** process was also revised, introducing a new form that allows the person being inspected to file any **Near Miss reports**, express their opinion or suggestions on the working methods, with the aim of analysing them and, where possible and feasible, following them up, so as to capitalise on the voice of those who operate in the field with a view to continuous improvement. This initiative also sets out to convey and **empower virtuous behaviour**.

With regard to the **choice of new PPEs**, it was decided that prior to awarding the contract a preliminary evaluation of a set of samples should be conducted by performing field tests on the garments. To this end, Workers' Safety Representatives and some specific operating technicians should be involved, so as to be able to assess the suitability and comfort of the new products in advance.

DIVERSITY and WELFARE

The Group is committed to extending the same conditions of respect and equal dignity to all members of the organisation, rejecting all forms of discrimination, while strongly pursuing the physical, psychological and social well-being of its People and promoting work/life balance.

At 2i Rete Gas, in compliance with the Code of Ethics, the Charter of Values and the Organisational and Management Model pursuant to

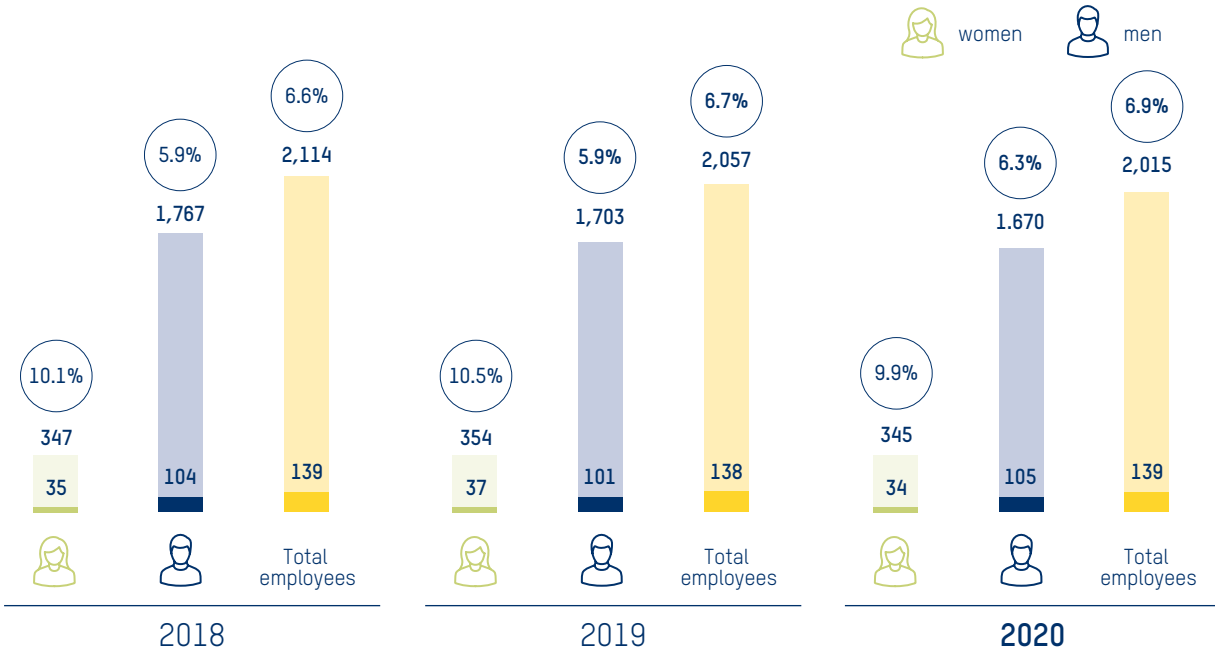
Legislative Decree 231/01, the Group acts with absolute and inviolable **respect for the dignity of the individual** and recognises the **importance of diversity** as an added value for the development of the organisation and the achievement of results.

Over the years, policies, tools and solutions have been implemented with a view to increasingly supporting **inclusive approaches and empowering diversity**, which must be regarded as a unique contribution of each Resource; **agreements with Provincial**

Authorities have been considered and, in accordance with the regulations in force, a **multi-year plan for the onboarding of staff belonging to protected categories** has been implemented. The Group allocates these Resources to specialist positions and key roles, where possible.

As at 31 December 2020, **139 Resources belonging to protected categories** were working for 2i Rete Gas.

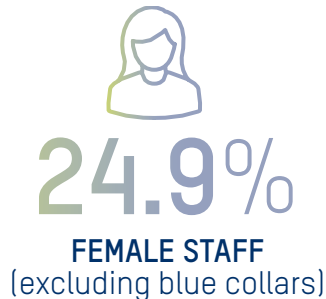
Protected categories





With regard to **gender equality**, 2i Rete Gas endeavours to increase the number of women employed with the Company, including in positions of responsibility, and is committed to **encouraging the professional growth of women**.

The female staff of the Group accounts for 24.9% of all the employees (excluding blue collars).



In the last 7 years, **118 women** were employed **out of 337 new hires** (35%). Looking at 2020 alone, there was a slight decrease in the number of female staff hired (16 out of 47 new hires, excluding blue collars, accounting for 34%). This is due to the fact that this year, unlike in previous years, the plan to hire strictly operational staff was launched. Currently, **women holding executive and management positions account for 13.1%** of the total number of executives and managers.

In recent years, the percentage of **women with more specialist skills** has been significant. Proof of this is the recruitment of **80 young female graduates** over the last seven years, including in technical and engineering areas (41% of graduates hired). The presence of women is significant, especially in central staff functions (where they account for more than 40% of the entire population). On the other hand, the number of women working in the Departments - where most of the activities carried out are operational and highly manual in nature and relate to plant engineering and mechanical technology - is naturally lower, as these jobs are less appealing to female staff.

The **percentage difference in pay levels** between men and women is to be considered as **normal**, it resulting from a **lower average length of service of women** as well as a **lower technical specialisation**. Indeed, within the group of staff aged less than 30 years, the average pay of women is in line with that of men. In addition, it should be noted that there is a steady increase in the onboarding of women with technical degrees to fill specialised positions.

In 2021, the Group aims to pursue with even greater commitment its desire to involve female talent, including by relying on **specific advanced training courses on female leadership**.

With regard to **parental leaves**, family-oriented initiatives, with special emphasis on working mothers, include endeavours designed to support maternity. In particular, during the period of compulsory maternity leave, 2i Rete Gas guarantees **maternity benefits to the extent of 100%** of salary instead of 80% as required by law. Furthermore, company benefits are maintained throughout the entire period of leave.

In principle, almost all employees requesting a parental leave return to work and retain their job even after one year from the end of the leave, resuming their previous activities or being assigned to tasks having a similar professional content. In 2020, 5 Resources who had returned from leave in 2019 were terminated.

Return to work rate after parental leave | seen as compulsory + optional maternity leave

	31.12.2018			31.12.2019			31.12.2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees that took parental leave	43	3	46	50	7	57	42	5	47
Number of employees that returned to work after	30	3	33	35	7	42	38	5	43
Number of employees that were still on parental leave during the year	15	0	15	15	0	15	5	0	5
Number of employees on parental leave in the previous year that returned to work in the reference period	9	0	9	14	0	14	16	0	16
Number of employees retained 12 months after returning to work following a period of parental leave	12	6	18	29	3	32	29	7	36
Return to work rate after parental leave	70%	100%	72%	70%	100%	74%	90%	100%	91%
Retention rate after parental leave	92%	100%	95%	97%	100%	97%	83%	100%	86%

Return to work can also be facilitated by extending part-time contracts for a one-year term, the renewal of which can be subsequently re-evaluated on the basis of the employees' needs, if compatible with those of the Company.

In addition to ordinary maternity and parental leave, in 2020 employees were allowed to take a **30-day extraordinary leave due to the COVID-19 emergency**, between 5 March and 31 July, to **support childcare during the period in which childcare services and educational activities were suspended**. At 2i Rete Gas, this type of leave was granted to 30 employees, totalling 529 days.

The Group has undertaken to consider introducing **new forms of flexible working schedules**, with a special focus on people who have greater difficulties in managing family routines and have personal problems.



SUSTAINABILITY PLAN
Initiative scheduled for 2020
completed, target achieved

In this area, in order to meet the needs of employees who requested the use of a minute-based excuse slip covering short delays, the outcome of the **assessment on a possible increase in entrance flexible working schedule allowance and on delay offsetting methods** was acted

upon, this being one of the initiatives included in the Plan in connection with the goal of **defining a pilot project to increase flexibility for the employees**. As a result, effective 1 November 2020, the procedure for using excuse slips covering exceptional delays on a minute basis changed, as they can now be split up and, therefore, used even several times during the month to justify delays in arriving in the morning or delays in returning from lunch break, consistent with the monthly allowance permitted.



In order to cope with the COVID-19 pandemic emergency, a number of **actions were implemented to protect the well-being and health of workers**, including the timely adoption of a new, more flexible time pattern for those who had to travel to the office. Flexibility was indeed extended to all staff (full-time and part-time). This made it possible to:

- ensure better employees' inflows to and outflows from company premises, preventing gatherings in common corporate areas (e.g. badging devices, thermal screening devices, lifts, etc.);
- facilitate a different travel planning, allowing crowding at peak times to be reduced, so as to avoid social gatherings when commuting using public transport;
- cope with and organise family routines in the best possible way at a time when school, sports and recreational facilities were not always available.

In relation to COVID-19, a **specific insurance policy was also taken out** for employees who were hospitalised after testing positive for the virus.

Still with a view to addressing the COVID-19 emergency, all the functions directly involved in defining new and consistent work tools and models endeavoured and collaborated with commitment to ensure the introduction of smart working.

With special reference to the first months of the lockdown, **employees were encouraged to use their**

untaken holiday entitlement, also recommended by the Institutions in the various Prime Minister's Decrees issued. This resulted in a slight decrease in actual hours worked (- 2%) compared to the previous year. A slight increase in social and sick leave due to the pandemic was also observed. A decrease was also recorded in the number of hours held under external training, worked time accruals, first response and travelling hours, as well as overtime hours, as a result of working remotely and the sharp decrease in travel.

A **corporate welfare system** has been in place at 2i Rete Gas since 2018 to meet the diverse needs of employees, in the belief that it has now become an essential tool to be included among the initiatives supporting well-being and work-life balance, as it can produce positive effects both on a personal level - including as a means for streamlining everyday tasks - and on the quality of the corporate climate.

An agreement entered into in 2019 with the involvement of Trade Unions will remain in force until 2021. Under this agreement, employees will still have the **possibility of opting for converting their Performance Bonus into services and goods for themselves and their families**.

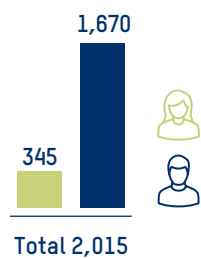
Subscription to the plan takes place via the corporate intranet, through the MyWelfare portal, is completely voluntary and allows the amount of the Performance Bonus to be used net and without tax charges, choosing whether to convert it in

full or in part. As in previous years, in 2020 the Group decided to grant to the participating employees an **additional 15% incentive on the portion of the bonus converted**. Employees who benefited from the plan were, therefore, afforded greater spending capacity for the purchase of services and goods of interest, related to: family, education, mortgages, supplementary pension, culture, leisure and wellness, transport. In addition, throughout the year employees, including those who do not participate in the plan, have access to subsidised payment terms for the purchase of season tickets for the local public transport network, consisting of a contribution from the Company and payment in instalments reflected directly in the payslip. **In 2020, 243 employees subscribed to the plan**. The most popular services included payments to supplementary pension schemes and reimbursements for education, training and transport.

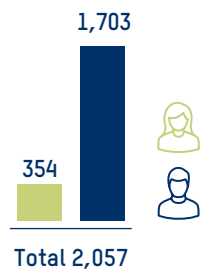
Finally, through the MyWelfare portal, all employees, regardless of their decision to convert their Performance Bonus, can still access an **important network** of special agreements and discounts, in addition to those arranged directly by the Company.

Female presence in personnel

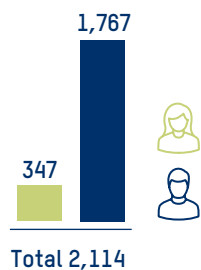
2020



2019

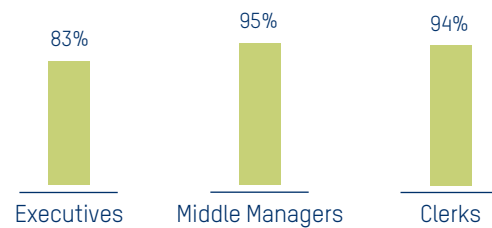


2018

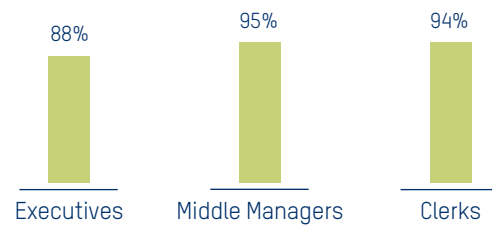


Equal pay between men and women

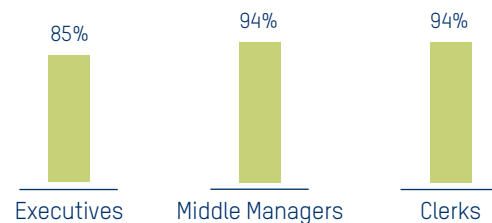
2020



2019



2018





RELATIONS WITH THE UNIONS

In line with previous years, the Group is committed to achieve the objective of promoting profitable and fair industrial relations at all levels while respecting the role of each party. To this end, it endeavours to establish a transparent and meaningful dialogue with, and ensure the involvement of, social organisations.

During 2020, measures were taken to deal with the effects of the unforeseeable COVID-19 pandemic emergency. More specifically, reliance was made on the use of welfare support provisions, forms of flexibility by widening the time slots for entering and leaving the workplace, activating smart working, and using untaken holidays and leaves pertaining to previous years.

Works Councils were set up, both at local and national level, to check, at least once a month - together with company representatives and trade union and worker safety representatives - the application of the provisions of the Protocol between the Government and Social Partners dated 14 March and 24 April 2020, as well as routine updates on the activities and measures implemented by the Group to deal with the COVID-19 emergency. The **final report on the**

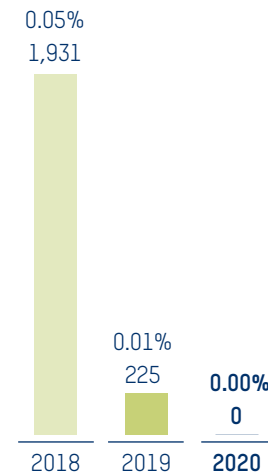
results of the indicators relating to the 2019 Performance Bonus was signed, which benefited from the criteria for tax relief, with the option of leaving up to employees to choose the conversion of the monetary component into benefits/services through the company application.

The **corporate welfare system** was improved, not only by adopting a measure to underpin the employees' income, but also by signing a specific trade union agreement, albeit on an experimental basis, for the overall closure of offices on days before public holidays (24 and 31 December) and in the week from 10 to 14 August.

Negotiations were also strengthened in the area of funded training, as part of company technical and specialist training schemes and offers, with a view to promoting targeted involvement of resources and creating added value.

Trade union consultation and exchange procedures for the merger of the acquired companies Cometam Gas S.r.l., Montelungo Gas S.r.l. and Poweragas Distribuzione S.p.A. were completed successfully; integration projects completed as expected in the ensuing merger process implemented in the second half and at the end of the year.

Hours of strike on workable hours



All employees of the Company are covered under collective bargaining agreements.

Trade union procedures for the transfer of gas distribution concessions in the Torino 2 territorial area and for the transfer of the drinking water distribution management service in the Municipalities of Santo Stefano al Mare and Riviera Ligure to Rivieracqua S.p.A. were also successfully completed, with transfer of plants and resources assigned at the beginning and at the end of the year.

A **trade union agreement on availability outside of work hours** was signed in the Napoli Area after the inclusion of new Municipalities as a result of the recent acquisition of Cometam Gas S.r.l., Montelungo Gas S.r.l. and Powergas Distribuzione S.p.A.

The aforesaid agreement also covers the new activation of the distribution plants of Cilento Reti Gas S.r.l., which required a redistribution and homogenisation of the scope of the respective areas of availability, contemplating a rearrangement of such plants within existing and newly created areas.

A **process of discussion and exchange with national trade unions** was initiated **on topics of a technical and organisational nature**.

An **action Plan** was completed and updated **to ensure full compliance with the Code of Ethics and corporate compliance with Legislative Decree 231/01**.

Local trade union agreements on video-surveillance of offices were signed and **privacy notices were amended** to reflect the new requirements of the Authority.

Local bargaining proved crucial also for the logistic management of local offices as a tool for improving and increasing the effectiveness of workspace.

SAFEGUARDING HEALTH AND SAFETY

In line with its Sustainability Policy, the Group is committed to protecting the health and safety of its employees and the employees of contractors, providing a healthy and safe working environment and promoting initiatives aimed at increasing awareness of risks and enabling better risk management, thus promoting the prevention and reduction of possible injuries and accidents.

For this purpose, 2i Rete Gas aims to maximise the reduction of accidents, in order to achieve “zero accidents” and, with a sense of responsibility, fosters a culture of safety inside and outside the organisation, attesting to the observance of even higher standards than those provided for by the relevant legislation. For this reason, the Group, in addition to pursuing the improvement of health and safety in the workplace and towards internal resources, invests

in the safety of the community and the environment in which it operates, sharing this commitment also with its collaborators and external contractors.

For all the Group companies, safety is organised through the **Prevention and Protection Service**, which consists of a Prevention and Protection Service Manager identified by the Employers.



The **safety organisation model** of the Parent Company is based on 8 production units, in which 8 Employers have been identified who, in turn, have defined an adequate number of delegated persons with powers and qualifications.

Specifically, with regard to the Parent Company the 8 production units rely on the support of 12 employees who are appointed by the individual Employers.

Employers carried out and maintain **risk assessment** procedures, allocating company resources to two homogeneous activity groups, those dedicated to clerical activities and those dedicated to operational activities. The **health protocol** was derived from the risk assessment. Healthcare supervision is provided by the competent medical staff supported by the Prevention and Protection Service and the results of suitability or unfitness for particular tasks are promptly made available to those responsible for the management of temporary, partial or total disabilities, thus updating protection measures for employees.

The **situation in terms of accidents is constantly monitored** and top management is informed in real time, while members of the safety organisation are constantly informed by monthly Group reports on quantitative developments and the accident indices. More specifically, the Workers' Safety Representatives are informed so as to ensure their increasing involvement in the development of a safety culture.

Similarly, the Group also monitors the **accident situation of its suppliers** on a quarterly basis **in relation to the activities carried out and worksites managed for the Group**; the **trend in the number of near-miss incidents/accidents** is also monitored.

Situations that can cause **occupational diseases** are also monitored. No cases of recognised occupational diseases were identified in 2020 either.

The year 2020 was marked by the challenge of coping with the SARS-CoV-2 pandemic emergency. The containment measures adopted and adjusted (i) in accordance with the regulatory measures that followed after the first order issued by the Lombardy Regional Authorities in agreement with the Ministry of Health on 23 February, and then (ii) consistent with the Prime Minister's Decrees that have been issued from time to time since March 2020, have been issued in line with the updates provided by the Civil Protection Committee.

Through its notices sent on 23 and 24 February, 2i Rete Gas (i) urged all employees to use the official channels of information and to comply with the behavioural guidelines stated in the provisions issued by the Authorities; (ii) told employees coming from the Municipalities where the first clusters were identified to stay at home, and if necessary to work remotely; (iii) asked employees who had stayed in the same and adjacent areas or who had been in contact with

established cases to follow the instructions given by the Authorities, notifying their managers; (iv) urged employees with symptoms of flu-like illnesses to consult their own doctor for information on whether further investigations were needed before returning to the workplace; (v) agreed to extend smart working also to employees who already had previous illnesses of a different nature but who were subject to greater risks during work.



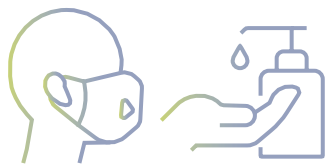
In some specific cases, 2i Rete Gas then extended to the employees of the areas that were becoming progressively affected by the emergency the possibility of working remotely, at home, such as employees who had difficulties in reaching the workplace and with young children at home due to the closure of nursery, primary and secondary schools.

Operational staff were given instructions to avoid close contact with end customers, in any case limiting operational tasks to First Response in the Municipalities originally included in the red zones and providing them with the personal protection equipment available under the circumstances.

On the other hand, in the other areas of the regions, instructions were given to limit contact with users as much as possible regarding the

performance of commercial activities, consequently avoiding the collection and signing of reports on operations carried out (such measure being later extended on 5 March to all personnel throughout the country).

In relation to these rescheduling of activities in the affected areas, a specific information report was submitted to ARERA. In addition, all employees were provided with hygiene products and FFP2 masks with instructions on how to use them if necessary and in accordance with the instructions of the Ministry of Health.



Consistent with Prime Minister's Decree issued in March 2020, after consultation with the Prevention and Protection Service and the Designated Physician, guidance was also provided through communications to personnel on limiting contacts and, as the emergency worsened, all measures - in line and in accordance with the Prime Minister's Decrees as they were issued - were progressively extended so that the precautions and the organisational model already adopted in the initial red zones were applied to all offices and to all Departments, requesting staff to refrain from travelling to their workplace, except

for staff who, due to proven work requirements, was to guarantee service at the office according to the instructions of their own supervisor.



2i Rete Gas thus subsequently required a significant effort on the part of its organisational structure as a whole to rapidly convert operations, urgently making the necessary investments also in terms of hardware as well as upgrades and maintenance of its network, to enable as many employees as possible to embrace smart working (since mid-March approximately 800 smart workers were connected to the corporate servers; during the following months of June and September, desktop computers assigned to employees tasked with administrative duties were all replaced with laptops. Subsequently, all company staff who still did not have a mobile phone were assigned one so as to ensure coverage of communications and total remote connectivity).

As for operational activities, in accordance with the provisions of the Authority issued by means of circular letter called "Guidelines for engaging in energy distribution and sales activities with access to

individual users' homes", instructions were given to carry out only those services necessary to ensure safety and service continuity as well as end customers' demands received directly or through sales companies that cannot be postponed.

Following the approval of the "Shared protocol regulating measures to counter and contain the spread of the virus in the workplace and at construction sites" signed between the Government and the Trade Unions on 14 March 2020, as amended in April, Committees were established for periodic discussions between the organisation and the trade unions as under the aforementioned Protocol, the purpose being to guarantee updates and exchanges regarding the choices made and emergency management.

The Company Risk Assessment Document pursuant to Legislative Decree 81/2008 et seq. was therefore updated by the Employers, in order to implement all the procedures that were set out with a view to adopting the temporary prevention and protection measures established in relation to the Coronavirus emergency, with the help of the Head of the Prevention and Protection Service and the Designated Physician.

Reports of possible cases of infection are monitored by the Occupational Health Service upon referral from the Prevention and Protection Service.



Moreover, in order to direct the information flow towards a single channel, a dedicated corporate mailbox was set up and made available to everyone. Managers were also provided with behavioural information to be used according to the cases to be dealt with.

In addition to the above, all staff returning to work following a sick leave was given the opportunity, on a voluntary basis, to rely on a telephone triage with the designated company physician.



A service was activated in collaboration with the designated physicians to identify vulnerable individuals for the purposes of prevention legislation. This service allows workers to submit a request to find out whether they qualify as vulnerable. If so, the Employer will be required to adopt all the precautions to be extended to vulnerable workers.

Indices and training

In order to limit accidents, the Group internally verifies occupational health and safety at local structures and carries out checks during works at open sites run by contractors.

Consequently, it constantly analyses the results of controls and defines actions and measures to improve health and safety performance.

The commitment to promoting the principles of health and safety protection of its own employees and collaborators as well as contractors has led the Group to pay special attention to **monitoring accident events** with a view to identifying any risks that could imply the adoption of

mitigation or containment measures while seizing any opportunities to benchmark events that occurred to the staff of contractors against those that occurred to the Group personnel.

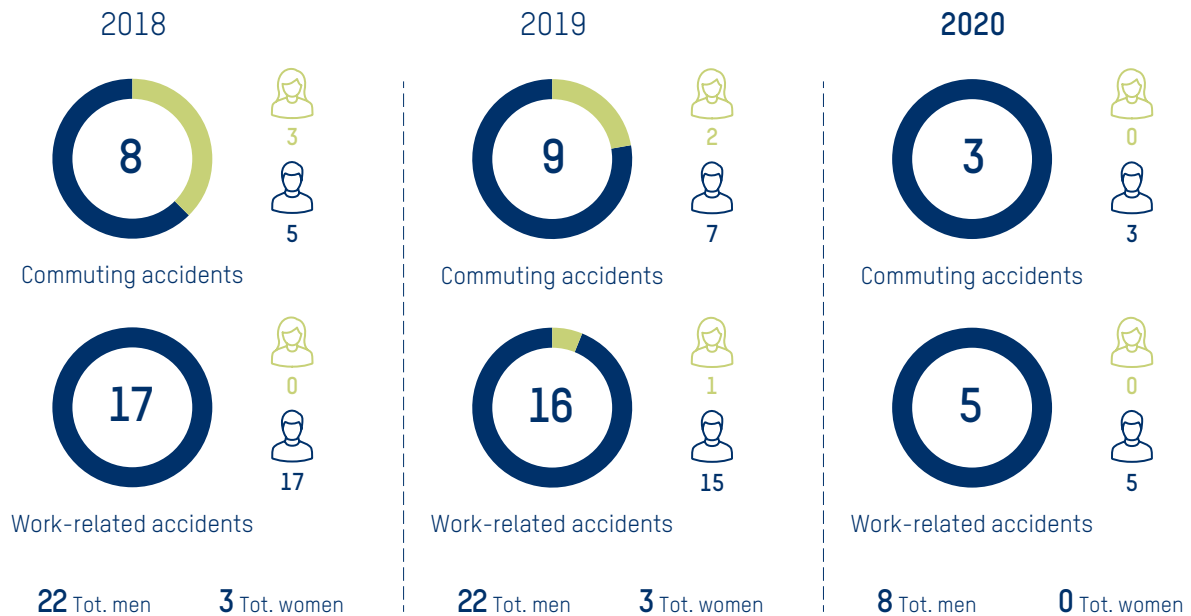


In 2020, the total number of accidents involving Group employees was 8 (25 in 2019), for a total of 264 days off work (646 in 2018). The overall total of lost work days increased following 2 accidents that occurred in 2019 and

continued into 2020, resulting in an additional 60 days off work. In 2020, only one accident totalled more than 60 days of lost work days (with multiple consecutive certificates) compared to 4 recorded in 2019.

This did not, however, lead to a significant decrease in the accident rate of the individual injured parties, which was in any case down on the previous year due to the lower average number of days of absence from work. However, it should be pointed out that the significant reduction in accident rates in 2020 is to be found in the considerable decrease in work activities during lockdown periods.

Accidents by type



Lost days because of accidents



For the purpose of improving monitoring and analysis of health and safety performance, the Group resolved to rely on three indicators, the first two being normally used for statistical purposes also by the NHS and being covered under Standard UNI 7249. The indicators in use to measure effectiveness in achieving the objective are the **improvement in**

performance as compared to the past, valued by means of rates of frequency and severity of the accidents that occurred and, as a preventive measure, the **evaluation of “near-miss accidents”** recorded during the year.

In 2020, the accident rates recorded by the Group were as follows: **Accident Frequency Rate excluding**

while commuting stood at **1.58**, as benchmarked against a target of 4.78 (set in relation to a 4.86 Accident Frequency Rate reported in 2018), while **Accident Severity Rate excluding while commuting** stood at **0.05**, as benchmarked against a 0.13 target in 2019.



Given the sharply decreasing value of the overall Accident Frequency Rate, which also takes into account the accidents recorded by the subsidiaries Montelungo Gas S.r.l., Cometam Gas S.r.l. and Powergas Distribuzione S.p.A., later incorporated by merger into the Parent Company, the Group has set the objective of maintaining in 2021 the same Accident Frequency Rate (calculated as the number of accidents excluding while commuting as a ratio to the number of hours worked) set for 2020.

In order to consider a more stable Frequency Rate value in the medium term in relation to changes in accident events while mitigating the effects arising from limited operations due to the 2020 pandemic - in respect of which no assumptions can be made at present regarding the end of its impact - the value is set by weighting the achievement of the Accident Frequency Rate to 2023 with a target confirmed at 4.80. (Value calculated on the Frequency Rate on a three-year rolling basis).

In line with the aim of monitoring the seriousness of accidents and implementing all the preventive measures, the Group supervises the Accident Severity Rate (calculated as the number of days not worked as a result of an accident excluding while commuting as a ratio to the number of hours worked).

Consistent with the criterion of evaluating a medium-term target, the value is confirmed at 0.15. (Value calculated on the Accident Severity Rate on a three-year rolling basis).

Health and Safety indices

	31.12.2018*			31.12.2019			31.12.2020		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Accident Severity Rate including while commuting	0.15	0.3	0.28	0.05	0.22	0.193	0	0.10	0.08
Accident Frequency Rate including while commuting	5.69	7.33	7.14	5.89	7.76	7.476	0	3.01	2.53
Accident Severity Rate EXCLUDING while commuting	0	0.16	0.14	0.01	0.15	0.129	0	0.06	0.05
Accident Frequency Rate EXCLUDING while commuting	0	5.67	4.86	1.96	5.29	4.785	0	1.88	1.58

* Figures include the month of January 2018 also for subsidiaries 2i Rete Gas Impianti S.p.A. and 2i Rete Gas Servizi S.p.A..

In line with the principles of the lines of action relied upon, the Group monitors health and safety issues to ensure **prevention** also through **inclusive criteria** applicable to activities carried out by suppliers of works and services. Therefore, the Group's commitment to raising its suppliers' awareness regarding compliance with high health and safety standards continued. To this end, continuous monitoring of the sites is carried out by in-house

staff to ensure that such suppliers adopt appropriate working practices.

Starting in 2019 and throughout 2020, this activity was also extended to subsidiary Cilento Reti Gas S.r.l., in relation to which control procedures applicable to construction sites subject to Title IV of Italian Legislative Decree 81/2008 are guaranteed by the Safety Coordinators retained by the construction partner and are, as is

the case with the Parent Company, performed on a daily basis in respect of contractors and their subcontractors.

The results of the controls and the issues found are made known by sending two-monthly reports to all the parties in the construction site safety chain: Clients and Project Managers.

During the period under review, **5,147 inspections** (5,120 in 2019) were carried out, totalling **6,029 reports** (5,813 in 2019) by Safety Coordinators in the Execution Phase. During the inspections, they focused on ensuring that the provisions designed to protect the health of workers in relation to the pandemic emergency were complied with on construction sites. In addition, **4,571 checks while works were underway** were carried out by Site Control Officers, as well as **606 technical tests**.

In line with the Sustainability Policy standards, the Group monitors the status of its suppliers in terms of accidents by recording the incidental/accidental events that occurred on its sites and involved their employees.

In 2020, there were no incidents that led to the imposition of financial penalties or warnings.

With a view to driving corporate culture growth in relation to reports on the number of near misses, in 2020 the Group had set a minimum target of maintaining 24 spontaneous reports with respect to potential accidents and incidents with no damage to persons or property. This objective, established in relation to the assessment of risks on operational activities carried out in 2020 by Group employees, was not achieved because the spontaneous reports collected during the year were summarised in 15 events.

As part of the actions taken to raise greater awareness of reporting near miss-accidents, in 2020 a pilot project

was launched at two of the Group's production units (Central Department and South-Eastern Department) to take advantage of safety checks (VISORV), the purpose also being to provide a discussion platform as well as a channel for detecting situations that could qualify as near-miss accidents and that are not already the subject of spontaneous reporting.

In addition to showing a virtual stop due to a reduction in operations brought about by the pandemic emergency, the final balance of the activities launched as part of this pilot project disclosed 34 reports, some of which can be considered as near-miss accidents.

Since it cannot be ruled out that this type of event will not be reported, and in order to increase the awareness of all Group resources of the importance of spontaneous reporting of such near-miss accidents, the awareness campaign that was not organised in 2020, will be organised in 2021 with additional enquiry channels also being activated.

Still with regard to near-missed accidents, the provider also collected and analysed reports of traffic accidents, both active and passive, in view of the fact that injuries resulting from traffic accidents have become of greater interest in the recent period.

The Group's commitment to promoting health and safety in the workplace has indeed led the Group to pay special attention to aspects relating to inappropriate driving behaviour and accident events with a view to

identifying any risks that might require the adoption of mitigation or adjustment measures and, at the same time, exploiting possible opportunities.



SUSTAINABILITY PLAN

Initiative scheduled for 2020 completed, target achieved

Developed as part of the lines of action set out in the Sustainability Plan in relation to the goal of **promoting initiatives for the prevention of commuting accidents**, the activity carried out in the last four months of 2020 consisted of a series of analyses leading up to the definition of a **composite driver's risk index**. Taking as baseline significant factors such as information on the driving behaviour of 2i Rete Gas S.p.A. population and on the data of the related vehicle fleet, a method was developed. With regard to 2021, this method will make it possible to identify, as a function of the composite index defined, clusters of drivers to whom a targeted training course on safe driving aspects should be delivered in order to mitigate the risk to which they will be exposed. Factors resulting from the analysis and identified as being significant for a summary composition of the indicator include: incidence of traffic accidents; offences that result in dangerous behaviour of company vehicle drivers and accident incidence arising from events occurred to 2i Rete Gas S.p.A.'s employees driving a vehicle.



The promotion of the principles of health and safety in the workplace has led the Group to pay increasing attention to aspects related to inappropriate behaviour and accidents with the aim of identifying any risks that might require the adoption of mitigation or adjustment measures and, at the same time, exploiting possible opportunities.

In addition to addressing topics of a general nature, related initiatives designed to provide health and safety training are also developed based on an approach aimed at covering aspects increasingly relevant to the areas of interest and relevance for the restricted groups of workers for whom they are intended, as they

also deal with issues deriving from aspects identified as relevant on the basis of the analysis of the events and statistical data collected.

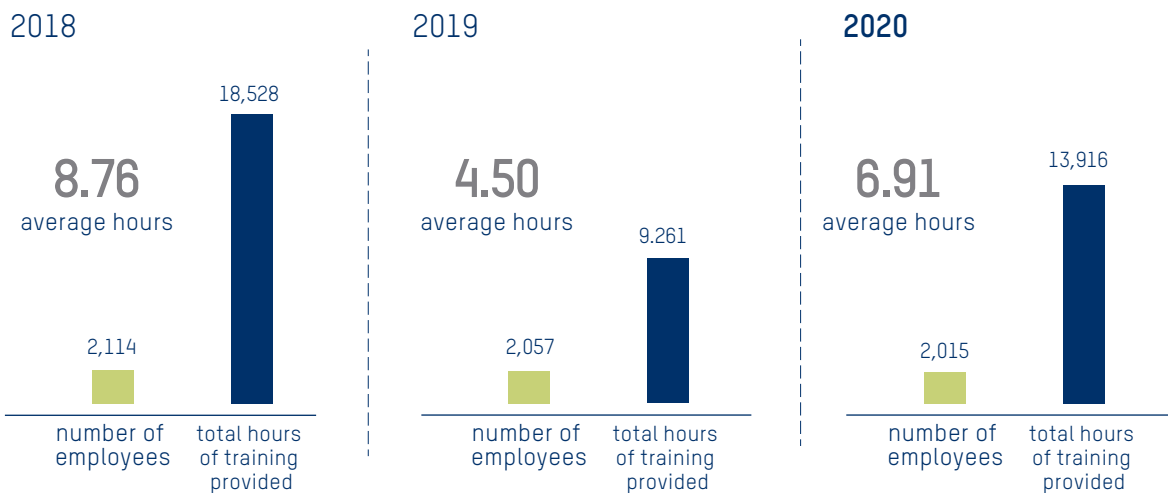


SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

In light of the foregoing, as part of the initiatives set out in the Plan in relation to the goal of **spreading a culture of Health and Safety in the Workplace**, **13,916 hours of training on health-related topics** were delivered in 2020. They were instrumental in having the reference indicator (hours of training/employee) stand at 6.91, a result that was fully in line with the target set in the Plan.

Consistent with the above, the 2020 training plan addressing prevention and workers' safety was also amended to reflect aspects related to the management of the SARS CoV-2 health emergency. This required the introduction of new behavioural rules to ensure service continuity by 2i Rete Gas employees in compliance with the Prime Minister's Decrees issued from time to time. 2,428 hours of training were provided to support the implementation of the prevention rules introduced by the organisation to cope with the emergency.

Hours of training/employee





ASSET COMMITMENT

2i Rete Gas is committed to managing its **assets** by endeavouring on a daily basis to **guarantee the best possible service to its clients** by achieving **incremental standards of technical and commercial quality**, while pursuing **operation efficiency and cost-effectiveness** criteria by:

IMPLEMENTATION PRINCIPLES

- constantly improving the **supervision of the infrastructure management and of service performance** also relying on the **digital development** of networks and processes.
- ensuring proper **monitoring of safety conditions and timely action** in potentially dangerous situations.
- **monitoring strict compliance with regulations governing its commercial performance.**
- fostering **technological innovation** as a key enabler for **enhancing the metering service.**



ENSURE EFFICIENCY, QUALITY AND SAFETY



BUSINESS MODEL

The business model adopted by 2i Rete Gas is designed to manage efficiently the distribution infrastructure until the next renewal of the concession, ensuring the continuity and quality of the service provided.

As mentioned earlier under “Policies and certifications”, the business model adopted by the Group is based on the IMS implemented by 2i Rete Gas S.p.A. to underpin the Company’s ability to provide the “Management and Operation of the Natural Gas Distribution Service” on a regular and

continuous basis, in compliance with the applicable mandatory requirements and in accordance with the reference certification standards.

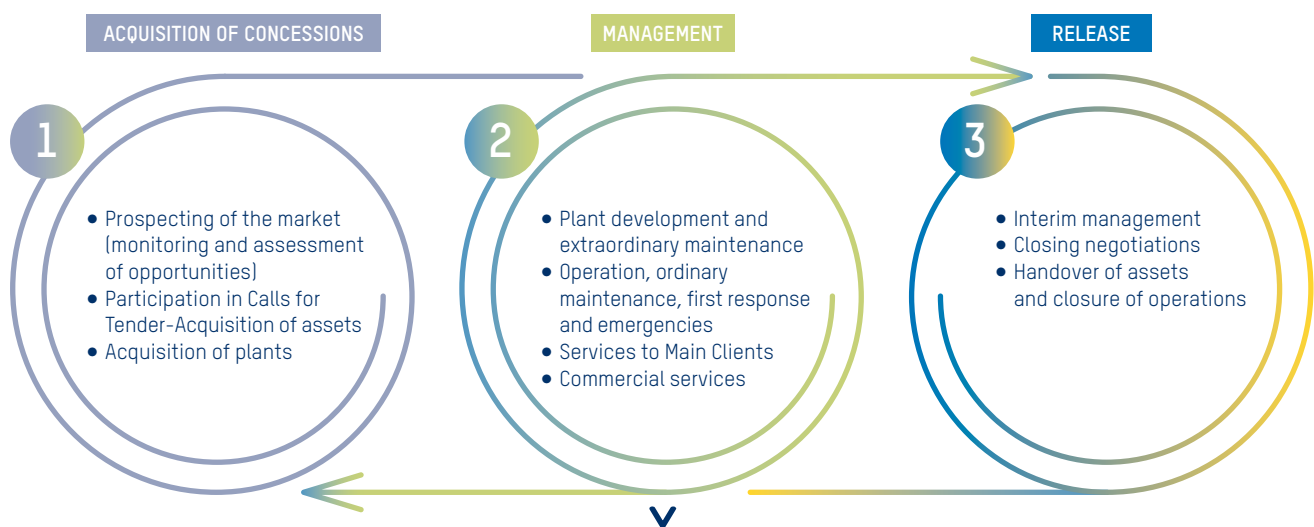
The scope of the IMS is “Design, construction and installation of plants and networks for the distribution of methane gas and LPG. Activities related to the distribution of methane gas and LPG (operation, maintenance, and assistance of plants and networks for distribution of methane gas and LPG)”.

The framework where this scope is identified consists of the activities necessary to ensure the business

process “Management and Operation of the Natural Gas Distribution Service” which develops in three different time phases (primary process macro-flows):

- **ACQUISITION OF CONCESSIONS** through calls for tender at Minimum Territorial Area (*Ambito Territoriale Minimo*, ATEM) level and performance of corporate acquisitions;
- **SERVICE MANAGEMENT** (development, operation and maintenance of facilities, provision of service to interested parties);
- **RELEASE OF FACILITIES** at the end of the contract.

How the business model works



This division makes it possible to activate the management system and, for this purpose, to allow the analysis and identification of the Owners of individual activities, risks and opportunities, as well as the analysis of interventions.



RELIABILITY AND EFFICIENCY OF PLANTS

The underlying goal of maintaining an IMS is to ensure a regular, reliable and efficient service supply, while respecting the environment and protecting the health and safety of all stakeholders.

The management of an IMS implies the adoption of a **continuous improvement-oriented system approach** and reliance on **Risk Management** principles through which the most effective control actions of the activities are identified. It includes periodic and scheduled monitoring of the Organisation's ability to ensure the management and operation of the natural gas distribution service in compliance with the applicable mandatory requirements and, consequently, the control of the activities ensured by the operational staff, in relation to the operation and maintenance of the gas network infrastructure and the supervision of service providers and suppliers of materials. The IMS of 2i Rete Gas keeps in check the effectiveness of the (i) implementation of processes that have an impact on the work environment, on the health and safety of workers, on the environment and on the community, both directly and indirectly; and (ii) main business and human resources management processes with **indicators** signifying

qualitative and quantitative improvements.

With the aim of continuous innovation and improvement of the safety, reliability and efficiency of the plants, **specific controls and audit programmes** are planned and implemented every year to benchmark IMS-related performance against pre-set indicators.

With regard to 2020, IMS objectives were planned on the basis of the indicators that have been historically considered for the purpose of monitoring as well as with reference to the principles set out in the **Sustainability Policy** from which the **Integrated Policy for Quality, Health and Safety and Environment** is derived and the initiatives and KPIs set for the 2020-2023 period under the broader **Sustainability Plan**.

This harmonisation process resulted in a total of **46 indicators** on the basis of which monitoring was conducted during the year. These indicators are distributed across the three regulatory reference standards (Quality, Health & Safety and the Environment) to which the IMS must adhere, as shown on the following page in the chart named "Breakdown of indicators monitored by the IMS - 2020".

As required by the reference standards, monitoring is ensured by

carrying out checks aimed at verifying compliance with various parameters which, when not complied with, could lead to criticalities and inefficiencies in the system.

The annual results measured by the IMS are submitted to senior management for its perusal. Senior management will, at planned intervals, then review performance indicators and objectives to ensure their continued suitability, adequacy and effectiveness, as well as alignment with the organisation's strategic guidelines.

Once indicators and objectives have been established, an annual **Internal Audit programme** is defined to establish the IMS' compliance with the requirements of the organisation and with those laid down by certification standards.

The purpose of Internal Audits, conducted by personnel holding specific qualifications in line with each of the three reference regulatory frameworks, is to perform checks on the design, operation and maintenance of plants and supervision of works (whether managed internally or outsourced), in relation to the infrastructure and technological buildings under the control of Departments, Territorial Areas and secondary offices.

Internal Audits are also scheduled on the main head-office units responsible for defining and coordinating service operation and maintenance processes (e.g.: Operations, Network Commercial Services, Engineering, Human Resources, Procurement and Services). This allows a significant sampling to be made on corporate processes falling within the scope of the IMS.

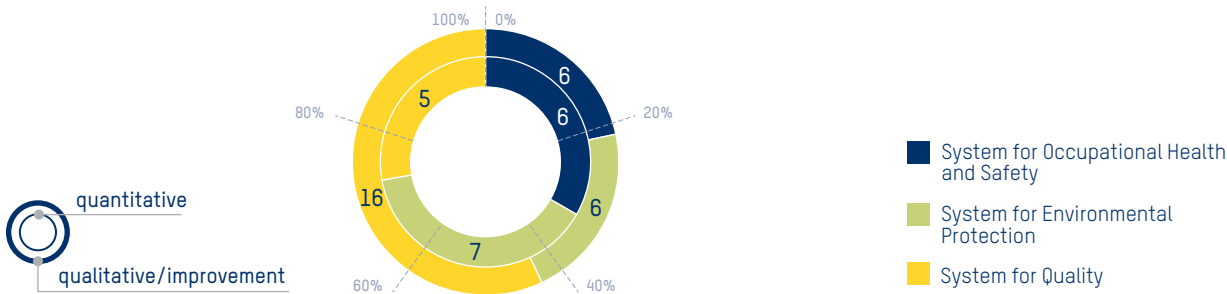
Any findings, where non-compliance issues have emerged, are managed and solved within the timeframes and according to the procedures set out by System rules. Where areas

showed room for improvement, practices were reviewed and/or staff training courses were planned. Audit results will also be evaluated for the purposes of Top Management Review, resulting in Risk Analysis re-validation and confirmation or revision of the related processes, as appropriate.

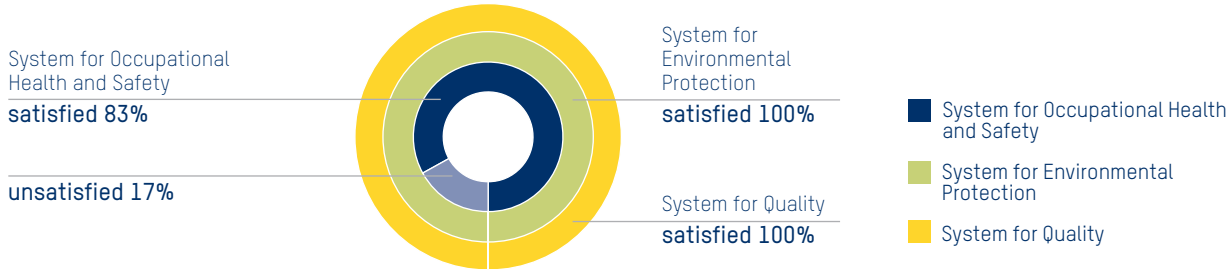
In 2020, based on the targets set, all of the **28 indicators** relating to **quality improvements** were monitored and achieved; the 18 indicators relating to **quantitative improvements** were all monitored and **16 were achieved**.

As shown in the chart named "Results of IMS/QSE indicators - 2020", the percentage of completion of the action plan was 100%, 83% and 100% in the Quality area, the Health and Safety area and the Environment area, respectively. Evidence of these results can be found in the sections covering the four interconnected ecosystems with which the Group interacts in the conduct of its business: People; Assets; Environment and Stakeholders.

Breakdown of IMS/QSE indicators - 2020



Results of IMS/QSE indicators - 2020





Starting in 2021, the “Top Management Review” system document will also include the results of the monitoring of the three specific objectives related to the IMS included in the Sustainability Plan, where the progress target to be guaranteed annually in each of the three areas (Quality, Safety and Environment) is set at 90%.

Internal audits will of course also be planned for 2021 with similar objectives, pending the evolution and limitations imposed by the pandemic emergency.

In addition to the standard audit process, IMS tasks also include **scheduled audits covering control processes considered as strategic for managing risk on the certified perimeter** in relation to:

- Asset and Resource management (VISORV, material testing);
- The service provided to end clients of the network (audits performed on a test basis on events concerning service safety and continuity and commercial quality service).

More specifically, trends are monitored in relation to:

- **Surveillance visits by internal operational staff (VISORV)** designed to establish, and where necessary raise awareness in respect of, compliance with the appropriate procedures for carrying out work activities in accordance with the established rules and adopting the required health and safety precautions, including through the appropriate handling and use of the

devices and equipment provided, in accordance with company guidance. The efforts, which beginning in 2019 and continuing through 2020 were reviewed and supplemented by implementing a pilot project concerning two production units (Central Department and South East Department), will be further enhanced during 2021.

In this connection, the pilot project will be extended to all production units to make the dialogue between controller and controlled entities more effective, with a view to providing a discussion platform and a channel for collecting proposals or reports, which, if used properly, could provide insights and opportunities for improving work organisation.

- **Inspections aimed at checking appropriate performance of material testing operations** carried out by suppliers before sending the main products used in the construction of gas distribution systems to the warehouses, in order to ensure compliance with the Company's technical specifications that were adopted by the supplier during the tendering phase and confirmed to the contractual approval of the product. In 2020, the Organisation ensured the maintenance of supervision of material testing, with its own Quality, Safety and Environment unit, through the systematic control of the documentary evidence certifying the tests conducted and quality maintenance of the equipment used, with a direct

presence at the production plants of more than 7% of the testing convocations (20% in 2019). While on-site inspection visits decreased significantly due to the restrictions in place to deal with the SARS CoV-2 health emergency, the activities carried out in any case made it possible to collect - based on appropriate procedures and consistent with the reference standards - the documentation certifying product compliance and testing. Audits were performed on a test basis on the documentation provided by suppliers regarding strategic products (pipelines, meters, pressure reduction systems, valves) to establish the reliability of the certified tests, based on the knowledge and availability of procedures, equipment and instruments kept under metrological control. The same activity would also be extended to 2021 regarding all materials purchased directly by 2i Rete Gas S.p.A. and, where required under service agreements, its subsidiaries.

- **Audits performed on a test basis on the methods used to handle and record service safety and continuity events** (first response service, gas emergencies and incidents, gas odourisation and network leakage) and **commercial quality service** (time to quote works to be carried out, time to carry out simple and complex work, connection and disconnection time, punctuality range for

appointments with end clients and time to provide a reasoned reply to written complaints or written enquiries), **subject to annual disclosure to ARERA**, with the aim of establishing consistency of the documentation with the information recorded in the system and the procedures set out in ARERA's Regulations governing the quality of gas distribution and metering services (RQDG), which cover the different regulatory periods.

For 2020, the Group ensured a higher number of checks than those scheduled in the Plan for IMS audits, despite the limitations imposed by mobility restrictions due to the pandemic emergency.

The results and the related assessment of the risk of penalties being inflicted as a result of inaccuracies or inconsistencies detected, were reflected in specific minutes provided to the Territorial Area units that were inspected as well as Department and Head-office units coordinating the processes reviewed. This allowed specific or process-wide realignment to be achieved in order to seize opportunities for resource training and improvement as well as drills to be performed ahead of any external inspection visits.

The same objective will also be pursued in 2021, consistent with the introduction of the new version of ARERA's "Regulation governing the quality of gas distribution and metering services (RQDG)" effective 1 January 2020.

All the activities in the control process described above are regulated by system documents which, for various reasons, identify the responsibility, the operating methods, and the frequency with which they must be repeated over time. All system documents are consistent and in accordance with the applicable mandatory regulations on the maintenance and operation of the gas network.

For some significant parts of the network operation activities "concerning the safety and continuity of the distribution service", 2i Rete Gas operates in compliance with the rules defined by ARERA (TUDG). For these activities, every year the Authority is informed of the data relating to the Safety parameters with reference to the previous year. The monitoring and frequencies are recorded and stored on the computer systems. The last parameters relating to the communication to ARERA are referred to the final figures for services carried out as at 31 December 2020.

With a view to a constant attention to the safety of the plants and the end clients of the network, **campaigns** have been carried out to **pre-emptively search for dispersions** and to **verify on-site the degree of odorisation of the gas distributed**.

Continuous **monitoring of safety conditions and a timely response in situations involving potential danger** ensure plant reliability and efficiency. To this end, the Group

is increasingly focused on aspects related to efficiency and service continuity with the aim of identifying possible criticalities that could require the adoption of mitigation or adjustment measures to improve the service provided to the end clients of the network.

In view of the above, two lines of action were identified among the initiatives related to the goal set out in the Plan to **ensure maximum quality, safety and efficiency of the plants**:



SUSTAINABILITY PLAN

Initiative scheduled for 2020 completed, target achieved

The first of such initiatives - designed to **improve the levels of the company's summary indicator of network leaks** - consists of **monitoring performance by defining a total average indicator** calculated on the basis of **the ratio between total leaks reported by third parties and total end clients served** and, more specifically, the ratio between the average value of the three-year period and the value of the previous three-year rolling period. In 2020, the indicator, which was calculated as described above, stood at 0.870 for the three-year average period on the three-year rolling period, compared to 0.906 recorded in 2019. The ratio, therefore, confirmed a value below the annual target set in the Plan.

On this subject, the launch of a **pilot project to detect gas leaks with greater precision** is also worth mentioning. To this end, a new



detection technology was adopted and tested during 2020. Based on the results arisen from the test, it will be implemented on a sample of Municipalities accounting for approximately 5% of the total areas reached by the Group's network.



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

The second initiative, aimed at **improving the levels of the company's synthetic indicator on service continuity with respect to unannounced interruptions, consists of monitoring performance by defining a total average indicator calculated on the basis of the ratio between minutes of interruptions net of third parties and force majeure (FM) reasons for impacted end clients on end clients served.**

In 2020, the indicator stood at 0.196, a value that is well below the Company's service continuity target set out in the Plan for 2020 regarding network interruptions. The objective, therefore, is deemed to be fully achieved.

Reliability and efficiency of commercial quality service is ensured by **monitoring strict compliance with the regulation of its performances compared to the requests received and the service provided to the end clients of the network.** To this end, the Group is increasingly focusing on aspects related to service efficiency and accuracy with the aim of identifying any non-compliance with the rules laid down by ARERA, considering, where necessary,

adopting corrective or adjustment measures to improve service.



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

In light of the above, as part of the initiatives related to the goal set out in the Plan to **ensure maximum quality, safety and efficiency of plants**, a line of work was established to **monitor indices of technical and commercial quality of service and define incremental levels.**

It entails **monitoring performance by defining an indicator** that has been **established** in the **overall quality index net of metering performance (Out-of-Standard index).**

The value accounted for in 2020 (0.05) is well below the annual target set in the Plan and, therefore, the target is deemed to be fully achieved.

In relation to the management of new technologies, efforts for the installation, commissioning and operation of smart meters continued in accordance with the relevant investment plan and in compliance with the regulatory obligations established by ARERA.

The Group is paying increasing attention to the potential capabilities afforded by technological innovations to allow the monitoring of infrastructure and the services provided to be improved constantly.

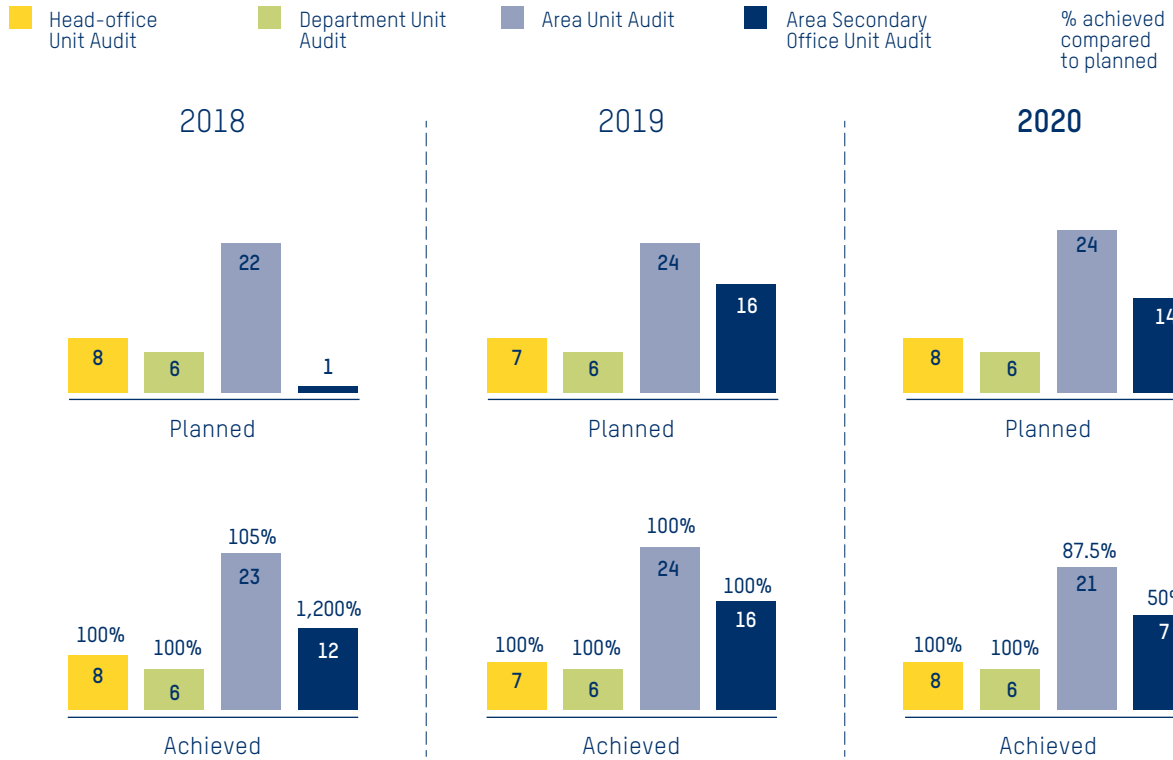


SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

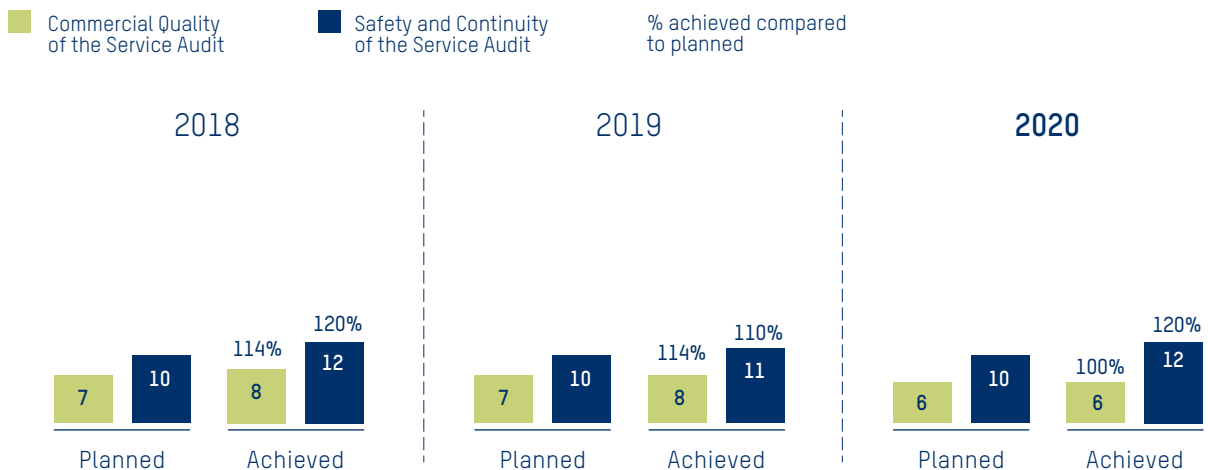
Still with regard to initiatives related to the goal set out in the Plan to **ensure maximum quality, safety and efficiency of plants**, a line of work was likewise established to **enhance the odourisation system thanks to systems that allow concentration to be detected on a continuous basis.** During 2020, a specific project was launched consisting of major tests being conducted on an innovative solution providing automated control of the odourisation rate via remote feedback. Consistent with the target defined in the Plan, once the design was completed and an agreement with the partner for the supply of equipment was entered into, operations got underway on a sample of some Municipalities distributed across 2i Rete Gas's area.

Finally, as an incentive to increase energy efficiency, implementation activities continued with regard to regulation of the preheating systems installed in city gates.

No. of internal system audits



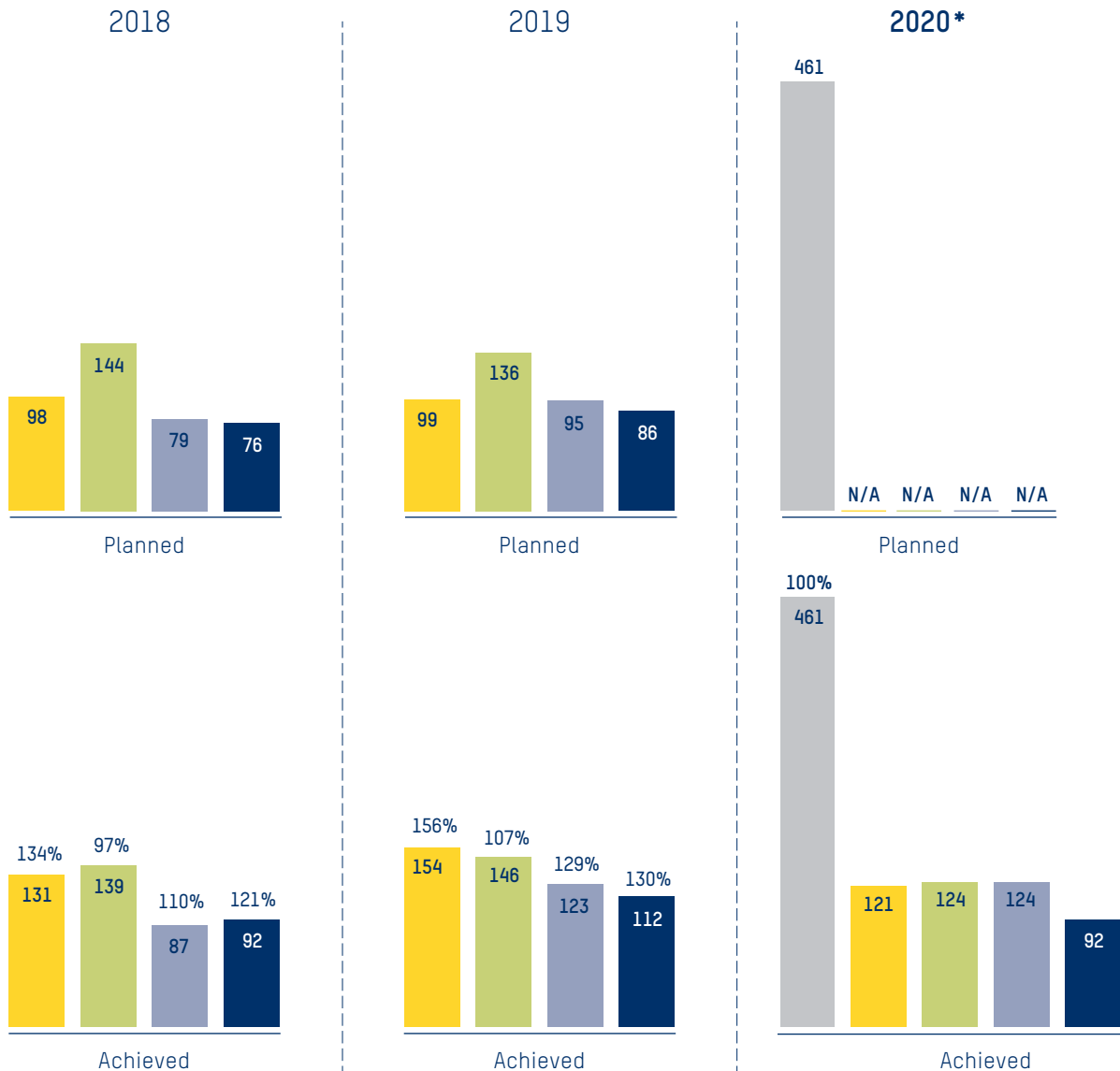
No. of Audits 574/13 Safety and continuity and Commercial quality of the service





No. of VISORV surveillance checks

■ VISORV carried out by QSA
 ■ VISORV carried out by RA
 ■ VISORV carried out by GUL
 ■ VISORV carried out by CMI
 % achieved compared to planned



QSA stands for: Department Quality, Safety and Environment

RA stands for: Area Manager

GUL stands for: End-User Management

CMI stands for: Plant Operation and Maintenance

*VISORVs planned in 2020 were based on a minimum coverage criterion of 60% of operational staff, regardless of the entity performing the audit.

DIGITAL DEVELOPMENT

The increasingly widespread adoption of Advanced Analytics technologies has enabled 2i Rete Gas to improve and make more effective the level of control and monitoring of operational and management processes, making it possible on the one hand to achieve higher plant management

safety standards and, on the other hand, increase the efficiency of network development and maintenance operational processes.

The analyses carried out in the areas of Smart Meters, Asset Management, Process Control Room, metering, billing and network commercial

services have made it possible to raise awareness regarding process performance and related criticalities. At the same time, they allowed more target-oriented network investments to be made with a view to quality and safety, in some cases enabling efficient prioritisation of maintenance operations.

Advanced analytics to boost safety and operational efficiency

The adoption of Advanced Analytics within 2i Rete Gas provided strong momentum, with special reference to “IoT” devices installed in the field on the plants. The underlying purpose of this action was to (i) implement control and monitoring following the commissioning of the processes connected to the mass installation of smart meters, and (ii) enhance and exploit the wealth of information available from the peripheral devices installed on city gates, reduction units and plants, in order to detect the operating parameters and enable analyses with a view to a more effective monitoring of safety aspects and operational efficiency.

The company's Data Lake is constantly fed with information from in-field “sensors” and from the data collected and recorded during operations directly on-site using Work Force Management tools, or from data collected as part of maintenance and user management processes. The correlation of information, which was sometimes enhanced by a review of data from external sources, has made it possible to prepare useful analyses and tools that allow the various business units both to monitor the process more effectively and to make strategic and planning choices based on a greater degree of awareness of business and plant performance.

Considerable results were obtained in particular in the smart meter area, where the adoption of Advanced Analytics with the use of Machine Learning techniques has ensured a more timely identification and assessment of issues related to the levels of reachability of the meters deployed, the levels of coverage of its own mobile network or that of telephone operators, and the reliability of the field components. It also allowed monitoring tools to be developed to support remote management processes with remote control of solenoid valve commands.

Once the control algorithms on the level of data transmission network



coverage were implemented, with special reference to RF 169 MHz coverage rolled out by 2i Rete Gas for the remote reading and remote management of smart meters, Advanced Analytics was applied to mass market smart meters, which rely on the GPRS network for communication. In this case, the analysis of the historical series of the data collected (at the various levels of the field application and technological chain) helped to identify communication problems connected to network reorganisation operations carried out by telephone operators. To this end, the aforesaid analysis

selectively identified the areas where performance drops were due to the operator, thus allowing further evaluations to be made in order to support the decisions to be made with a view to maintenance.

In 2020, predictive algorithms for analysing consumption detected by smart meters were honed, with the aim of identifying behavioural patterns to be monitored from a technical perspective (identification of anomalous meter behaviour at an earlier stage) or from a commercial perspective (changes in consumption habits to be assessed from a fraud detection perspective).

The same method adopted for smart meters was extended to the distribution network to implement algorithms that help to monitor the level of effectiveness in communications between the remote control units and the central systems and the field collectors of the system for remote monitoring of cathodic protection, two areas where reliable communication of the equipment with the central system is crucial to enabling criteria for the rescheduling of communication windows or specific field operations, with a view to boosting operational efficiency using the information available in operational activity planning systems.

Remote monitoring of cathodic protection

Supervised algorithms are operational and have been applied to the information detected by the remote monitoring system. They provide a fairly good indication of the problems experienced by remote monitoring devices, distinguishing problems related to power supply and field coverage issues from problems typically related to the device installed in the field. The information processed and made available allows a timely and effective

scheduling of field operations to be planned through the Work Force Management systems. Analyses are carried out with algorithms that use information retrieved from installed devices, allowing potentially issues to be identified, with special reference to those relating to cases for which it is necessary to remotely retrieve full details of daily measurements of a specific point, interacting automatically with the remote

monitoring system of cathodic protection for remote reprogramming of the equipment involved, supporting validation of the fault by the technical personnel in charge. The information detected and stored in the corporate Data Lake can be further processed together with other information relating to operating data of the plants or relating to maintenance work to identify plant behaviour that can prove useful in budget planning processes.

Remote alarm system of pressure reduction units and city gates

To maximise the level of effectiveness of connectivity between field equipment and the central system, algorithms were deployed on a mass scale and analysis statistic algorithms were applied. By correlating communication failures to incidents related to general connectivity and to the operation of the communication system, they trigger automatic changes in query schedules and

return mechanisms. The rescheduling mechanism is applied on a regular basis and when first applied it allowed effectiveness of communication to increase, driving, consequently, an indirect increase in the level of security in the operation of the plant. The information retrieved, correlated with information recorded with reference to other systems that require communication through a

mobile radio network, will make it possible to outline, at a more general level, a mapping of real field coverage as far as GPRS communication is concerned. It will thus help 2i Rete Gas to deal with the most critical situations more effectively or to consider changing communication technology when upgrading field equipment.

Smart meter project

As was the case in previous years, in 2020 2i Rete Gas continued **smart meter installation and activation efforts**. The meter replacement plan, together with the plan for the roll-out and operation of the infrastructure for the collection of consumption measurement data, proved once again to be one of the Group's major projects, both from the point of view of innovative and technological content as well as with reference to the terms of investment. The installation and use of new generation smart meters allows for greater accuracy in metering, prompt recording of the actual consumption, as well as it improves the effectiveness of corporate

processes aimed at monitoring and managing the metering system, also thanks to the remote management of equipment. The implementation of digitised and automated logics has resulted in an increased monitoring of the measurement system, ensuring an increasingly efficient service delivered to end clients, with a role being played to this end by the deployment of a state-of-the-art network that makes it possible to intercept and process any anomalies relating to the data collected.

The project also allows end customers to become more aware of their consumption while actually reducing CO₂ produced, thus also

contributing to Community objectives in terms of reducing emissions.

With **3.9 million smart meters installed**, accounting for **86% of the Group's meter base** (76% in 2019), the activity was carried out in compliance with the requirements established by ARERA resolutions. By converse, the **corporate objective set internally by the Group, i.e. 4.0 million meters installed by 2020, was not reached** as a result of mobility restrictions related to the lockdowns, which did not allow activities to be carried out as originally planned. **The corporate objective was postponed to 2021 with a target of 4.2 million meters installed being pursued.**



Infrastructure for the collection of data from smart meters

In addition to the installation of meters using a **point-to-point technology** (where data are transmitted via a SIM card across the mobile network), the project includes the deployment of a

concentrator-based data transmission infrastructure in major cities and in highly urbanised areas or areas where telephone network coverage is poor. Such an infrastructure will

allow signals from smart meters to be collected using a **point-to-multipoint technology**. As at 31 December 2020, concentrators installed by the Group totalled **4,532**.

Smart meter that transfers data via mobile connection (point-to-point technology)

Concentrator that aggregates the radio signals of multiple counters (point-to-multipoint technology)

4,532
CONCENTRATORS
INSTALLED





SUSTAINABILITY PLAN
Initiative scheduled for 2021
completed early

In accordance with the initiative aimed at **enhancing the smart meter communication network**, included in the 2022 Plan and related to the goal of **selective development and smart use of infrastructure**, in financial year 2020 the Management engaged in analyses and evaluations aimed at boosting activities that drive the Company's core business. These activities relate to the management of the remote metering and management process in respect of which the Group, consistent with ARERA provisions and pursuant to resolution 155/2008 as amended, fulfilled the obligations for the installation and commissioning of smart meters capable of

communicating remotely with a central data collection system (remote metering) and of being operated remotely (remote management).

The infrastructure that allows communication between the meters and the central system, as mentioned, is supported by a concentrator-based network. It communicates using the 169 MHz frequency and, while underpinning the Group's core business system and being incidental to the broader distribution operations related to the gas measurement service, it potentially allows many other telemetry services to be carried out.

Therefore, following the analyses carried out on the best strategy for the enhancement of the asset, it was decided that this process should be supported by a dedicated organisation

allowing its performance to be maximised.

In December 2020, the company 2i Rete Dati S.r.l. was therefore established, with 2i Rete Gas S.p.A. transferring to this company the business unit consisting of the remote metering and remote management infrastructure with a view to pursuing the following objectives:

- rationalising and focusing on activities and competences that are not strictly related to gas distribution, although they are certainly strategic for service management purposes;
- providing maximum autonomy to the legal entity to ensure achievement of objectives.



PRIVACY AND DATA SECURITY

The progressive adoption of technology in gas distribution networks, supported by developments in the Internet of Things (IoT), involves a transformation of processes, ensuring improvement in the quality of the services provided and enabling opportunities also for end clients. Inevitably, however, the mass-scale deployment of technological devices connected to information systems within managed plants and the increasing sophistication of attacks attempted by cybercriminals result in increasing exposure to cybercrime risk, requiring the adoption of technological, process-related, operational and organisational solutions capable of effectively countering possible attacks, protecting the infrastructure and ensuring the continuity of the service provided.



Over the last few years, 2i Rete Gas has therefore increased its focus

on cybersecurity and has rolled out a comprehensive plan for the implementation of technical and operational actions to increase the ability to counter such attacks by increasing resilience and hardening critical processes.



SUSTAINABILITY PLAN

Initiative scheduled for 2021 completed early

Among the initiatives relating to the goal set out in the Plan, i.e. to **ensure maximum security of the data and information held by the Company**, in 2020 the **operating model for Data Loss Prevention** was defined and, in line with the established target, the process for **mapping preliminary information for the definition of the “use cases” to be relied upon to identify risk scenarios** started. Consequently, activities would get underway in 2021 to **set up the corporate DLP solution** to extend controls to cases of loss of strategic data and other sensitive information, such controls being already stringent due to GDPR requirements.

This line of work is part of the broader context of the **Cyber Security Risk Advisor programme**, which was launched in the last quarter of the

year in order to verify the overall level of protection provided by systems, procedures, and organisation. This programme aims to carry out an overall assessment of the measures that have already been put in place, with particular focus on resilience to attacks (appropriately simulated), the ability to intercept and proactively block the risk of data loss (Data Loss Prevention) and, more generally, the risk of incident by breach, supporting the Security Operation Center (SOC) by relying on advanced Analytics tools (SIEM). It also addresses the issues of IoT Security needed in the light of the large number of smart meters installed and, as a result, the need to check and guarantee full protection from possible attacks on field devices, especially as regards critical processes that impact smart meters.

Last but not least, including as regards the inclusion of gas distributors in the NIS, it also sets out to ensure the implementation of all sustainable actions to increase the level of robustness and maximise the overall protection of the infrastructure.



ENVIRONMENT

COMMITMENT

2i Rete Gas is committed to promoting and implementing **initiatives designed to ensure a sustainable evolution of gas infrastructure in the medium to long term** and compliance **with principles of environmental protection and safeguard**, the aim being to provide its support in establishing a new energy paradigm for a future with reduced impact on the environment by:

IMPLEMENTATION PRINCIPLES

- **promoting and rolling out the transition process** based on endeavours launched in several areas, such as the **promotion of gas as a resource for transition to a cleaner future**, the pursuit of **advanced asset uses with a view to green objectives**, the expansion of its scope of operations in support of decarbonisation by submitting energy efficiency proposals.
- **minimising the impact of its business operations on the surrounding environment.**



DISTRIBUTE ENERGY FOR A CLEANER FUTURE



ENERGY TRANSITION

2i Rete Gas believes that the establishment of a new energy paradigm for a sustainable future with reduced carbon dioxide emissions and the achievement of the objectives set by the European Union may result in gas playing a key role as the ideal fossil source to structurally accompany renewable sources, also increasing their flexibility of use while guaranteeing the security of the Country's energy system.

Supporting this view is (i) the extensive reach of the existing infrastructure, which is also primed to respond to other future challenges in new scenarios, (ii) **natural gas** use programmability and safety, (iii) its reduced environmental impact as it is free of particulate matter and has low CO₂ emissions, (iv) its flexibility of use and (v) its full integration with the electricity produced from renewable sources, including as regards the storage and accumulation of energy obtained from such sources (through “power-to-gas” solutions).

Based on these beliefs, the Group launched initiatives on several fronts with the intention of providing its own contribution to **guaranteeing a sustainable evolution of gas infrastructure in the medium to long term**. To this end, it also plans to enter into agreements with other major industry operators for field testing of technological solutions designed to feed renewable gas into distribution networks to the maximum extent possible. In this regard, 2i Rete Gas is conducting tests to establish up to what mixing percentage **hydrogen** is compatible with the existing infrastructure.

Promotion of gas as a resource for transition to a cleaner future

The consolidation of the Company's commercial development model, which is **geared towards the replacement of more polluting fuels while providing support to gas advocacy initiatives** designed to lend further value to gas as a source to support the development of renewable sources, guaranteeing supply flexibility and safety across the system as well as the possible transport of alternative gas produced through renewable energy sources, are among the key drivers

2i Rete Gas relies on to provide its contribution to the promotion of gas as a key resource in an evolving energy scenario.

COMMERCIAL DEVELOPMENT MODEL

In 2020, the commercial model introduced in 2018 was further consolidated with the aim of acquiring and activating new redelivery points and, more generally, **spreading a**

methane gas culture to promote its adoption in lieu of more polluting and less efficient carriers (e.g. diesel, LPG, coal and pellets). To this end, 2i Rete Gas is committed to ensuring that gas plays a key role in energy consumption of households and businesses alike, as a **firm contribution to the decarbonisation process**.

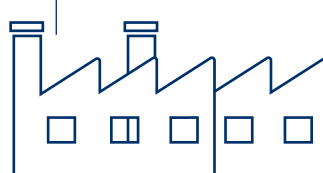
To this end, promotional material was prepared to emphasise its



HOUSEHOLD USE



INDUSTRIAL USE



TRANSPORT USE



sustainability from both an economic and environmental perspective. Also, advertising and direct marketing campaigns were launched, particularly in connection with new methane pipelines or network extensions, on the occasion of which awareness-raising events with the distribution of information material were organised with the involvement of the granting authorities. Initiatives were also launched or extended to promote the use of methane gas in areas showing greater potential in terms of unserved users, providing incentives for connection/activation requests through attractive pricing. During the year, campaigns were also extended to areas served following the recent acquisitions completed by the Parent Company, with special reference to the Municipalities in the province of Vibo Valentia managed by Cometam Gas S.r.l. (later merged by incorporation into 2i Rete Gas S.p.A.), where specific promotions were launched. These endeavours covered

a total of 741 Municipalities, across Italy, where reductions were granted on connection installation fees as well as many other Municipalities with a high potential in terms of redelivery points implemented but never activated, where promotional campaigns were launched on activation and documentary control fees. More specifically, promotions on activations were launched in 46 Municipalities, with no fees for initial activation and documentary control being required as under ARERA resolution 40/2014/R/gas, as amended; promotions on connections were launched in 433 Municipalities, where lower costs than those set out in the concessions were applied; while both promotions - not to be combined - were launched to 262 Municipalities.

Offers are extended using different channels, including the toll-free number of the commercial call center and a section of the website, where users can view all offers currently

available (direct channels), as well as through a major partnership with sales companies (pull activities).

To this end, meetings with all sales companies are organised on a regular basis to illustrate the promotions launched in different local areas. Finally, offers are also extended to end-clients by installation firms operating in the areas for the deployment of new connections (push activities). Indeed, according to the commercial model in place, requests from clients regarding quotations for the deployment of new connections are handled by installation firms operating on behalf of the Company. By acting under a specific agreement, these installation firms search for new potential end clients to whom they can illustrate the **advantages of using natural gas**, propose connection to the network and provide support until supply is actually activated.

In 2020, the Group relied on the support of 67 installation firms. In the Municipalities managed by Cometam Gas S.r.l., a technical refresher course was organised with the active support of the municipal authorities. The course was intended for qualified installers in the area and was designed to increase their knowledge and improve their performance.



SUSTAINABILITY PLAN
Initiative scheduled for 2020
completed, target achieved

One of the lines of action adopted in relation to the goal included in the Plan to **support the energy transition through the conduct of its business** sets out to evaluate, as part of commercial endeavours, the impact arising from the replacement of the energy carrier following the deployment of new connections in buildings that are not newly built, assessing their contribution in

terms of carbon footprint reduction. A project was therefore launched to identify the nature of the energy carrier being replaced by methane. For this purpose, a questionnaire was developed to be administered during the supply activation phase in order to collect information on the aforementioned aspects. Starting in 2021, this will allow assessments and analyses to be made regarding the impact of commercial activities also in relation to the benefits on the environment deriving from the use of methane gas compared to more polluting energy sources, such as wood and coal. In 2021, the project - which reached completion in 2020 as regards the planning and implementation of an initial pilot phase - will be extended to the entire scope of 2i Rete Gas S.p.A. and its subsidiaries.

GAS ADVOCACY INITIATIVES

To make the general public aware of **natural gas benefits** from both a **cost savings** and **environmental impact** perspective (reduction of CO₂ and other emissions of pollutants such as SO_x, NO_x, volatile compounds, particulate matter), especially in comparison with other carriers (e.g. LPG, diesel, pellets, wood...), as well as in terms of **safety** when it comes, in particular, to LPG supplied in cylinders or stored in tanks, in addition to the aforesaid initiatives, the Group is committed, with the support of industry associations, to ensuring continuous communication to all stakeholders with a view to **illustrating the reasons that make gas a key resource in order to deal with the energy transition process the Country has set out to address.**

Pursuit of advanced asset uses with a view to green objectives

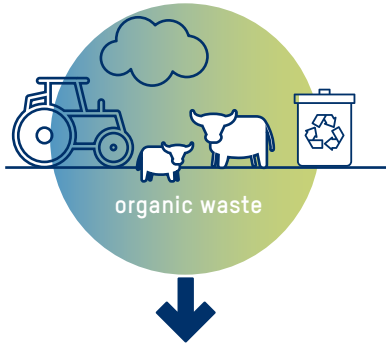
Promoting and implementing initiatives to ensure a sustainable development of gas infrastructure in the medium to long term also means **enabling the future use of distribution assets in a low carbon scenario**, which also includes the distribution of “**renewable gas**” while providing flexibility to the energy system. Therefore, increasing **contacts with companies producing**

biomethane and looking into viable solutions to address technical limitations and encourage experimental endeavours for feeding synthesis gas into the network (power-to-gas) are other drivers 2i Rete Gas relies on in an attempt to outline the evolutionary role played by the gas infrastructure while enhancing its potential, considering that although technologies underlying

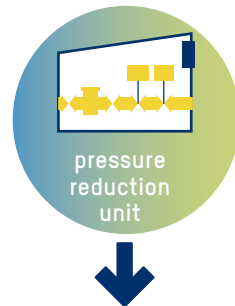
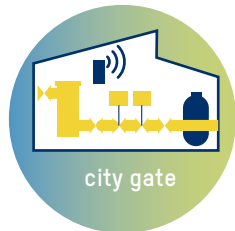
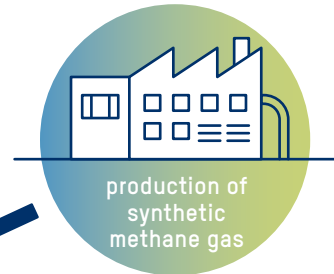
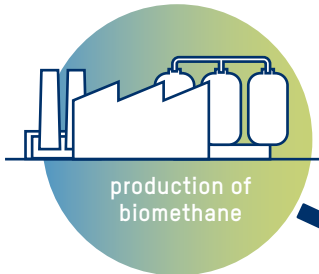
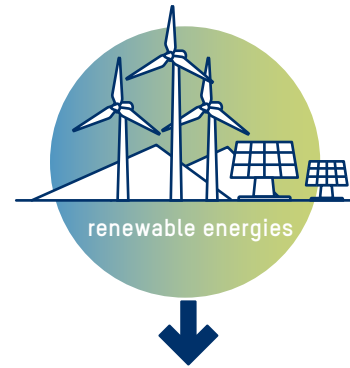
the connection of biomethane plants and the integration of power-to-gas systems are currently available, the level of maturity of solutions designed to integrate distribution networks with renewable and synthetic gas is yet to be consolidated from a business model, regulatory framework and operating process perspective.



BIOMETHANE



POWER TO GAS



BIOMETHANE

Biomethane is a renewable source. It is obtained from anaerobic digestion of agricultural and agro-industrial by-products, as well as from organic waste, and can be used on site or supplied to the existing transmission and distribution networks. Its use makes it possible to meet decarbonisation objectives, promote a significant increase in national gas production and implement a concrete model of circular economy by integrating the agro-food and the environmental services industries with the energy chain.



However, since biomethane production plants have limited output modulation capacity, the network's ability to absorb the gas being produced becomes critical. Indeed, in case of connection to the distribution network, consumption volumes allowing its full absorption by the network may not be available under certain conditions (e.g. summer period), posing constraints on the technical feasibility of the operation. In such situations, in order to make the operation sustainable and avoid technically burdensome and expensive solutions, the possibility of feeding excess gas into the transmission network (reverse flow) has been identified by relying on ad hoc plant-engineering solutions (bidirectional city gates).

While plant-engineering technology (called "Bi REMI" or "Bi city gate") has been developed, solution implementations are not yet operational, nor has the reference regulatory framework been regulated yet.

2i Rete Gas can act as a facilitator of a "system" approach by:

- Starting experimentation endeavours aimed at testing technology (reverse flow) and process;
- Supporting the finalisation of the regulatory framework to define practices, constraints for operators and return on investment assumptions.

As far as expressions of interest in connections are concerned, in 2020 the Group continued contacts with biomethane producers interested in considering cost estimates for connection to the methane gas distribution network. With respect to the **79 expressions of interest received since the launch of ARERA regulations** on the subject, the Parent Company conducted a technical feasibility analysis and then prepared **26 quotations, of which 5 were accepted**.

POWER TO GAS

The possibility of integrating the gas network with the electricity network using electrolytic plants capable of converting electricity into hydrogen or synthetic methane (power-to-gas) identifies an innovative solution to accumulate and use excess electricity production from renewable

sources and optimise the use of existing networks. Hydrogen, obtained through an electrolysis process, can be injected into the network, in combination with natural gas, or subsequently combined with CO₂, obtaining synthetic methane. The energy produced from non-programmable renewable sources (e.g. wind and photovoltaic plants) and not used is converted into synthesis gas, subtracting CO₂ from the environment and solving the problem of the accumulation of excess electricity when there is no demand. The gas thus produced (hydrogen and/or synthesis gas) can potentially be used in all sectors: domestic, electricity generation and transport. This avoids the costs of investing in new infrastructure for the transmission, distribution and storage of electricity, while continuing to make full use of functional and efficient infrastructure such as that already in place for the transmission, distribution and storage of natural gas.



In this respect, several system-related benefits are identified:

- Immediate use or storage of excess electricity production from non-programmable renewable sources;
- Use of the gas transmission, storage and distribution infrastructure in a low-carbon



scenario, exploiting its power deliver capacity to cover winter consumption peaks, avoiding large electric infrastructure upgrading investments;

- Load balancing of the power grid.

At the same time, power-to-gas solutions involve points of attention:

- Technology success prospects:
 - Economic viability (process yields, electricity prices);
 - Competition with other storage systems (batteries, pumping);
 - Competitor technologies for electrolysis and methanation with different levels of efficiency and maturity.
- Effective integration with the gas network:
 - Defining maximum limits for inputting hydrogen into natural gas transmission and distribution networks;
 - Defining the role of the distributor.

Being aware that the process for integrating power-to-gas solutions with the (Italian and European) energy system is still in an experimental phase and that the industry's development requires the implementation of pilot projects involving several players (e.g. electricity producers, gas distributors and transporters, technological partners), in conjunction with the finalisation of a regulatory framework, **2i Rete Gas is ready to provide its contribution by encouraging the necessary experimentation.**

COLLABORATIONS



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

As a contribution to the pursuit of advanced asset uses with a view to green objectives and, more specifically, to **encourage experimental efforts to feed into the network renewable gases such as biomethane and synthetic gas (power-to-gas)**, in 2020 2i Rete Gas entered into two collaboration agreements as part of the initiatives

included in the Plan in relation to the goal of supporting the energy transition through its own business.

In November, the Group and the Milan Polytechnic University signed a scientific collaboration framework agreement for the development of research and training endeavours in areas of mutual interest, as defined from time to time, pertaining to technologies and procedures for the management, development and enhancement of the natural gas distribution infrastructure, with special emphasis on issues related to energy efficiency and the use of networks to distribute carriers with a low environmental impact.

In December 2020, a collaboration agreement was also entered into with a leading industry infrastructure operator for the development and implementation of reverse-flow distribution/transport pilot projects, with a view to maximising opportunities for feeding renewable gas into distribution networks.

Energy efficiency

Again, with a view to supporting energy transition, 2i Rete Gas pursues the development of value-added services, enhancing its relations with stakeholders (Municipalities, Sales Companies, Service Providers) by deploying energy efficiency initiatives intended for public entities (to be also extended to the private sector) with regard to buildings, heating and lighting systems.

To this end, efforts got underway in 2017 in relation to the “Energy Efficiency” project for energy efficiency of public facilities (buildings and public lighting), leading in July 2019 to the establishment of the company “2i Servizi Energetici S.r.l.”. To date, final proposals for energy efficiency through project financing have been presented in **15 Municipalities: 2 final proposals for building efficiency and 13 proposals for public lighting systems.**

2i Servizi Energetici S.r.l. carries out studies for the feasibility and financing of possible interventions; it carries out engineering analysis, energy diagnoses, final and enforceable projects, aimed at assessing the current state of sites and scope for development

and optimisation of their energy performance, including by introducing new innovative technological solutions, where possible.

In addition, the economic impact and financing of investments is assessed through the preparation of ad hoc business plan models, as well as the potential direct generation of Energy Efficiency Certificates (EEC).

In addition, a new format called “Preliminary Proposal” was established in 2020. It entails preparing, ahead of inspection visits, a macro assessment of possible efforts, including on the basis of benchmark data, so as to identify the project’s cost effectiveness in advance as well as any extra fee for the PA that could have an impact on the sustainability of the project itself in order to curb design costs. To date, 9 preliminary proposals have been developed.



SUSTAINABILITY PLAN
Initiative scheduled for 2020
completed, target achieved

In view of the above, as part of the **support extended to Municipalities in the pursuit of their energy efficiency endeavours** in line with the goal set out in the Plan to **support the**

energy transition by sharing its know-how, in 2020 the Group, through 2i Servizi Energetici S.r.l., planned the interventions requested by the Municipalities pursuant to Article 183 of Legislative Decree 50/2016 (according to a project financing scheme). More specifically, consistent with the target set out in the Plan, **five final proposals were drawn up** and submitted. Two of them pertained to endeavours started in previous years, the continuation of which required the project to be revisited following explicit requests by the Public Administration.

In 2020, **five energy audits** were also carried out. In two cases, they referred to new audits intended for processes that had got underway following the submission of preliminary proposals. One case pertained to the honing of data from a previously submitted formal proposal. The remaining two cases pertained to the participation in a tender procedure organised by a Municipality and the final drafting of a tender procedure be announced shortly, in which 2i Servizi Energetici acted as promoter. Again, the target set in the Plan was achieved.

	2018	2019	2020
No. of final proposals submitted	2	8	5
No. of audits made	7	10	3



OPTIMISATION OF ENERGY RESOURCES AND ENVIRONMENTAL PROTECTION

Zi Rete Gas monitors and evaluates the impact arising from the performance of its activities, in order to identify the relevant factors, both direct and indirect, and to implement initiatives and projects aimed at a responsible mitigation of such impact.

The main **direct impact** that the organisation monitors is: greenhouse gas emissions into the atmosphere, noise emissions from plants, and waste production. It also monitors energy consumption related to the vehicle fleet and technological internal consumption (gas for preheating in decompression systems, electricity for cathodic protection systems). No indicators are given on water consumption as it is not relevant in the gas distribution process.

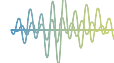
Indirect impact, namely that produced by the activities entrusted to suppliers, is instead identified and governed by contractual obligations and provisions. The Group monitors indirect impact by means of field inspections carried out by local units. Finally, the Group monitors and controls its internal consumption in terms of primary energy used in buildings.

MONITORED INDICATORS

(data referring to the perimeter for the entire year 2019)



energy consumption



noise emissions



waste production



gas emissions

The Group's commitment to promoting the principles of environmental protection and safeguarding led it to pay special attention to aspects related to climate change with a view to identifying any risks that could require the adoption of mitigation or adjustment measures and, at the same time, exploiting possible opportunities.



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

In the light of the foregoing, consistent with the effort to **increase awareness**

of **climate risk** as set out in the Plan and in line with the goal to **protect the environment and promote energy efficiency by raising the awareness of the Company and its employees**, in 2020 the management was involved in the **workshop** called "ESG risk: challenges, opportunities and future scenarios". Delivered by KPMG and staged as part of the "2020 Management Meeting", the workshop provided insights into and addressed key aspects related to the meaning of and methods for managing ESG risks, with reference to the frameworks and emerging regulations at a European level. Special attention was paid to the upgrading of monitoring and reporting tools at the company's availability, with a view to devising and developing a strategy for the management of ESG risks and - more specifically - climate risks that reflects the path towards the integration of sustainability into each business model.



Energy consumption

In 2020, the **total amount of energy consumed to ensure the operation of the company vehicle fleet was considerably lower compared to the previous year** (down by about **16.7%**).

The data comparative analysis shows a significant reduction in total kilometres travelled compared to 2019, down by about 26% (approximately 8,000,000 km). This was mainly due to the restrictions on mobility imposed since March 2020 as a result of the pandemic emergency, which forced 2i Rete Gas to reorganise working methods by introducing smart working, allowing virtually all staff with clerical duties to work from home, thereby reducing travel. Technical staff's operations also decreased both in

relation to the measures to contain the pandemic emergency and as a result of the significant reduction in gas network construction, operation and maintenance work resulting from the lockdown periods imposed by the Prime Minister's Decree issued.

As a result of such a significant reduction in kilometres travelled, energy used by the company vehicle fleet also decreased, with year-end balance showing a less significant variance as compared to that observed with regard to kilometres travelled.

The Group intends to assess the extent to which business activities make their processes efficient in terms of energy consumption, thus limiting their impact on consumption

and consequently reducing their carbon footprint on the business area. In this regard, as was the case in previous years, 2i Rete Gas weighted its performance by using an indicator that makes it possible to assess - based on the total value of consumption as benchmarked against kilometres travelled by the company vehicle fleet - whether the trend in consumption per kilometre is maintained. In 2020, this indicator stood at 2.95 MJ/Km and was slightly higher than in 2019. The above trend was strongly affected by the significant reduction in the number of kilometres travelled and, more importantly, by the fact that most of the kilometres travelled were covered with less fuel-efficient vehicles.

Direct energy consumption on vehicles

Direct energy consumption (vehicles)

	2018		2019		2020		
	t	GJ	t	GJ	t	GJ	
DIESEL	1,986	84,802	1,957	83,564	1,686	71,876	Consumption of the vehicle fleet
PETROL	26	1,131	15	668	4	172	Consumption of the vehicle fleet
METHANE			52	2,347	1.9	85	Consumption of the vehicle fleet

Conversion Factor Source: UK Government GHG Conversion Factor for Company Reporting 2020.



In the pursuit of better performance, with a special focus on increasing energy consumption efficiency and reducing its carbon footprint, in 2019 2i Rete Gas launched a pilot project on sustainable mobility, which in 2020 led to the use of the first electric cars in the company vehicle fleet on a pool basis.

In 2020, following up on this initiative, the Group **launched a further project for replacing the company car fleet**, which still largely relies on diesel fuel, with **low emission vehicles** equipped with more advanced technology, the ultimate goal being to have the company fleet consist of vehicles of environmental class \geq Euro 6 by 2023. Following the start of this renewal process, deliveries of new CNG and mild-hybrid ecocars began in January 2021. These included Fiat Doblò, Fiat Panda, CNG Seat Ibiza and hybrid Fiat Panda and Ford Fiesta.

Starting in the first quarter of 2021, they will become part of the operating fleet to replace Euro 5 diesel-powered cars, which will be replaced. On completion of this renewal process, 30% of the company fleet will consist of alternative-fuel cars.

In the light of the foregoing steps regarding the gradual upgrading of the operating fleet and process-related actions aimed at optimising routes and mileage, it was decided to maintain the consumption optimisation indicator for the year 2021 on an average ratio of 2.60 MJ/Km for the whole operating fleet.

In 2020, **the amount of energy consumed to ensure the operation of the technological systems at the city gates** (gas preheating in the decompression process) **was almost stable, showing in fact a slight decrease**. Indeed, the ratio

between the energy consumed for the operation of the decompression systems and the gas that passed through these systems was constant (0.0010 Stm^3 consumed/ Stm^3 passed, confirming the same ratio as the one observed in 2019 and 2018.

On the other hand, as in 2019, also in 2020 the reporting of the volumes of gas passed was further segmented, separating internal consumption pertaining only to the city gates in which the preheating equipment is in operation. As a result of this new segmentation, the energy consumed/ gas passed ratio stood at 0.00128, thus improving the plant performance by approximately 6%.

In line with decisions made in 2019, 2i Rete Gas S.p.A. measured **consumption of methane gas used for heating office and warehouse buildings** during 2020 as required.

Direct energy consumption (technological systems and buildings)

Direct energy consumption (Energy consumed for the business technological cycle)

	2018		2019		2020		
	m^3	GJ	m^3	GJ	m^3	GJ	
ENERGY USED							
(methane gas)							
	6,425,084	221,929	6,623,694	228,790	6,084,656	210,171	Heat production for City gates
	247,043	8,533	250,139	8,640	202,339	6,989	Heating of Buildings (Offices and Warehouses)

Conversion Factor Source: ENEA.

The figures resulting from 2020 consumption made it possible to assess plant efficiency (according to the Stm^3/dd (degree days) year criterion on square metres of heated surface of the buildings). The ratio is represented by a weighted average of 0.0028 (0.0039 in 2019).

In 2020, the **total amount of energy purchased from the grid** was approximately 1% lower than in 2019. The figure includes **consumption for the operation of buildings and technological systems**. The most significant decrease (13.1%) was recorded on **building consumption** and was attributable to the change

in scope for the year 2020 following the **gradual implementation of the office replacement plan** started in 2019, where preference is given to buildings featuring more advanced installations and belonging to higher energy efficient classes. In terms of technological consumption, an overall decrease (about 2%) was observed on the total of the plants under management, compared to 2019.

Upon following the consumption segmentation criteria previously adopted in 2019, a report was prepared on energy consumption related to cathodic protection systems, separating **consumption**

of those plants where only one system is in place for city gates and cathodic protection. The level of efficiency of the above-mentioned consumption, however, stabilised at a value of 0.547 GJ per km of network (2019 figure: 0.593 GJ/Km of network). The decrease is due to a **reduction in the steel network operated** as at 31 December 2020, combined with **progressive plant upgrading and efficiency raising endeavours and the use of materials (polyethylene)** that do not need cathodic protection and, as such, require less electricity.

Indirect energy consumption (purchased from the grid for buildings and technological systems)

	2018	2019	2020	
	GJ	GJ	GJ	
ELECTRICITY PURCHASED FROM THE GRID	11,899	9,212	8,003	Buildings energy consumption
	36,845	35,576	36,359	Technological systems

Conversion Factor Source: UK Government GHG Conversion Factor for Company Reporting 2020.

Noise emissions

With regard to noise emissions deriving from the technological infrastructure, **2i Rete Gas monitors the emission values of its plants through targeted measurement campaigns**. The data collected make

it possible to ensure compliance of the emission values with the relevant acoustic zoning set for each individual plant. If values are exceeded or the community reports emission values to be

considered above the thresholds, then measuring will be performed immediately and actions will be taken accordingly to bring emissions back in line with regulatory and acceptable standards.



Waste

Once their service life cycle ends, the products and materials used in the Group's core business processes are treated as special waste, in accordance with the provisions of mandatory regulations. With regard to waste management, special attention is paid to waste collection, transport and treatment methods, ensuring that priority is given to recovery purposes, reducing waste transfer to landfill to a minimum, thereby minimising negative impact on the environment.



SUSTAINABILITY PLAN

Initiative scheduled for 2020 completed, target achieved

As part of the activities set out in the Plan to **increase the quantity of waste to be recycled**, in 2020 the Group set

its recycling management targets at 98% for non-hazardous special waste produced and at 80% for hazardous special waste. Actions taken to reach the above targets included:

- optimising the recovery process of special waste generated during plant operation and maintenance activities, selecting products having a life cycle with a lower environmental impact;
- drawing up a new contract for the waste collection, transport and management service contemplating advanced technologies and best practices for material sorting and recycling, reducing waste to a minimum.

In 2020, the amount of special waste generated and managed by the Group totalled approximately 748 tonnes (936 in 2019), with a **percentage of waste sent to recovery facilities** (R13) standing at **99.95%** (99.87% in 2019), such figure including special non-hazardous waste and special hazardous waste.

This result is largely consistent with the targets defined in the Plan in relation to the lines of action undertaken to increase the number of tonnes of special waste generated, sent for treatment and accepted by the disposal plant with R12-R13 storage pending any of the recovery operations numbered R1 to R11.

Total waste generated

	2018		2019		2020	
	Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
	t	t	t	t	t	t
RECOVERY/RECYCLE R12-R13	1.03	1,001.19	2.69	932.79	2.65	745.94
LANDFILL D1	0.15	0.46	0.49	0.76	0.39	0
TOTAL	1.18	1,001.64	3.18	933.54	3.04	745.94
	t	%	t	%	t	%
Total non-hazardous waste accepted and sent for recycling	1,001.19	99.84	932.79	99.58	745.94	100
Total hazardous waste accepted and sent for recycling	1,03	87.53	2.69	84.71	2.65	87.17
Total waste sent for recycling					748.59	99.95



SUSTAINABILITY PLAN
Initiative scheduled for 2020
completed, target achieved

In addition, as part of the activities set out in the Plan in relation to the same goal, a **new indicator** was identified **to measure the increase in the quantity of waste accepted with R13 storage and with a final destination other than disposal.**

The indicator consists of the percentage ratio of waste with a destination other than disposal to the waste recovered and fed back into the cycle by the platform operator. The performance of the values calculated on an annual basis for the 2020 figure as at 31 December 2020 stood at 86.5%, virtually in line with the target set in the Plan (87%).

This quantity was subsequently treated at the waste management plant with recovery operations, resulting in a recovery rate of about 86.5%, with the remaining 13.5% being disposed of in landfills.

Total waste sent for recycling after treatment

	2018		2019		2020	
	Special non-hazardous	special hazardous	Special non-hazardous	special hazardous	Special non-hazardous	special hazardous
	t	t	t	t	t	t
Waste delivered to the operator for R12-R13	1,001.19	1.03	932.79	2.69	745.94	2.65
Waste accepted by the operator for R12-R13 Recovery/Recycling	1,002.22		935.47		748.59	
	%	t.	%	t.	%	t.
Quantity of non-hazardous special waste accepted for R12-R13 Recovery/Recycling recovered after treatment	86,54	867.32	86.67	810.78	86.50	647.53
Quantity of special non-hazardous waste accepted for R12-R13 Recovery/Recycling sent for disposal after treatment	13,46	116.74	13.33	108.08	13.50	101.06

During 2020, a tender was called for the renewal of the contract for the collection, recovery and disposal of waste generated by 2i Rete Gas S.p.A.. The tender required that in order to be eligible for evaluation, suppliers had to own recovery platforms and be able to provide data on the quantities of waste fed back into the production cycle (recycling or by-product). The

purpose of such requirement was to identify increasingly high-performing operators in terms of waste management and treatment, with special emphasis being placed on a more efficient use of waste itself as a by-product, thereby increasing its life cycle. The tendering process was completed in late 2020 and the awarded service has been in place and operational since February 2021.

Waste production is a priority for the Group, so much so that it also monitors appropriate management of special waste generated by third party firms during plant construction and maintenance operations. To this end, the Group makes sure that lead-by-example processes are activated to encourage suppliers to behave in a virtuous manner with regard to recovery.



Emissions into the atmosphere

As regards the **total amount of CO₂ emitted and arising from Group energy consumption**, 2020 showed **an approximately 9% reduction** compared to 2019. A review of each energy carrier over which 2i Rete Gas has direct control shows:

- a positive balance with regard to **CO₂ generated from the use of energy for the operation of the company vehicle fleet**. Against a significant reduction (16.7%) in consumption (normalised in GJ), attributable mainly to the long period in which cars were not used of the in-pool and in-benefit car fleet and as a result of the mobility restrictions imposed by the measures of containment

issued to cope with the pandemic emergency, a proportional reduction (-17% overall) in CO₂ production was recorded. The average value of emissions per km travelled, on the other hand, calculated for 2020, is 212 gCO₂ per km, up from 189 grCO₂ per km recorded in the previous year. This effect is due to the fact that only in-pool and in-benefit cars were stopped, such car belonging, among other things, to a more advanced energy class compared to operating vehicles, which, given the purpose they serve, not only continued to circulate, providing an essential service, but are also subject to higher fuel consumption than the aforementioned cars.

- for **CO₂ generated by the consumption of methane gas used in technological systems**, the overall figure is down by approximately 6.8% over 2019, against a quantity of gas injected into the network slightly less than 2.4% compared to the previous year. The positive trend in terms of emissions continued, maintaining the plant efficiency level, with a combustion emission value of 2.53 gCO₂/Stm³ in relation to the gas passed (2.65 in 2019).

Direct emissions

(diesel, petrol for the vehicle fleet and natural gas, technological systems and buildings)

Direct emissions (Scope 1)

	2018	2019	2020	
	t CO ₂ e	t CO ₂ e	t CO ₂ e	
DIESEL	6,263	6,095	5,152	Vehicle fleet
PETROL	77	46	12	Vehicle fleet
	41	133	5	Vehicle fleet
NATURAL GAS	12,561	12,956	12,072	Technological systems
	483	489	401	Energy consumption of buildings

Conversion Factor Source: UK Government GHG Conversion Factor for Company Reporting, UNFCC 2020.

Indirect emissions (energy purchased from the grid)

Indirect emissions (Scope 2)

	2018	2019	2020	
	t CO ₂ e	t CO ₂ e	t CO ₂ e	
ELECTRICITY PURCHASED FROM THE GRID	4,308	3,543	3,506	Technological systems and offices/ warehouses

Conversion Factor Source: IISPR Report 317/2020 "Atmospheric emission factors of greenhouse gases and other pollutants from power sector".

Monitoring indicators and KPIs

Each year, the IMS' Key Performance Indicators collected by the head office are analysed and presented in the "Management Review" system document and brought to the attention of the Chief Executive Officer; in the same document, top management identifies and sets the objectives and relevant KPIs for the following year.



For 2020, in order to reduce the consumption of raw materials and natural resources, the following objectives have been defined:

- **Reduction of primary energy consumption for technological purposes.**

The defined parameters are aimed at verifying the ability to optimise

the energy necessary to ensure the preheating of gas in the decompression process and in the management of the cathodic protection process of the steel pipelines.

Two indicators are processed:

- > The first refers to the **ratio between the amount of energy consumed in the reporting period and the volume of gas passed through the city gates** (for the measurement of efficiency of the preheating process). For 2020 the objective was to maintain the ratio at 0.0010: the result confirmed a value of 0.0010, substantially stable. As illustrated earlier under "ENERGY CONSUMPTION", efforts have been underway since 2019 to further segment gas volume reporting by including gas injected only for plants where preheating gas is

consumed.

The energy consumed/gas passed ratio came in at 0.00128, lower than the ratio detected in 2019 (0.00136). As a result, consistent with the principle of maintaining efficiency in relation to consumption, the 2020 ratio for assessing plant efficiency was set at 0.00125 in 2021 (Stm³ gas consumed/Stm³ gas passed).

- > The second refers to the **ratio between the quantity of electricity consumed in the reporting period and the kilometres of steel network operated in the same year** (for cathodic protection process efficiency measure). As illustrated earlier in the "ENERGY CONSUMPTION" chapter, energy consumption reporting for cathodic protection systems was further segmented in 2020 too.



As a result of this new segmentation, the energy consumed/km of protected steel network ratio stood at 0.547 (GJ/km of protected steel network). Therefore, the new 2020 ratio for assessing plant efficiency was set at 0.535 in 2021 (GJ/km of protected steel network), thus showing a further 2% improvement in energy consumption efficiency.

- **Precise monitoring of the consumption of natural gas for heating buildings (offices and warehouses).**

During the course of 2020, the monitoring of this type of direct energy consumption continued and was further consolidated, as illustrated earlier in the "ENERGY CONSUMPTION" chapter,

thus improving the performance indicator (according to the criterion Stm^3/dd (degree days) year on m^2 heated surface of the buildings), equal to 0.0028 compared to 0.0039 in 2019. In order to provide a comprehensive picture of energy efficiency with respect to the different energy carriers used (natural gas, electricity) for the operation of buildings under direct management, a new control indicator was introduced in 2020, namely energy expressed in TOE on square metres of the area. The resulting ratio that will be taken as a reference for 2021 is 11 [TOE/ sq. m(x1000)] taking into account all the area occupied by offices and related appurtenances, including warehouses and storage facilities.

In 2020, there were no events or investigations carried out by third parties that resulted in non-conformities with mandatory and applicable regulations in relation to environmental issues.





STAKEHOLDERS COMMITMENT

In its relations with **stakeholders**, 2i Rete Gas intends to act as a competent, reliable and focused partner. A partner who places at the core of its management practices the pursuit of **operational excellence** and the **ability to pick up and carry through the challenges faced by the industry**, providing practical answers to specific needs as a way to contribute to the development of the local areas in which it operates, and is driven by a fully supportive spirit and an approach geared towards the creation of long-term shared value, by:

IMPLEMENTATION PRINCIPLES

- making its know-how available to Public Institutions and Authorities by **participating in public consultation procedures designed to outline future energy industry governance strategies having an increasingly effective and efficient impact on the territory.**
- developing initiatives in conjunction with Institutions and partners aimed at carrying out activities that **contribute to creating a positive impact on the communities served by the network.**
- further developing the ongoing **stakeholder engagement process.**
- managing the **supply chain** based on **ethics, transparency** and the **creation of mutual value.**



CREATE SHARED VALUE



RELATIONS WITH INSTITUTIONS AND AUTHORITIES

Consistently with the principles and conduct criteria enshrined in the Code of Ethics and by committing to transparency, fairness and traceability, the Group deals with Public Institutions, Authorities and Trade Associations, bringing its know-how at the service of the Community in order to provide the best possible service in the regions in which it operates.

Relations with regulatory bodies and control authorities are managed through specific corporate units and roles that deal with the management of communications with them, either directly or by coordinating with other departments that may be involved from time to time, depending on the issues.



In relation to the subject dealt with, the requests are monitored and addressed internally by area of responsibility to the various corporate departments, with which the corresponding findings are defined. With regard to regulatory bodies and control authorities, risks and opportunities are managed through constant monitoring of the

measures issued by them and through participation in the processes of designing said measures, by taking part in consultation procedures prior to their issuance.



Furthermore, in 2020 the Parent Company 2i Rete Gas S.p.A. was associated with **Igas** (Association of Gas Industries headed by Confindustria) and **Assogasliquidi** (Federchimica Association representing companies in the liquefied gas/LPG distribution sector).

Participation in trade associations, in addition to protecting the interests of member companies, makes it possible to promote the innovative use of gas, not only as an important source and carrier of energy, but also in a perspective of environmental sustainability, and it consolidates the stakeholders' perception of the Company as a leader and reference in the industry.

Relations with trade associations are managed through specific corporate functions that coordinate and manage information flows and the risks and opportunities arising

from them. In particular, relations with Igas are managed through active participation, through representatives, in Technical Committees, working groups and associative bodies for the definition of the positions represented towards Authorities, Institutions and stakeholders.

In 2020, 2i Rete Gas, through Igas, also took part in the activities of the **Italian Gas Committee (CIG)**, the national technical association dealing with regulations applicable to the fuel gas sector.



SUSTAINABILITY PLAN
Initiative scheduled for 2020
completed, target achieved

In view of the above, with regard to **participation in working groups and/or technical and regulatory discussions aimed at having management and operational needs and criticalities duly taken into account when implementing future guidelines and requirements** - this being an initiative related to the goal set out in the Plan to **promote dialogue between parties and share know-how to support decision-making** - in 2020 2i Rete Gas S.p.A., in its capacity as Parent Company, actively participated in all the relevant consultations promoted by ARERA and, including through Igas, in all the technical



and regulatory discussions deemed as relevant. In particular, relevant consultations included: innovative uses of natural gas transmission and distribution networks and possible pilot projects to enhance their management; provisions issued regarding the regulation

of the energy sector in relation to the epidemiological emergency brought on by SARS-CoV-2; revision of the criteria for establishing the tariff contribution due to obligated entities under the energy efficiency certificate mechanism; possible mechanisms for encouraging

business combination between natural gas distribution companies; issues concerning distributed gas metering activities. Comments and proposals were always submitted in this regard through specific documents sent to the Authority.

RELATIONS WITH CLIENTS

2i Rete Gas deals with different types of clients and monitors their level of satisfaction with a belief that the continuous improvement of services offered to them is based not only on solid skills, but also on listening and dialogue.

The clients with which the Group interacts due to the nature of its business are typically part of three categories:

- **MUNICIPALITIES AND LOCAL AUTHORITIES:** under concession agreements/contracts for carrying out gas distribution services;
- **SALES COMPANIES:** in relation to the distribution service provided to the network user;

- **END CLIENTS OF THE NETWORK:** for the first response service concerning problems with the gas distribution service, for quotations in response to requests for new connections and/or modifications to existing plants, and for the maintenance and replacement of meters.



MUNICIPALITIES and LOCAL AUTHORITIES



SALES COMPANIES



END CLIENTS of the NETWORK

Dialogue

In addition to implementing the use of the dialogue channels required by the Regulator, 2i Rete Gas enables the different types of clients with which it interacts to gain access to **contact channels and opportunities that can respond to their enquiries in an increasingly effective, comprehensive and responsible manner.**

RELATIONS WITH LOCAL AUTHORITIES

As part of the General Affairs Department, the Local Authority Relations unit handles all the tasks that need to be performed to ensure effective oversight over relations with the concession-granting authorities, in accordance with the provisions envisaged in concession contracts, the fees of which, it should be noted, in 2020 totalled about € 62 million on a consolidated basis. Needless to say that such oversight is also performed in compliance with the applicable regulations, the Organisation and Management Model pursuant to Legislative Decree 231, the Code of Ethics and company procedures aimed at tracking and monitoring relations with Public Authorities.

During the year under review, approximately **213 meetings** held by 2i Rete Gas with **153 Public Administration offices** were mapped as part of the processes and operating instructions developed in pursuance of the 231 Organisation and Management

Model principles and applicable to the management of relations with Public Administration entities.

To this end, the unit provides support to local and head-office units with regard to contract interpretation and to ensure that concession obligations are appropriately identified and fulfilled, as it relies on 8 local area liaison officers deployed across 4 of the 5 Departments, representing an effective link between the head-office and the Departments in the relevant information flow and operational processes.

With regard to the above, in 2020 a new application came on stream. It was created for the management of concessions with the aim of making available the main information contained in the contracts, with special reference to the degree of ownership of plants and their treatment upon expiry regarding devolution.

As part of a broader project to modernise and enhance the Company's IT platform, activities are planned to integrate this new application with others to spread concession-related information in a consistent and certified manner.

The unit also coordinates the Group's internal activities by interacting with the Contracting Authority and the Local Authorities during the phase of plant payback value identification which is preparatory to call for tender announcements, in compliance

with the provisions set forth in Italian Ministerial Decree No. 226/11 ("Regulations governing tender criteria and bid evaluation for the award of the natural gas distribution service, in accordance with Article 46-bis of Law Decree No. 159 dated 1 October 2007, as written into law and as amended by Law No. 222 dated 29 November 2007, published in ordinary supplement of Official Journal No. 22 dated 27 January 2012").

In 2020, **382 reports were submitted pursuant to Article 4 of Italian Ministerial Decree No. 226/11 "Plant Conditions"** and **320 reports pursuant to Article 5 Italian Ministerial Decree No. 226/11 "Plant payback value"**. Combined with other complementary work (e.g. revisions, data integration, etc.), **1,206 reports were submitted as a whole.**



As at 31 December 2020 and at a consolidated level, enhancement reports shared with Public Administration totalled 799.

COMMERCIAL CALL CENTRE

The Group provides a call centre service free of charge, available on business days, through two toll-free numbers dedicated to end clients of the network.

This service, which supplements the provisions of current legislation,



is a plus for the end clients of the network and allows to request more information on:

- **commercial aspects**, with a toll-free number dedicated to activation requests pursuant to Resolution 40/2014, commercial offers, reactivation of supply following suspension due to potential danger, last resort services and the portal for end clients;
- **smart meter**, with a toll-free number dedicated to requests for information on the scheduled mass replacement plan and for setting a personal appointment for the replacement of the traditional meter with the smart meter if it has not been possible to make such a replacement during the scheduled intervention.

In 2020, the commercial call centre of 2i Rete Gas received **282,014 calls** (362,407 in 2019), of which 265,864 were handled (327,732 in 2018), thus improving the performance compared to the previous year.

The service standards require handling a monthly minimum of 92% of calls for the year 2020 (90% in 2019) and during the reporting period, this overall percentage was widely respected, standing at **94%**.

Considering that in 2020 performance had already improved by 4% compared to the previous year, the target for 2021 is to further improve the level of service provided.

In line with the efforts made in 2020, this goal will be pursued by ensuring a constant dialogue with and delivering

extensive training to call center operators.

PORTAL DEDICATED TO END CLIENTS OF THE NETWORK

An **Internet portal** has been operational since 2017, with access to a reserved area **dedicated to end clients of the network and to delegated installers**, through which it is possible to submit the documentation relating to the activation procedures pursuant to ARERA Resolution no. 40/2014/R/gas as amended and supplemented, as well as to check the progress of the procedures themselves.



Internet portal dedicated to end clients of the network operational since 2017

The main objective of this implementation is the **dematerialisation of paper documentation** with a consequent **reduction in the time required to send the documentation** to/from the end client and **activate the supplies**.

The end client of the network can, in fact, delegate their trusted installer or the sales company chosen for the conclusion of the contract to make operations on their own behalf on the portal, a situation that has led to a steady increase in its use.

The performance of this operation by subjects with greater technical

and operational knowledge of the activation process has allowed a further benefit in terms of reducing the time of activation of supplies.

MEETING WITH SALES COMPANIES

For many years now, 2i Rete Gas has been organising a **reputable annual meeting with sales companies**. Despite restrictions due to the COVID-19 health emergency, on 10 December 2020 2i Rete Gas held a webinar to meet the representatives of the sales companies operating on the gas distribution networks of the Group companies, where views were once again exchanged and shared. The topics covered included "COVID-19 Emergency: changes in the business conducted by distribution companies"; "Commercial Development: strategies and endeavours to promote methane gas for 2021"; "Metering Reform: impacts and benefits for the gas system"; "Evolution of Gas Settlement: outlook for distribution companies".

The meeting was attended by **111 sales companies** and their **204 representatives**.

111

sales companies

attended the meeting through a webinar

The commitment to **developing initiatives in conjunction with Institutions and partners aimed at carrying out activities that**

contribute to creating a positive impact on the communities served by the network has led the Group to pay more and more attention to the need to **increase opportunities for dialogue and engagement with clients** with a view to sharing updates and identifying needs and expectations that will help drive discussions on how to reshape the service and commercial action,

including in terms of efficiency and greater response to the needs of the community.



SUSTAINABILITY PLAN

Initiative scheduled for 2020 completed, target not achieved

With this in mind, in addition to the above-mentioned annual meeting with the sales companies, the Group planned to hold **workshops** also in 2020. The programme got underway

in January with a first session held in Chieti, where 11 sales companies attended. However, it suffered a setback during the year as a result of mobility restrictions due to the pandemic emergency. Therefore, not all the targets set out in the Plan in relation to this initiative were achieved.

Complaint management

The Group manages complaints received from end clients in accordance with the rules of ARERA and within the timescales and procedures defined in its own internal procedures and guidelines.

The main issues for which requests for information and/or complaints were received from end clients concern the verification of the meter reading and the reconstruction of consumption, with particular reference to the (i) replacement of traditional meters with smart meters as provided for by ARERA Resolution no. 631/2013/R/gas of 27 December 2013, and (ii) work required to replace faulty smart meters. In 2020, the Group received and handled **4,692 written requests**, of which 2,606 are classified as complaints/requests for information subject to compliance with the general commercial quality standard set out in Article 50 of ARERA Resolution 569/2019/R/gas, 912 classified as miscellaneous, while

1,174 requests came from Sportello del Consumatore. The regulations require that a reply is provided within and no later than 30 days to a minimum annual percentage of 95% of cases, such percentage applying to each region.



SUSTAINABILITY PLAN

Initiative scheduled for 2020 completed, target achieved

During 2020, the number of cases handled was virtually stable compared to the previous year: the percentage of complaints/requests for information subject to compliance with the ARERA standard and handled within the set timeframe stood at 99.73% of the total, therefore higher than the minimum percentage defined by ARERA, while the percentage of complaints/requests for information subject to compliance with the ARERA standard on managed redelivery points stood at 0.06%. In both cases, these values are in

line with the targets set out in the Plan in relation to the maintenance of performance levels in this area, as an initiative to be monitored in relation to the goal of **ensuring compliance with performance levels of customer satisfaction results concerning primary clients**.

99.73%

Complaints/requests management index

out of a total of 2,606

0.06%

complaints/requests

on redelivery points



The goal for 2021 is to maintain the standards of the company in terms of handling written complaints and written requests for information, in line with this year's trend.

In 2020, **585 conciliation procedures** were handled (511 in 2019), 549 as technical support (indirect conciliation) and 36 as a party to the conciliation (direct conciliation). As in previous years, this reporting period saw the greater reliance on the

conciliation procedure as a means of settling disputes between end clients and electricity and gas operators. The complaints received from "ARERA - Sportello per il consumatore" are now exclusively related to the social bonus issue.

In 2020, 1,174 requests were received. Finally, at the date of drafting this disclosure, 1,954 requests for technical data that can be acquired by reading the meter

(so-called M01, equal to 2,749 in 2019) and 10,448 requests for other technical data (so-called M02, equal to 10.26 in 2019) were handled.

1,954

requests for technical data

acquirable by reading the meter
(M01 with specific and general level)

Satisfaction

The activities that the Group undertakes with regard to "Municipalities and Local Authorities" are in line with contractual obligations.

The activities that the Group carries out for "sales companies" and "end clients of the network" are all contextualised in the market regulated by ARERA.



Each year the Parent Company carries out a customer satisfaction survey

The service provided to the three groups of clients with which the Group has long been interacting is the subject of a survey on the **level of perceived satisfaction**, which is

conducted annually as an **opportunity to listen and stimulate performance improvement**.



SUSTAINABILITY PLAN

Initiative scheduled for 2020 completed, target achieved

In line with the implementation principle related to the **development of initiatives with Institutions and partners aimed at carrying out activities that contribute to creating a positive impact on the communities served by the network** and further as part of the initiatives related to the goal of increasing opportunities for dialogue and engagement with customers, as set out in the Plan, the customer satisfaction survey was also administered in 2020 based on an approach that ensured once again the involvement of the entire panel with regard to both "Municipalities and Local Authorities" and "Sales

Companies". The "End clients of the network" group, on the other hand, was involved in line with the target set out in the Plan.



SUSTAINABILITY PLAN

Initiative scheduled for 2020 completed, target achieved

In addition, with regard to the initiative aimed at **maintaining incremental levels of operating performance by streamlining processes and improving communication** - such initiative being related to the Plan's goal of **ensuring compliance with the performance levels of customer satisfaction results** - in 2020 a survey was conducted to measure the level of satisfaction with respect to the targets defined for the three groups of clients. A detailed description of these initiatives and their results is provided in the following paragraphs.

The commitment to developing initiatives in conjunction with Institutions and partners aimed at carrying out activities that contribute to creating a positive impact on the communities served by the network has led the Group to make increasingly stronger efforts to capitalise on the results of customer satisfaction surveys with a view to identifying the needs and expectations of clients and thus drive discussions on how to reshape the service in terms of efficiency and greater ability to meet expectations.



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

With this in mind and as part of the initiatives set out in the Plan in relation to the goal of **ensuring compliance with the performance levels of customer satisfaction results**, in 2020 a response plan was devised with the goal of (i) maintaining over time

the levels of performance already acknowledged as high and (ii) ensuring optimal management - through process streamlining efforts - of the insights for improvement arisen from the survey.

MUNICIPALITIES AND LOCAL AUTHORITIES

The Parent Company carries out an annual customer satisfaction survey aimed at measuring the **quality level perceived by Municipalities with respect to specific aspects of the service**, managed in compliance with the provisions on concession documents. The results of this analysis allow a comparison of the parameters under evaluation and, as such, are shared with first line management in order to develop possible approaches for improvement.

The most up-to-date data relating to customer satisfaction are those

referring to the survey completed in 2020 on the 2019 period. A dual survey method was adopted: a **qualitative** survey conducted on 10 public administrations (7 in the previous edition) selected from the most representative ones, and a **quantitative** survey conducted using CAWI (computer assisted web interviewing). Consistent with the target set out in the Plan, it involved the entire remaining part of the Municipalities managed by 2i Rete Gas at the time the questionnaires were distributed, i.e. 2,105.

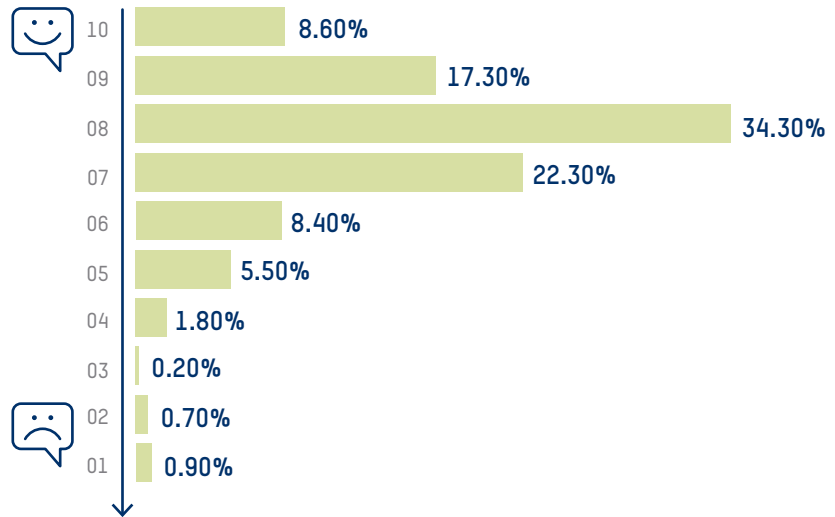
In this edition of the survey, specific questionnaires were administered to two positions: Mayor or Municipal Secretary and Head of the Technical Office for the public works sector. 452 responses to the questionnaires were received out of the entire sample surveyed. The indication of the overall satisfaction rating of the relationship with 2i Rete Gas is provided below.

SURVEYED MUNICIPALITIES	> entire panel of Municipalities managed at the time questionnaires were administered
QUALITY-RELATED SURVEY	> conducted on 10 public administrations selected among the most representative one
MAIN FEEDBACK RECEIVED	> Availability: constant availability, immediate and direct contacts
	> Support: constant and continuous exchanges, all-round advice, participation in meetings with citizens
	> Reliability and timeliness: competent, capable, qualified, extremely focused, efficient, prompt/punctual, conscientious and professional industry operator. Ability to continue to ensure the same standards of service, even during lockdown periods, a feature that was particularly appreciated
QUANTITY-RELATED SURVEY	> conducted on 2,105 Municipalities, to which 159 Mayors/Municipal Secretaries and 293 Technicians responded

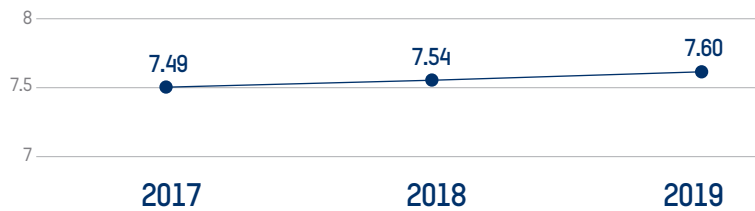
OVERALL, HOW SATISFIED ARE YOU with 2i Rete Gas?

respondents: 452

10 = fully satisfied
1 = not at all satisfied



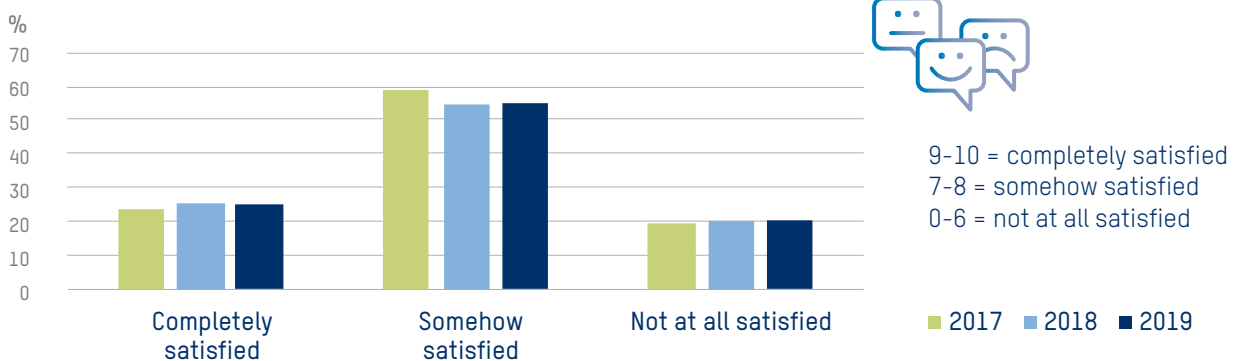
Average annual overall satisfaction of Municipalities



The average survey results for the three-year period, shown in the graph on the left, still showed a **positive average level of satisfaction**, thus showing an improvement compared to the previous year. More specifically, the results of the 2020 survey were consistent with the target set out in the Plan, showing an overall satisfaction value of 7.6 with NSS at 8.4, calculated as the difference between the percentage of satisfied people (score 10-9) and the percentage of dissatisfied people (score 6- 1) (satisfaction at 7.54 with NSS at 5.1 in the previous survey).

The following graph shows the distribution of the sample of Municipalities surveyed by ranges of satisfaction.

Ranges of satisfaction of Municipalities 2017-2018-2019



SALES COMPANIES

With the aforementioned customer satisfaction survey, 2i Rete Gas S.p.A. also monitors annually **the satisfaction perceived by the sales companies with regard to the service provided**, which consists of processing the requests sent by them on behalf of the end clients of the network, in compliance with the regulatory obligations on Commercial Quality. In this matter, the survey is carried out according to two different methodologies: one of a **qualitative** type, aimed at surveying the **perception of the efficiency of the service offered to top clients**; the other of a **quantitative** type, carried out on a **sample selected from the list of small and mid-sized clients**.

The most up-to-date data are those relating to the survey carried out in

2020 in reference to 2019, where the top clients were represented by 5 companies active in the sale of methane gas, which supply gas for 75% of the active redelivery points managed by the Group companies. Detailed individual interviews were conducted with these sales companies.

The quantitative survey carried out using the CAWI method met the target set out in the Plan and covered the remaining 334 sales companies (278 in the previous year's survey), which together supply a further 25% of the active redelivery points managed by the Group companies. Feedback was received from 67 sales companies (as was the case in the previous year).

The results of the survey, which as a whole covered 81% of the redelivery points under management, reflect a

fully positive perception on 2i Rete Gas' performance, which is based on operational and relational aspects.

With regard to the findings deemed as useful and necessary to validate the perceived level of service provision, the following page shows an indication of the overall satisfaction rating of the relationship with 2i Rete Gas referred to both samples, confirming a good level of satisfaction, which has been improving over the past few years given the increase in the degree of satisfaction perception (completely satisfied).

MAIN ASPECTS REPORTED IN THE OVERALL SATISFACTION RATING FROM THE 5 TOP CLIENTS

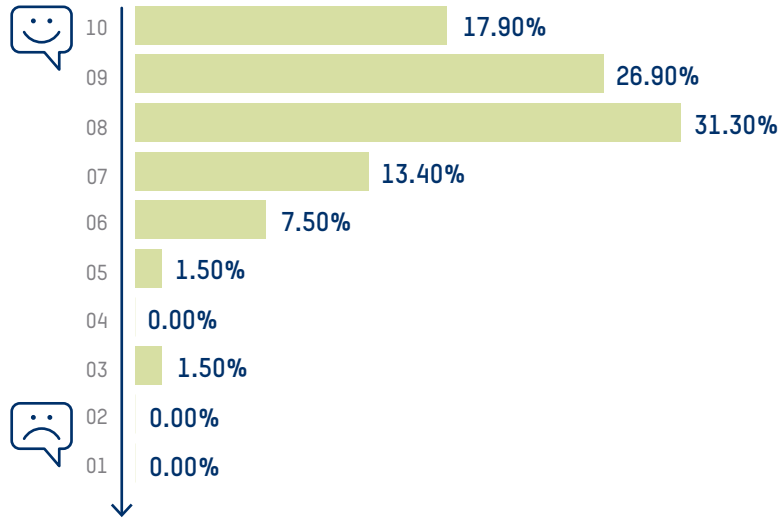
The **overall satisfaction** among Top Clients was **very high**. The satisfaction expressed by virtually all respondents was based on specific relational and operational aspects, which in many cases are typical of the management approach adopted by 2i Rete Gas as compared to other industry operators:

- **Relationship:** an excellent relationship with the Network Commercial Services function;
- **Reliability, conscientiousness, safety and trust;**
- **Accuracy, fairness and transparency**
- **Support:** strong focus on regulatory developments and sharing related impact with sales companies;
- **High flexibility and resilience capabilities;**
- **Proactive attitude:** in terms of services and activities that go beyond aspects regulated by ARERA;
- **Efficiency:** advanced dialogue solutions, Application to Application, which allow a direct data flow, ensuring timely and effective communication.

OVERALL, HOW SATISFIED ARE YOU with 2i Rete Gas?

respondents: 67

10 = fully satisfied
1 = not at all satisfied



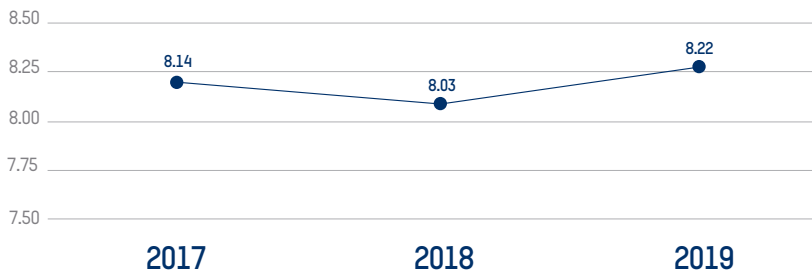
The overall average rating was consistent with the trend reported in previous NFDs and increased by 0.19 points compared to the previous year's survey (8.22 vs. 8.03). At the same time, the value of the NSS satisfaction index, calculated as the difference between the percentage of satisfied people (score 10-9) and the percentage of dissatisfied people (score 6-1), improves by

4.5 points, rising to 34.3 from 29.8 in the previous survey. The figures referred to above also improved in relation to the target set out in the Plan, which takes into account the overall reasoned satisfaction of the relationship with 2i Rete Gas, which stood at 8.39 compared to the previous year's survey (8.18). With a view to harmonising information on the initiatives included in the Plan

in relation to the goal of ensuring compliance with the performance levels of customer satisfaction results, overall reasoned satisfaction will be taken as a target value to be reported upon.

The average survey results for the three-year period, represented in the graph below, show a **positive average satisfaction level**.

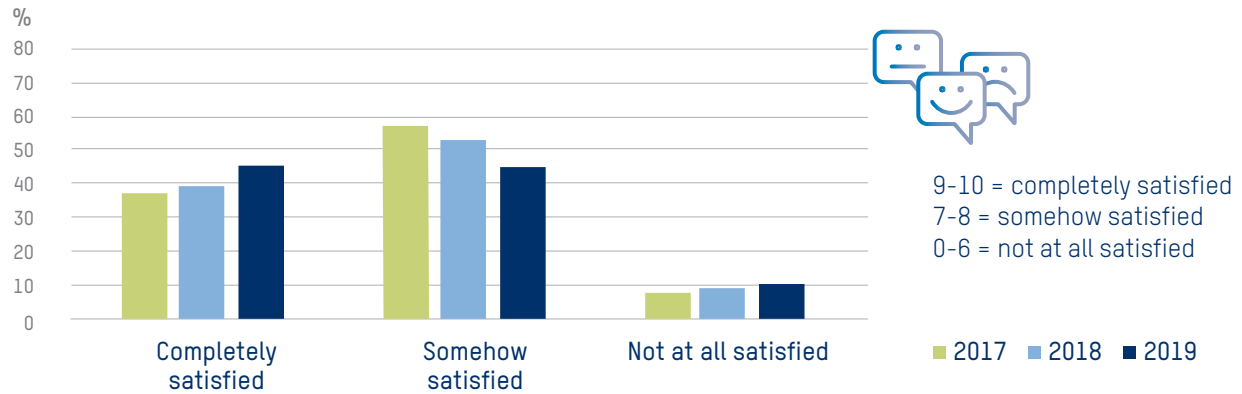
Average annual satisfaction of Sales companies



10 = fully satisfied
1 = not at all satisfied

The following graph shows the distribution of the sample of sales companies interviewed, by ranges of satisfaction.

Ranges of satisfaction of Sales companies 2017-2018-2019



END CLIENTS OF THE NETWORK

Each year 2i Rete Gas S.p.A. also monitors the **satisfaction of the end clients of the network** through a customer satisfaction survey that measures their **perception in regard to the first response service**, in compliance with regulatory obligations on the safety and continuity of the gas distribution service.

The most up-to-date data are those referring to the survey conducted in 2020 based on data pertaining to 2019. Conducted in compliance with the target set out in the Plan on an overall sample including 2,501 citizens who had reached out to the emergency service (2,404 from the Parent Company and 97 from 2i Rete Gas S.r.l. and Cilento Reti Gas S.r.l.), the survey was carried

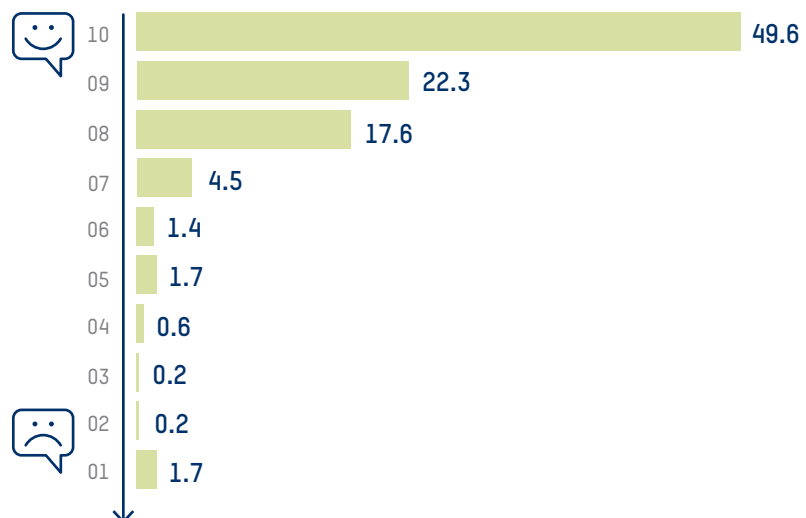
out through CATI (Computer Aided Telephone Interviewing) telephone interviews. In the previous survey, the sample totalled 2,516 citizens (2,178 from the Parent Company and 338 from 2i Rete Gas S.r.l. and 2i Rete Gas Impianti S.p.A.).

As in previous years, the service has proved to be **particularly performing**

OVERALL, HOW SATISFIED ARE YOU with 2i Rete Gas S.p.A.?

respondent: 2,404

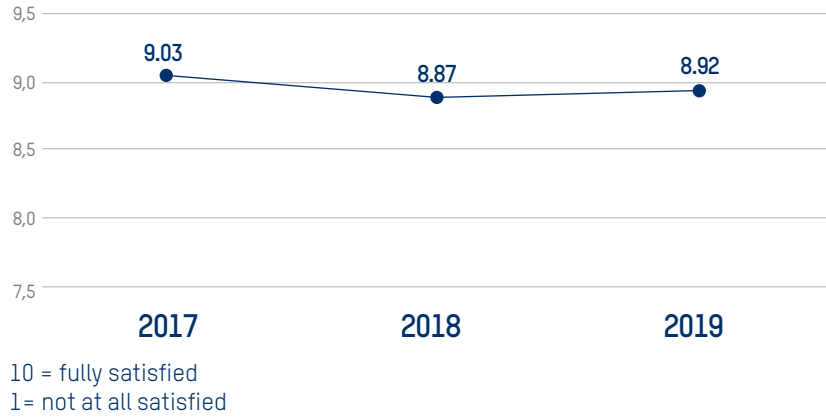
10 = fully satisfied
1 = not at all satisfied



and therefore protective of the Group, with a view to continuously improving its performance towards the end clients of the network, is progressively seeking to raise its standards as compared to those established by the Regulator.

The average survey results for the three-year period, shown in the graph on the right, still showed a **positive average level of satisfaction**, slightly higher than in the previous NFD.

Average annual overall satisfaction of End clients of the network



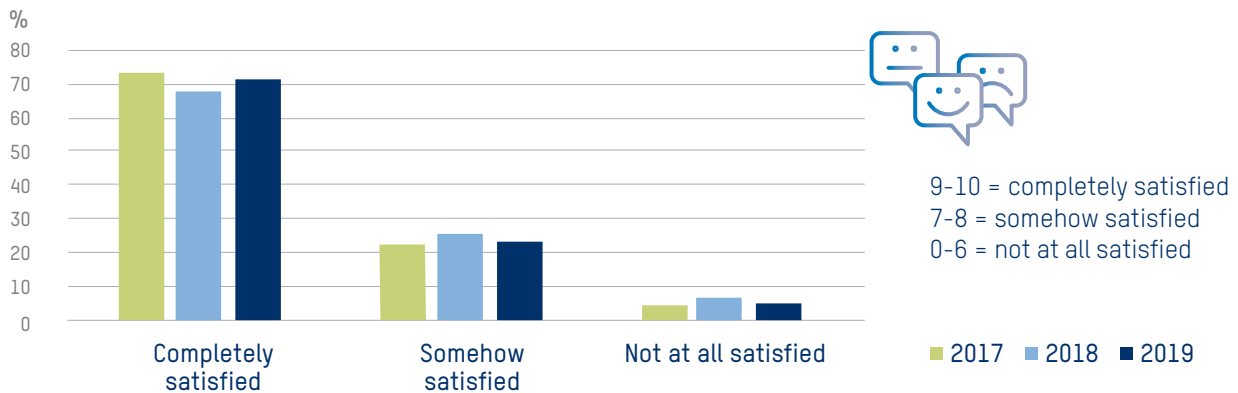
More specifically, the results relating to the Parent Company proved in line with the target set out in the Plan, showing an overall rating for reasoned satisfaction standing at 9.04 and NSS at 69.8 (reasoned satisfaction at 9 and NSS at 67.4 in

the previous survey). With a view to harmonising information concerning endeavours included in the Plan in relation to the goal of ensuring compliance with the performance levels of customer satisfaction results, reasoned satisfaction will

be taken as a target value to be reported upon.

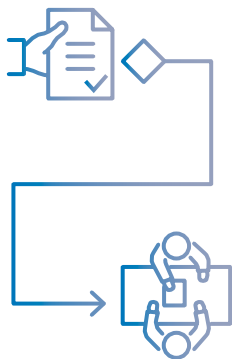
The following graph shows the distribution of the sample of sales companies interviewed, by ranges of satisfaction.

Ranges of satisfaction of End clients of the network 2017-2018-2019



RESPONSIBLE SUPPLY CHAIN MANAGEMENT

2i Rete Gas collaborates with different types of suppliers and contractors, in an effort to develop - in accordance with a transparent and structured process - synergic relations geared towards the achievement of high performance levels and, therefore, the mutual creation of value, while building long-lasting and growth-oriented business relations.



To mitigate as much as possible supply chain management-related risks, interaction with suppliers, contractors and industrial partners is governed by procedures and tools defined at Group level and in full compliance with current regulations. Over the past year, 2i Rete Gas has increased its focus on sustainability also with a view to supply chain management, launching an awareness-raising campaign among its suppliers and contractors. The purpose of this campaign is to gradually increase the integration of ESG aspects in supply chain management and, at the same time, further improve the quality level of the services provided.



**SUPPLIERS, CONTRACTORS
and INDUSTRIAL PARTNERS**

662

Total qualified suppliers
in 2020

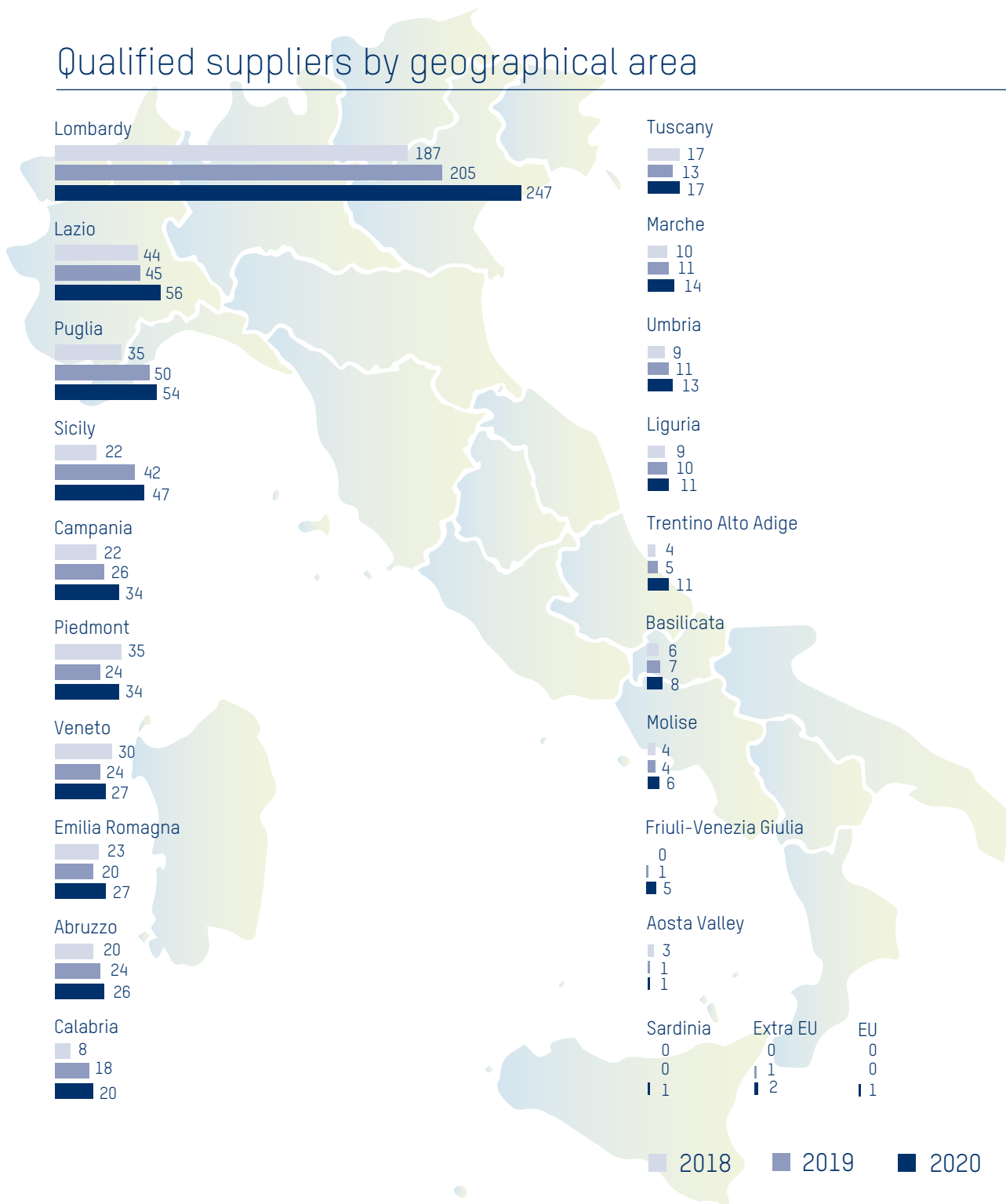
542

Total qualified suppliers
in 2019

488

Total qualified suppliers
in 2018

Qualified suppliers by geographical area



Qualification requirements and selection process

Suppliers undergoing the Group's qualification process must demonstrate that they meet **general requirements, specific reputational aspects relating to environmental protection, social responsibility, compliance with the Italian Legislative Decree 231/01 and the protection of human rights**, such as:

- statement of absence of conflict of interest;
- statement on corporate structure;
- adoption of organisational and management models;
- relations with Public Authorities;
- adoption of a Code of Ethics;
- statement on Corporate Social Responsibility - SA 8000 certification;
- compliance with regulations on environment and workplace health and safety - ISO 45001 and ISO 14001 certifications.

By relying on tools such as databases, the web and press reviews, the Group monitors the **ethical reliability of its suppliers** for the purpose of mitigating the risk of initiating/maintaining business relations with individuals belonging to organisations involved in law infringements.

Any loss of requirements by a supplier, including in relation to

ethical issues as per Legislative Decree 231/01, may, as laid down by the **Qualification Regulations** and further depending on the magnitude of the findings, lead to actions of various kinds, such as suspension, deletion from the Suppliers' Register and, where deemed necessary, termination of ongoing contracts.

In 2020, as has been the case in previous years, in order to ensure transparent disclosure and maximise participation, the Parent Company published the **Call for Qualification**, highlighting the product categories for which it is possible to initiate and undergo a qualification process. Therefore, any economic operator may apply at any time for any product category of interest. In order to ensure **transparency, fairness** and **equal treatment** for all suppliers, bids are collected and managed through an **e-procurement portal** where tenders and Vendor Management, sourcing, electronic catalogue management and contract management processes are also handled.

Furthermore, a section covering the procurement of distribution network materials is also present.

Product categories are classified according to their "level of potential criticality" (High, Medium, Low) as defined by the Parent Company by performing an analysis and mapping

thereof. To this end, a cross-functional team is retained to assess the nature of the business on the basis of factors such as **quality, safety, environment, ethical rating and operations**.

To qualify for activities involving a high risk potential, suppliers must undergo an **audit**. However, the Parent Company may conduct an **inspection visit** regardless of the potential level of criticality identified. Inspection visits may also be conducted during contract execution.

The audit is carried out by a team comprising multiple functions, consisting of resources from the Procurement and Services, Engineering, Operations and QSE departments. In some cases, local heads also join the Team. This is aimed at checking key requirements regarding proof of adequate experience in the industry, technical competence, business know-how, operational capacity seen as having adequate means and skilled labour.

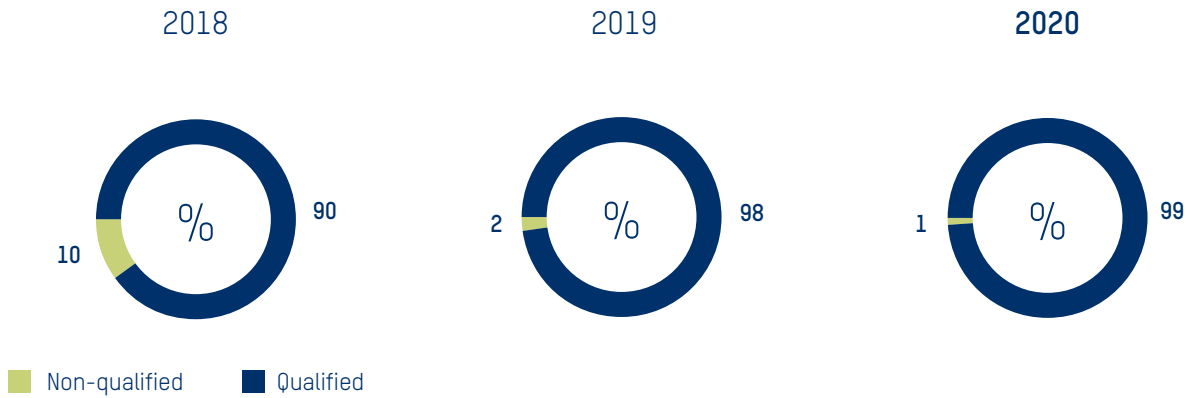
Once the qualification process has been successfully completed, the business partner is entered in the appropriate **Suppliers' Register** and can be invited to participate in calls for tender for the subsequent contract award proceedings, taking into account primarily the quality of the technical offers.

With a view to driving organisational synergy, the procurement process for group-wide and country-wide supplies and services has been centralised. All Group companies rely almost entirely on qualified suppliers of goods and services.

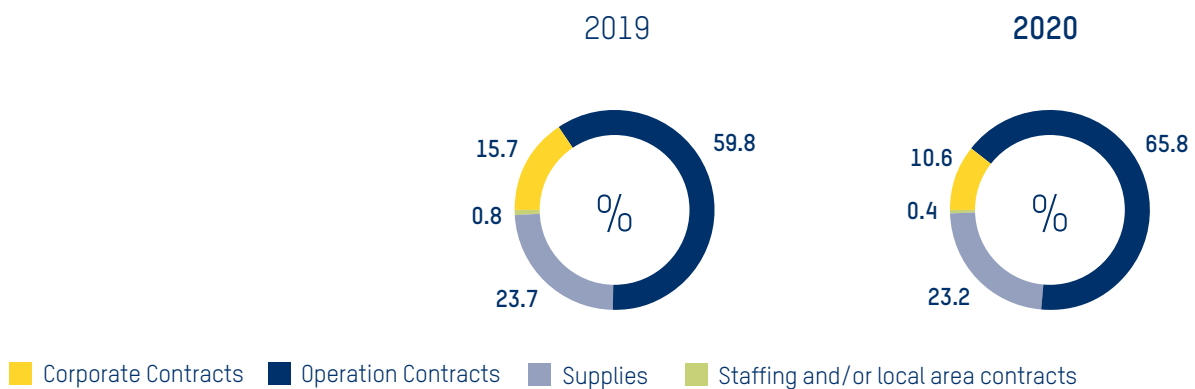
In 2020, the % value of purchases awarded to suppliers included in the qualification list was in line with the last three-year average.

Qualified and non-qualified suppliers

Percentage based on the value of contracts



Local Area and Procurement Unit - Contracts broken down by value



Mapping of suppliers

Relations between the Group and its suppliers require **compliance with the principles and criteria of conduct set forth in the Code of Ethics** and are constantly monitored through the use of databases and an online platform that also ensures evaluation and selection of potential suppliers to whom contracts and orders are awarded.

99.40% of the value of contracts signed in 2020 (98.41% in 2019) was entrusted to suppliers who underwent a formal qualification process through this platform.

As at 31 December 2020, the Group had **662 qualified suppliers** (542 in 2019) in its Register of Suppliers, corresponding to a total of **937 qualifications in one or more Product Categories** based on the Qualification System as described above (754 in 2019). The upward trend resulting from these data reflects on the one hand an increasingly sophisticated approach to scouting activities and, on the other, the continuous evolution of the product register, which is updated on a regular basis as needs change.

The product register is divided into categories relating to Works, Services or Supplies. Virtually all the tasks to be performed under the individual Works product categories pertain to the activity carried out as a gas distributor, while the percentage of Supplies and Services stands at 82% and 47%, respectively. The remaining portion can be attributed

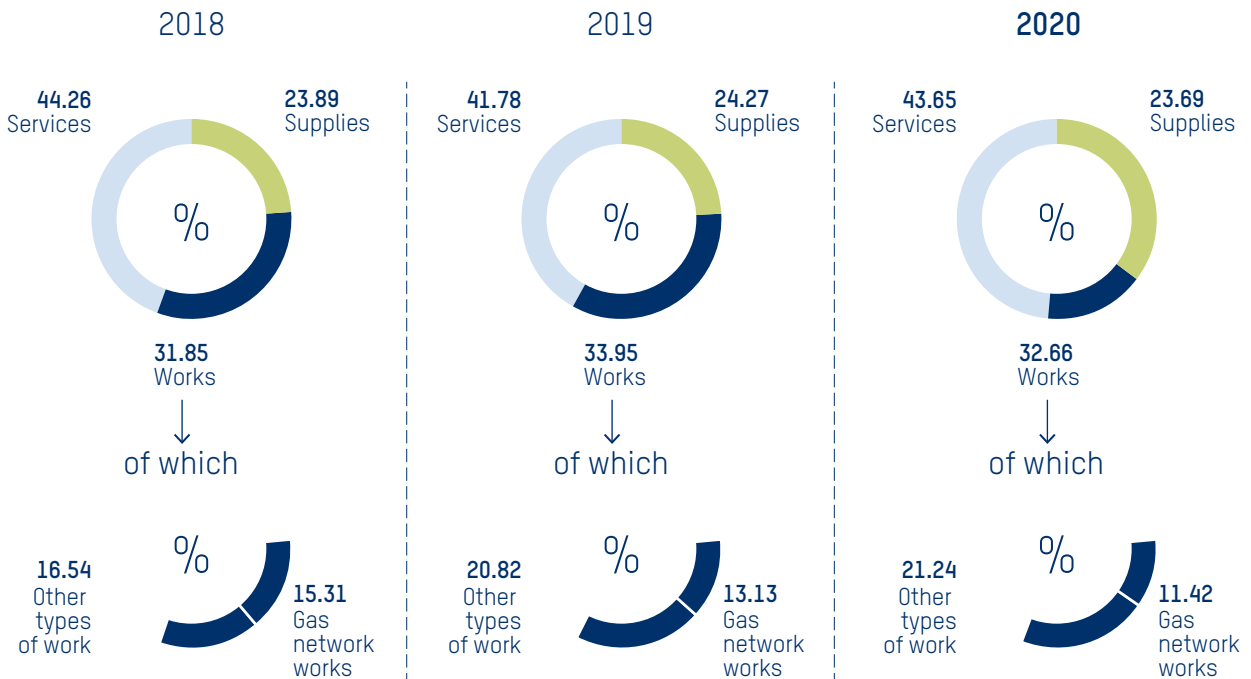
to Information Technology activities, services delivered to organisational units and support services for the management of company property.

99.6% of the contracts entered into in 2020 were executed by the Procurement and Services department, while the remaining 0.4% was finalised by the relevant staff and/or local units.

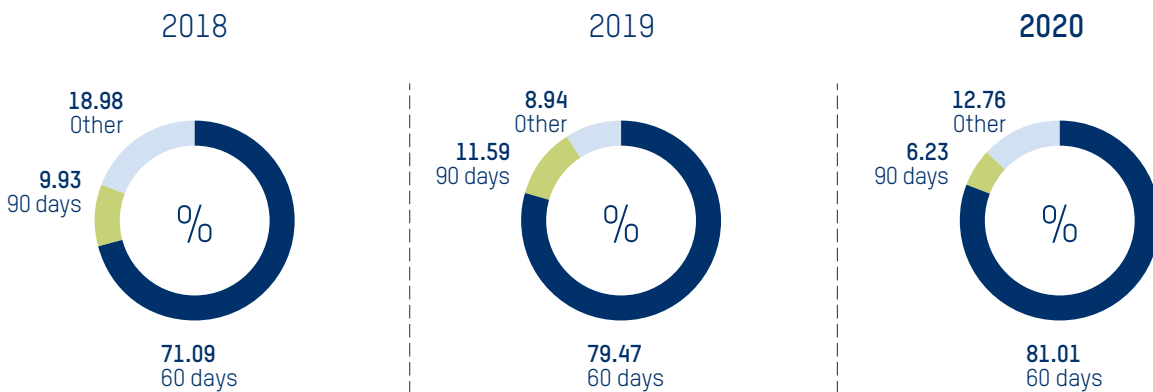
The Group works to guarantee its suppliers not only a fair remuneration, but also substantial compliance with the agreed payment terms, which in 2020 was at 60 days in 81.01% of cases (79.47% in 2019).

With regard to the impact on related industries and communities, the Group, while being attentive to the use of local suppliers, has no formal evidence of such impact.

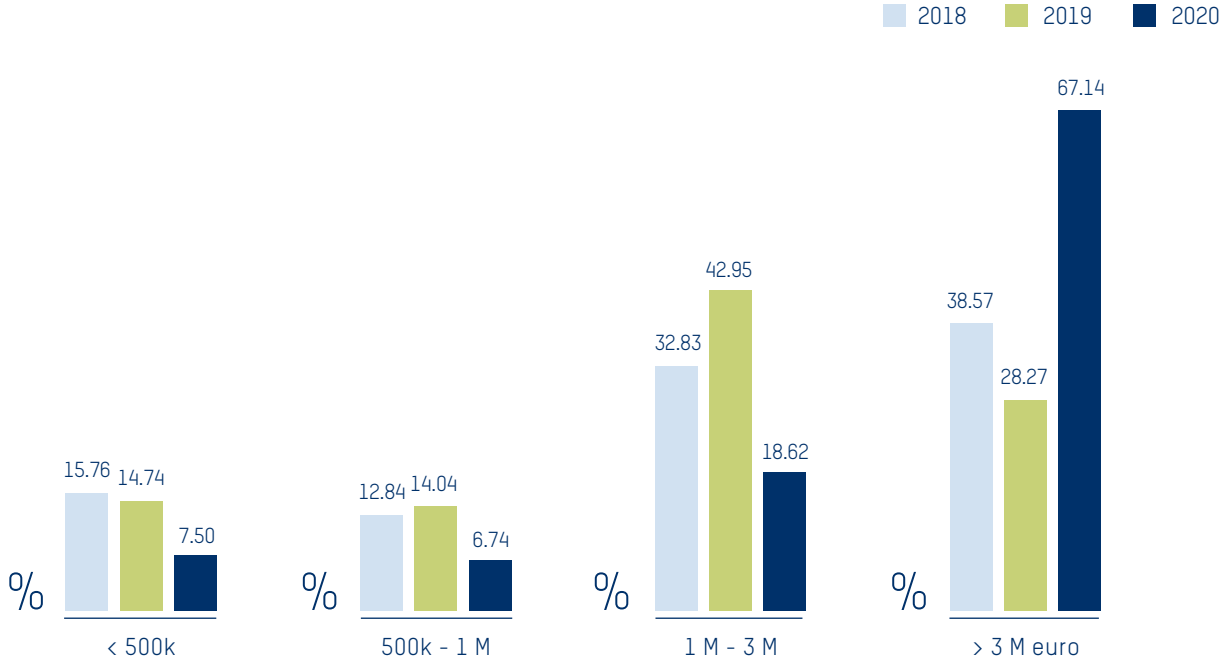
Number of qualifications by type



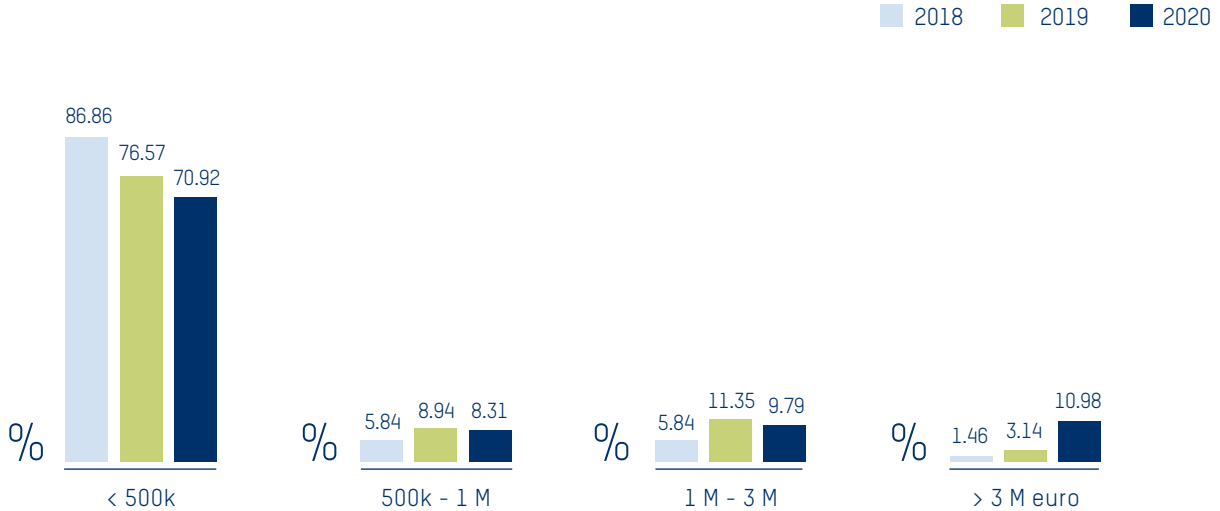
Payment terms for contracts signed during the year



Value of contracts signed by amount



Number of contracts signed by amount





Identification and mitigation of supply chain risks

With regard to the risks associated with supply chain management, particular attention is paid to **active and passive corruption and protection of Human Rights**.

In order to mitigate the risks related to the above-mentioned issues, the Group provides for specific clauses on ethical and anti-corruption topics in each individual contract, in addition to what has already been mentioned in relation to the qualification process.

The Group also adopts procedures and certifications ensuring compliance with the principles on anti-corruption, protection of Human Rights, and respect for environmental and social policies (ISO Certifications, Code of Ethics). Likewise, it **requires that qualified suppliers comply with such principles both during the qualification phase and subsequently during the contractual phase**.

In 2020, the Group launched an initiative to raise awareness of ESG issues among its suppliers, with the aim at increasing supplier awareness of these issues, thereby reducing related risks, and supporting the obtainment of any certification possibly missing (ISO 9001, ISO 14001 and UNI ISO 45001).

There are no **monetary or non-monetary sanctions** in relation to the risks identified.

In 2i Rete Gas view, a supply chain management based on ethics, transparency and mutual value creation, in addition to mitigating the aforesaid risks, requires - in line with principles set forth in the Sustainability Policy and referred to in the QSE Integrated Management System Policy - the sharing of its principles with its own suppliers, also in order to drive progressive improvement in collaboration schemes and to achieve high performance levels from a quality, social and environmental perspective. Therefore, as part of the initiatives related to the goal set out in the Plan to **develop supplier's inclusion and engagement initiatives**, two lines of action were launched in 2020 with the aim of raising suppliers' awareness regarding the safety and health of third-party workers.



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

The first line of work pertained to information and training initiatives intended for suppliers and their staff with a view to **improving safety performance**. In this regard, as

mentioned earlier (see "Management, development and engagement of human capital"), a working group was set up to assess the issues deemed as most relevant to the safety of contractors' workers. Among all the topics addressed, First Response was identified as a primary topic with respect to which a pilot training project was to be developed for all the staff of the contractors providing this service. Having defined the project in accordance with the target set out in the Plan, it is expected that the line of work undertaken will continue in 2021 with the delivery of the training programme designed for this purpose.



SUSTAINABILITY PLAN
Initiative scheduled for 2020 completed, target achieved

The second line of work involved **monitoring accident rates of contractors operating under the control of 2i Rete Gas**. During 2020, the extent and scope of information about accidents involving contractors' workers was therefore broadened, such information being collected and monitored on a quarterly basis. The underlying goal of the new approach is to allow more comprehensive analyses that can, as a result, help recommend the

application of possible corrective measures in an effort to improve the trend.

At the same time, the analyses conducted based on the information collected according to the new approach will also prove useful in (i) ruling out the possibility that colleagues did not receive all the information necessary to carry out their tasks safely in the workplaces covered by the scope of the analysis and (ii) addressing any deficiencies.

In 2020, accidents involving contractors' workers totalled 10 (compared to 21 in 2019 and

23 in 2018). The average number of lost work days decreased to 12.5 (from 13 in 2019 and 20 in 2018).

Against the difficult backdrop faced by the industry during the period of strictest lockdown, the Group - drawing on its financial strength - felt it necessary to take action on the payment conditions extended to its suppliers in an effort to provide reasonable financial peace of mind to the supply chain.

To this end, from March to the reopening phase in May the Group decided to make **considerable advance payments** by way of

exception to the conditions agreed upon, with the aim to support businesses, whether large or small, under temporary financial strain. Still in relation to the impact that the more stringent safety protocols for dealing with the pandemic emergency had on the suppliers working for the Group - with special reference to the management of network construction and maintenance sites - the Group suppliers were granted a remuneration that would also compensate, with respect to the emergency period, for the greater costs incurred in applying the measures required by the legislator.

TRANSPARENT, CLEAR AND THOROUGH DISCLOSURE

The Group believes that transparency towards the market and investors is an essential value to be protected.

On 22 December, 2i Rete Gas renewed the **Euro Medium Term Notes (EMTN) Programme**, with the approval of the related base prospectus by the Central Bank of Ireland. The Programme signifies a meaningful transparent attitude towards investors and provides a view of the Company's business, while allowing

the latter to diversify its sources of funding, benefiting from the opportunities afforded by the capital market through the issue of bonds.

Since in the framework of the **EMTN Programme** the Parent Company qualifies as an issuer of bonds admitted to listing on the regulated market managed by the Irish Stock Exchange, 2i Rete Gas S.p.A. implemented governance measures designed to ensure compliance with the obligations regarding "market

abuse" (most recently imposed by Regulation EU 596/2014) and, to the extent as applicable, transparency.

The Parent Company is subject to the oversight requirements of the Central Bank of Ireland which provides guidelines on transparency and disclosure required of market participants, as set out in the document called "Guidance on Transparency Regulatory Framework" and "Market Abuse Rules" published by the supervisory body itself.



On the basis of the guidance provided in the Framework and the guidelines arising from the relevant Italian regulations, 2i Rete Gas S.p.A. has established a **Register of persons having access to privileged information**, setting procedures for its maintenance and periodic updating consistent with the applicable primary and secondary regulations (European Commission Implementing Regulation EU 347/2016).

In addition, the Company implemented a **Procedure for the disclosing information to the general public**, the purpose also being to comply with the best national and international market transparency standards. This procedure sets out the criteria adopted and the actions and responsibilities whereby information can be disclosed efficiently and effectively to the general public while complying with market transparency requirements.

Again, with a view to ensuring that its professional conduct abides by clarity, transparency and timeliness principles - safeguarding, among others, sensitive information and industrial secrets - 2i Rete Gas is committed to ensuring that disclosures to the market as well as to the shareholders and bondholders are at all times based on respect for the right to information and always comply with the transparency regulations under Irish law (Ireland being the country "of choice" on the matter) as applicable to the Company in its capacity as issuer of listed bonds. In this regard, a list broken

down into two macro-classes of information has been identified:

- a) Financial Reports and
- b) Privileged Information other than Financial Reports.

Financial Reports (annual and interim) - insofar as they are required by law - are not subject to assessment and are disclosed directly. With regard to additional Privileged Information other than Financial Reports, an assessment process is conducted to establish, in compliance with the regulations, whether the information is considered as significant, in order to ensure protection for the investors and the appropriate functioning of the financial market.

Furthermore, the Parent Company has adopted a **Procedural Code on Internal Dealing** which regulates the obligations to disclose to the public any transactions carried out by or on behalf of those who exercise administrative, control or executive functions in the Group, as well as by persons closely associated with them, concerning the bonds issued by 2i Rete Gas S.p.A. The Code also regulates the cases where relevant individuals are not allowed to carry out transactions - or limitations apply to them in this respect - during certain periods of time (aka blackout periods).

2i Rete Gas believes it is important to involve also the remaining stakeholders in matters pertaining to the Group's financial, environmental and social performance by providing them with timely, accurate and exhaustive disclosure.



SUSTAINABILITY PLAN

Initiative scheduled for 2020 completed, target achieved

With this in mind, in line with the principle of implementation relating to the **development of the ongoing stakeholder engagement** and further as part of the initiatives set out in the Plan in relation to the goal of **integrating ESG aspects into the business**, in 2020 the Group updated and finalised its **sustainability corporate governance**, the purpose being to ensure adequate control over the related processes and the implementation and monitoring of the relevant Plan. Activities carried out during the course of the year in this respect included analysing, drafting and issuing a new **organisational communication** (see "Approach to Sustainability/Governance"). Subsequently, in the first quarter of 2021, a new **organisational procedure** was issued, setting out preliminary procedures for planning, monitoring and reporting on sustainability performance in relation to the following processes:

- governance and monitoring;
- final accounting and reporting;
- certification of soundness and reliability of the information collected;
- maintenance and release of documentation related to the Plan.

CONTRIBUTION TO THE DEVELOPMENT OF THE REGION

Aware of the role it plays in creating shared value for the Group's stakeholders, 2i Rete Gas strives to conduct its business by relying on methods of continuous improvement and operation efficiency and cost-effectiveness criteria, with an eye to generating positive impact on the communities served by the network.

To this end, the lines of action identified and monitored by 2i Rete Gas S.p.A. with a view to increasing its focus on the development of local territory and on the growth of the communities where it carries on its business include:

- **conscious development of the network infrastructure across the territory**, relying on a constant dialogue with the public administration to identify expansion areas while taking account of the specific current and future needs of communities, identifying and assessing the actions to be taken in an analytical and timely way, consistent with local town-planning regulations;
- **sustainable planning of extension and upgrading work**, encouraging development in areas where the natural gas proposition has a competitive edge over alternative

carriers as to the overall benefit accruing to end clients both from an economic perspective as well as in terms of additional contribution to decarbonisation and air pollution reduction;

- **using technology and operation methods that minimise deployment costs while promoting the use of materials that have a longer life cycle and are supplied by an increasingly sustainable production chain**, at the same time reducing the generation of waste resulting from end-of-cycle disposal;
- **identifying suppliers** (e.g. network maintenance and construction firms) that **are geographically located as close as possible to the areas of deployment**, endeavouring to pass on the value of the contract to the local community, initiating - to the extent as possible - a virtuous cycle of local material procurement;
- **interacting with industry-related businesses engaging in the deployment of internal installations**, with specific reference to activities aimed at involving and training local installers, creating synergies that encourage plant transformation while driving the development of the gas network infrastructure.

With this in mind, 2i Rete Gas is geared towards increasing levels of technical and commercial quality and, at the same time, pursues a constant and progressive reduction of operating costs eligible for cutback, the underlying goal being to return value to the community and to key stakeholders (e.g. Municipalities and local authorities; sales companies; end clients of the network) both by ensuring a safe, uninterrupted, reliable and timely service and by achieving a lower incidence of the distribution service cost reflected in the bill according to industry regulations. Indeed, the Group believes that this approach plays a key role in the **creation of widespread value**, while providing a **practical contribution to improving the quality of life of the communities served**.



SUSTAINABILITY PLAN
Initiative scheduled for 2020
completed, target not achieved

Regarding the **assessment of partnerships to share and enhance know-how with universities and research centres**, consistent with one of the lines of action set out in the 2020 Plan in relation to the goal of **establishing synergies capable of creating value for local areas**, at the beginning of 2020 an agreement was signed for a technical and scientific



endeavour with the University of Milan Bicocca through the Departmental Study Centre in Economics and Regulation of Services, Industry and the Public Sector (CESISP) as part of the "Gas Network and Distribution Laboratory". The purpose of this collaboration scheme is to develop research and in-depth study activities on a number of issues relating to the regulation of the assignment of the gas distribution service by geographical area.

So far, this or other partnerships have not yet led to any job placement.

GRI CONTENT INDEX

General disclosures

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
GENERAL DISCLOSURES				
ORGANISATIONAL PROFILE	GRI 102-1	Name of the organisation	Total	Methodological framework (pages 8-11) Group Profile - Highlights, history and corporate structure (pages 14-17)
	GRI 102-2	Activities, trademarks, products and services	Total	Group Profile (pages 12-43)
	GRI 102-3	Location of headquarters	Total	(page 156)
	GRI 102-4	Location of operations	Total	Group Profile - Highlights, history and corporate structure (pages 14-17)
	GRI 102-5	Ownership and legal form	Total	Group Profile - Governance - Ownership structure and legal form (page 18)
	GRI 102-6	Markets served	Total	Methodological framework - Scope (page 8) - Group Profile - Highlights, history and corporate structure (pages 14-17) - Responsible business management (page 22) Stakeholders - Relations with clients (page 117)
	GRI 102-7	Scale of the organisation	Total	Group Profile (page 12-43)
	GRI 102-8	Information on employees and other workers	Total	People - Sizing (pages 46-50)
	GRI 102-9	Supply chain	Total	Stakeholders - Responsible supply chain management - Mapping of suppliers (pages 132-134)
	GRI 102-10	Significant changes to the organization and its supply chain	Total	Methodological framework (pages 8-11) Group Profile - Highlights, history and corporate structure (pages 14-17) Group Profile - Creating sustainable economic value (pages 42-43) People - Sizing (pages 46-50) Assets - Digital development - Infrastructure for the collection of data from smart meters (pages 93-94)
	GRI 102-11	Precautionary Principle or approach	Total	Group Profile - Risk management (pages 38-41)
	GRI 102-12	External initiatives	Total	Environment - Energy transition (pages 98-104) Stakeholders - Relations with Institutions and Authorities (pages 116-1117) - Relations with clients (pages 117-127)
	GRI 102-13	Membership of associations	Total	Stakeholders - Relations with Institutions and Authorities (pages 116-117)
STRATEGY	GRI 102-14	Statement from senior decision-maker	Total	Letter to stakeholders (pages 2-5)
	GRI 102-15	Key impacts, risks, and opportunities	Total	Group Profile - Risk management (pages 38-41)
ETHICS AND INTEGRITY	GRI 102-16	Values, principles, standards, and norms of behaviour	Total	Group Profile - Responsible business management - Mission and Values (page 23), Policies and Certifications (page 30)
	GRI 102-17	Mechanisms for advice and concerns about ethics	Total	Group Profile - Business ethics and anti-corruption - Concerns and reporting (page 36)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
GENERAL DISCLOSURES				
GOVERNANCE	GRI 102-18	Governance structure	Total	Group Profile - Governance (pages 18-21)
	GRI 102-19	Delegating authority	Total	Group Profile - Governance - Governance structure, delegation systems and bodies (pages 19-20)
STAKEHOLDER ENGAGEMENT	GRI 102-40	List of stakeholder groups	Total	Methodological framework (pages 8-11)
	GRI 102-41	Collective bargaining agreements	Total	People - Relations with the unions (pages 71-72)
	GRI 102-42	Identifying and selecting stakeholders	Total	Methodological framework - Process for the definition of topic areas and materiality (pages 8-11)
	GRI 102-43	Approach to stakeholder engagement	Total	Methodological framework - Process for the definition of topic areas and materiality (pages 8-11)
	GRI 102-44	Key topics and concerns raised	Total	Methodological framework - Process for the definition of topic areas and materiality (pages 8-11)
REPORTING PRACTICE	GRI 102-45	Entities included in the consolidated financial statements	Total	Methodological framework - Scope (page 8)
	GRI 102-46	Defining report content and topic boundaries	Total	Methodological framework - Process for the definition of topic areas and materiality (pages 8-11)
	GRI 102-47	List of material topics	Total	Methodological framework - Process for the definition of topic areas and materiality (pages 8-11)
	GRI 102-48	Restatements of information	Total	Methodological framework - Scope (page 8) Group Profile - Highlights, history and corporate structure (pages 14-17)
	GRI 102-49	Changes in reporting	Total	Methodological framework (pages 8-11) Environment - Optimisation of energy resources and environmental protection - Energy consumption (pages 106-108) and Emissions into the atmosphere (pages 111-112)
	GRI 102-50	Reporting period	Total	Methodological framework - Scope (page 8)
	GRI 102-51	Date of most recent report	Total	2019 Report, approved on 25 March 2020
	GRI 102-52	Reporting cycle	Total	Yearly
	GRI 102-53	Contact point for questions regarding the report	Total	Methodological framework - Process for the definition of topic areas and materiality (pages 8-11)
	GRI 102-54	Claims of reporting in accordance with the GRI Standards	Total	Methodological framework - Objective and reference standards (page 8)
	GRI 102-55	GRI content index	Total	GRI Content Index (pages 140-149)
GRI 102-56	External assurance	Total	Independent report on the limited review of the Consolidated non-financial disclosure 2020 (pages 150-155)	

Specific disclosures

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
ECONOMIC				
Anti-corruption				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundaries	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Group Profile - Business ethics and anti-corruption (pages 34-37) Stakeholders - Responsible supply chain management - Identification and mitigation of supply chain risks (pages 135-136)
	GRI 103-3	Evaluation of the management approach	Total	Group Profile - Business ethics and anti-corruption (pages 34-37)
ANTI-CORRUPTION	GRI 205-2	Communication and training about anti-corruption policies and procedures	Total	Group Profile - Business ethics and anti-corruption (pages 34-37) People - Management, development and engagement of human resources - Development and training (pages 52-61)
	GRI 205-3	Confirmed incidents of corruption and actions taken	Total	Group Profile - Business ethics and anti-corruption (pages 34-37), Concerns and reporting (page 36)
Taxes for the period				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Group Profile - Compliance with laws and regulations (pages 31-33)
	GRI 103-3	Evaluation of the management approach	Total	Group Profile - Compliance with laws and regulations (pages 31-33)
TAXES	GRI 207-1	Approach to tax	Total	Group Profile - Compliance with laws and regulations (pages 31-33)
	GRI 207-2	Tax governance, control, and risk management	Total	Group Profile - Compliance with laws and regulations (pages 31-33)
	GRI 207-3	Stakeholder engagement and management of concerns related to tax	Total	Group Profile - Compliance with laws and regulations (pages 31-33)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
ENVIRONMENTAL				
Energy				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113)
	GRI 103-3	Evaluation of the management approach	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113)
ENERGY	GRI 302-1	Energy consumption within the organisation	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113) Energy consumption (pages 106-108)
	GRI 302-4	Reduction of energy consumption	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113) Energy consumption (pages 106-108) - Monitoring indicators and KPIs (pages 112-113)
Emissions				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113)
	GRI 103-3	Evaluation of the management approach	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113)
EMISSIONS	GRI 305-1	Direct (Scope 1) GHG emissions	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113) Emissions into the atmosphere (pages 111-112)
	GRI 305-2	Energy indirect (Scope 2) GHG emissions	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113) Emissions into the atmosphere (pages 111-112)
Waste				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113)
	GRI 103-3	Evaluation of the management approach	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113)
WASTE	GRI 306-2	Waste by type and disposal method	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113) (pages 109-110)

Specific disclosures (continued)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
Environmental compliance				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113)
	GRI 103-3	Evaluation of the management approach	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113)
ENVIRONMENTAL COMPLIANCE	GRI 307-1	Non-compliance with environmental laws and regulations	Total	Environment - Optimisation of energy resources and environmental protection (pages 105-113) Energy consumption (pages 106-108) Monitoring indicators and KPIs (pages 112-113)
Supplier environmental assessment				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Stakeholders - Responsible supply chain management - Qualification requirements and selection process (pages 128-131)
	GRI 103-3	Evaluation of the management approach	Total	Stakeholders - Responsible supply chain management - Qualification requirements and selection process (pages 128-131)
SUPPLIER ENVIRONMENTAL ASSESSMENT	GRI 308-1	New suppliers that were screened using environmental criteria	Total	Stakeholders - Responsible supply chain management - Mapping of suppliers (pages 132-134)
SOCIAL				
Employment				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	People - Management, development and engagement of human capital (pages 51-65)
	GRI 103-3	Evaluation of the management approach	Total	People - Management, development and engagement of human capital (pages 51-65)
EMPLOYMENT	GRI 401-1	New employee hires and employee turnover	Total	People - Sizing (pages 46-50)
	GRI 401-3	Parental leave	Total	People - Diversity and welfare (pages 66-70)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
Employee health and safety				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	People - Safeguarding health and safety (pages 72-79)
	GRI 103-3	Evaluation of the management approach	Total	People - Safeguarding health and safety (pages 72-79)
EMPLOYEE HEALTH EMPLOYEE SAFETY	GRI 403-1	Occupational health and safety management system	Total	People - Safeguarding health and safety (pages 72-79) Assets - Reliability and efficiency of plants (pages 83-89)
	GRI 403-2	Hazard identification, risk assessment, and incident investigation	Total	People - Safeguarding health and safety (pages 72-79)
	GRI 403-3	Occupational health services	Total	People - Safeguarding health and safety (pages 72-79)
	GRI 403-4	Worker participation, consultation, and communication on occupational health and safety	Total	People - Management, development and engagement of human capital - Engagement (pages 64-65) People - Safeguarding health and safety (pages 72-79)
	GRI 403-5	Worker training on occupational health and safety	Total	People - Management, development and engagement of human capital - Development and training (pages 52-61); Safeguarding health and safety - Indices and training (pages 75-79)
	GRI 403-6	Promotion of worker health	Total	People - Safeguarding health and safety (pages 72-79)
	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Total	People - Safeguarding health and safety (pages 72-79); Assets - Reliability and efficiency of plants (pages 83-89); Stakeholders - Responsible supply chain management - Qualification requirements and selection process (pages 128-131)
	GRI 403-8	Workers covered by an occupational health and safety management system	Total	Group Profile - Responsible business management - Policies and certifications (page 30)
	GRI 403-9	Work-related injuries	Total	People - Safeguarding health and safety (pages 72-79)
	GRI 403-10	Work-related ill health	Total	People - Safeguarding health and safety (pages 72-79)

Specific disclosures (continued)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
Education and training				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	People - Management, development and engagement of human capital - Development and training (pages 52-61)
	GRI 103-3	Evaluation of the management approach	Total	People - Management, development and engagement of human capital - Engagement (pages 64-65)
EDUCATION AND TRAINING	GRI 404-1	Average hours of training per year per employee	Total	People - Management, development and engagement of human capital - Development and training (pages 52-61)
	GRI 404-3	Percentage of employees receiving regular performance and career development reviews	Total	People - Management, development and engagement of human capital - Development and training (pages 52-61)
Diversity and equal opportunity				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	People - Diversity and welfare (pages 66-70)
	GRI 103-3	Evaluation of the management approach	Total	People - Diversity and welfare (pages 66-70)
DIVERSITY AND EQUAL OPPORTUNITY	GRI 405-1	Diversity of governance bodies and employees	Total	Group Profile - Governance - Governance structure, delegation system and bodies (pages 19-20) People - Sizing (pages 46-50)
	GRI 405-2	Ratio of basic salary and remuneration of women to men	Total	People - Diversity and welfare (pages 66-70)
Non-discrimination				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	People (pages 44-79), People - Diversity and welfare (pages 66-70); Group Profile - Business ethics and anti-corruption (pages 34-37)
	GRI 103-3	Evaluation of the management approach	Total	People (pages 44-79), People - Diversity and welfare (pages 66-70); Group Profile - Business ethics and anti-corruption (pages 34-37)
NON-DISCRIMINATION	GRI 406-1	Incidents of discrimination and corrective actions taken	Total	People - Diversity and welfare (pages 66-70)
Local communities				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Stakeholders - Contribution to the development of the region (pages 138-139)
	GRI 103-3	Evaluation of the management approach	Partial	Stakeholders - Contribution to the development of the region (pages 138-139)
LOCAL COMMUNITIES	GRI 413-1	Operations with local community engagement, impact assessments, and development programs	Partial (Data reported only qualitatively)	Stakeholders - Contribution to the development of the region (pages 138-139); Environment - Energy transition (pages 98-104)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
Supplier social assessment				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Stakeholders - Responsible supply chain management - Qualification requirements and selection process (pages 128-131)
	GRI 103-3	Evaluation of the management approach	Total	Stakeholders - Responsible supply chain management - Qualification requirements and selection process (pages 128-131)
SUPPLIER SOCIAL ASSESSMENT	GRI 414-1	New suppliers that were screened using social criteria	Total	Stakeholders - Responsible supply chain management - Mapping of suppliers (pages 132-134)
Client health and safety				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Assets - Reliability and efficiency of plants (pages 83-89)
	GRI 103-3	Evaluation of the management approach	Total	Assets - Reliability and efficiency of plants (pages 83-89)
CLIENT HEALTH AND SAFETY	GRI 416-1	Assessment of the health and safety impacts of product and service categories	Total	Assets - Reliability and efficiency of plants (pages 83-89)
	GRI 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Total	Assets - Reliability and efficiency of plants (pages 83-89); Stakeholders - Relations with clients - Complaint management (pages 120-121)
Client privacy				
MANAGEMENT APPROACH	GRI 103-1	Explanation of the material topic and its boundary	Total	Methodological framework (pages 8-11)
	GRI 103-2	The management approach and its components	Total	Assets - Privacy and data security (page 95)
	GRI 103-3	Evaluation of the management approach	Total	Assets - Privacy and data security (page 95)
CLIENT PRIVACY	GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Total	Assets - Privacy and data security (page 95)

LIMITED ASSURANCE



2I RETE GAS SPA

**INDEPENDENT AUDITOR'S REPORT ON THE
CONSOLIDATED NON-FINANCIAL DISCLOSURE IN
ACCORDANCE WITH ARTICLE 3, PARAGRAPH 10
OF LEGISLATIVE DECREE 254/2016 AND WITH
ARTICLE 5 OF CONSOB REGULATION 20267 ADOPTED
BY RESOLUTION OF JANUARY 2018**

FOR THE YEAR ENDED 31 DECEMBER 2020



Independent auditor's report on the consolidated non-financial disclosure

in accordance with article 3, paragraph 10 of Legislative Decree 254/2016 and article 5 of CONSOB Regulation 20267 adopted by resolution of January 2018

To the board of directors of 2i Rete Gas SpA

In accordance with article 3, paragraph 10, of the Legislative Decree 254/2016 (the Decree) and with article 5 of CONSOB Regulation 20267/2018, we have performed a limited assurance engagement on the Consolidated Non-Financial Disclosure of 2i Rete Gas SpA and its subsidiaries (2i Rete Gas group) as of and for the year ended 31 December 2020, prepared in accordance with article 4 of the Decree and approved by the board of directors of 2i Rete Gas SpA on 29 March 2021 (the NFD).

Responsibility of the directors and of the board of statutory auditors for the NFD

The directors are responsible for the preparation of the NFD in accordance with articles 3 and 4 of the Decree and with the Sustainability Reporting Standards, issued by Global Reporting Initiative in 2016 and updated up to 2019 (GRI Standards).

The directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFD is free from material misstatement, whether due to fraud or unintentional errors.

The directors are responsible for identifying the content of the NFD, within the matters mentioned in article 3, paragraph 1 of the Decree, considering the activities and characteristics of the group and to the extent necessary to ensure the understanding of the group activities, its trends, its results and related impacts.

The directors are responsible for defining the business and organisational model of the group and, with reference to the matters identified and reported in the NFD, for the policies adopted by the group and for the identification and management of risks generated or faced by the group.

The board of statutory auditors is responsible for overseeing, in accordance with the law, the compliance with the Decree.



Auditor's independence and quality control

We are independent in accordance with the principles of ethics and independence disclosed in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, privacy and professional behaviour. Our audit firm adopts the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for the compliance with ethical and professional standard and with applicable laws and regulations.

Auditor's responsibilities

We are responsible for expressing, on the basis of the work performed, a conclusion regarding the compliance of the NFD with the Decree and with the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB), for limited assurance engagements. The standard requires that we plan and perform procedures to obtain a limited assurance that the NFD does not contain material errors. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised (reasonable assurance engagement) and, therefore, do not provide us with a sufficient level of assurance to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFD are based on our professional judgement and consisted of interviews, primarily with company personnel responsible for the preparation of the NFD, in the analysis of documents, recalculations and other procedures aimed at obtaining evidence as appropriate.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFD relating to the activities and characteristics of the group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree, with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, to assess its compliance with the Decree;
3. comparison of the financial information reported in the NFD with the information reported in the group consolidated financial statements;
4. understanding of the following matters:
 - business and organisational model of the group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the group with reference to the matters specified by article 3 of the Decree, actual results and related key performance indicators;
 - main risks, generated or faced by the group, with reference to the matters specified in article 3 of the Decree.



With reference to such matters, we have carried out some validation procedures on the information presented in the NFD and other audit procedures as described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the qualitative and quantitative material information included in the NFD. In particular, we have held interviews with management of 2i Rete Gas SpA and we have performed limited analysis and validation procedures, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFD.

Moreover, for significant information, considering the activities and characteristics of the group:

- a) with reference to the qualitative information included in the NFD, and in particular for the business model, the policies adopted and the main risks, we carried out interviews and obtained supporting documentation to verify its consistency with available evidence;
- b) with reference to quantitative information, we performed analytical procedures and limited tests, to assess, on a sample basis, the proper consolidation of the information.

Conclusions

Based on the work performed, nothing has come to our attention that caused us to believe that the NFD of 2i Rete Gas group as of and for the year ended 31 December 2020 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, as described in the paragraph Methodological Framework of the NFD.

Milan, 7 April 2021

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini
(Partner)

Paolo Bersani
(Authorised signatory)

This report has been translated from the Italian original solely for the convenience of international readers.

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