ANNUAL FINANCIAL REPORT

2024

2i Rete Gas

Corporate bodies

Board of Directors

Chairman
Ugo de Carolis

Deputy Chairman
Mauro Miglio

Chief Executive Officer
Francesco Forleo

Directors
Rosaria Calabrese
Alessandra Polerà
Stefano Gatti
Federica Rita Vasquez
Carlo Maddalena

Board of Statutory Auditors

Chairman
Giovanna Conca

Standing auditors
Giovanni Cappa
Marco Giuliani

Alternate auditors
Cecilia Garattini
Ercole Fano

Independent Auditors

Ernst & Young S.p.A.

Letter to stakeholders

Dear Stakeholders,

I am pleased to present to you the integrated annual financial report of 2i Rete Gas, which illustrates, for the year 2024, not only the consolidated economic and financial results but also the Group's sustainability statement.

In 2024, 2i Rete Gas experienced a pivotal year, during which we were heavily involved in extraordinary activities supporting the company's enhancement journey initiated by the shareholders. This journey initially began with the prospect of a stock market listing and later materialised with the signing of an agreement for the sale to the largest national operator in the sector.

At the same time, 2024 proved to be an exceptional year also from the perspective of the financial and economic results achieved. The Company has indeed reached the highest values in its history in terms of consolidated revenue, EBITDA and net income. It has also achieved an investment level aligned with historical peaks to secure the future of its infrastructure, while reducing financial exposure and maintaining the usual excellence in the services offered.

I therefore believe it is necessary to immediately recognise and strongly emphasise the merit of our people, who, with their involvement, teamwork and commitment to the values and objectives of 2i Rete Gas, have demonstrated that great results are pursued by looking ahead but are achieved concretely day by day, with dedication to work and a sense of responsibility towards all stakeholders.

And it is also thanks to the commitment of our people and on the basis of a well-established corporate culture that in 2024 we also achieved new important milestones in the ESG field, some of which I would like to highlight as particularly significant.

In terms of decarbonisation, in 2024 the Group updated its targets for reducing Scope 1 and Scope 2 greenhouse gas emissions, defining a new plan that envisages a 60% reduction in emissions by 2030 compared to 2021 levels and the achievement of the Net Zero target by 2050. In the year just ended, the reduction in total Scope 1 and Scope 2 emissions reached 40% compared to the 2021 baseline.

Our commitment to reducing fugitive emissions (Scope 1) has once again been recognised with the achievement of the Gold Standard for the second consecutive year, within the OGMP 2.0 Framework of the Oil & Gas Methane Partnership, to which the Company has voluntarily adhered since 2022.

Regarding Scope 2 emissions, starting from 2023, all the electricity purchased by 2i Rete Gas is produced from renewable sources and certified with Guarantees of Origin.

In addition, with regard to Scope 3 emissions and, more generally, the ESG impacts of the supply chain, the Company has implemented an advanced system for assessing and monitoring the environmental and sustainability performance of its partners, enabling an objective assessment of the related risks and a shared path for their mitigation.

An awareness initiative has also been launched for our people to reduce CO_2 emissions related to home-to-work commuting, encouraging virtuous and flexible urban mobility aimed at reducing car usage and promoting sustainable modes of transportation.

Aware that the future of our infrastructure is not only focused on reducing the carbon footprint but also on the goal of enabling the network to distribute renewable gases, we have continued our strong commitment in this direction by leveraging the technical expertise and innovation capabilities that distinguish the Group. This has been particularly evident through the development of pilot projects approved by the Authority for optimising the use of gas infrastructure.

First and foremost, biomethane has now become a consolidated reality for 2i Rete Gas, with six connections to production sites that together are capable of meeting the equivalent energy needs of over 23 thousand households. Our commitment in this area has been realised through the creation of the first reverse flow plant, an innovative technology aimed at maximising the injection of biomethane — or other renewable gases — by reinjecting it into the transportation network.

However, our efforts have also focused on ensuring the compatibility of our networks with the distribution of hydrogen in blends. In this regard, in collaboration with highly qualified technical partners, we have completed an initial readiness assessment of the various components of the distribution infrastructure. We have also worked on the creation of a prototype hydrogen house, where we will be able to experimentally test the feasibility of distributing blends with increasing amounts of hydrogen to users.

These green gas initiatives, together with the various projects developed to increase the digitalisation, flexibility and energy efficiency of networks, such as the development of the new 2iIoT platform for collecting and processing field data, further demonstrate 2i Rete Gas's ongoing commitment to seeking innovative solutions that ensure the continued centrality of our infrastructure in the future energy landscape.

I would like to close by recalling the two recognitions we have received in relation to the key "assets" that form the foundation of our Company's value: our people and the network infrastructure.

Regarding the latter, as a testament to our ongoing commitment to responsible technical management, in March 2024 we obtained the UNI ISO 55001:2015 "Asset Management" certification for the processes of operation and maintenance of our plants.

As for our people, I proudly highlight that, following a significant effort in terms of training, involvement and awareness, in December 2024 we achieved the gender equality certification in accordance with UNI PdR 125:2022. This achievement represents a fundamental milestone in the journey undertaken to strengthen a culture focused on valuing diversity and enabling everyone to fully express their potential and skills in a work environment that rejects all forms of discrimination.

I invite you to explore the detailed overview of the various initiatives and the in-depth analysis of the results that marked this memorable year, which reaffirmed our commitment to driving a sustainable energy transition, both now and in the future.

Francesco Forleo
Chief Executive Officer and General Manager

DIRECTORS' REPORT

1

Introduction

1. Introduction

According to estimates from the Bank of Italy published in the Economic Bulletin of October 2024, economic activity in Italy remained weak in the fourth quarter of 2024, affected, as in the rest of the euro area, by the continued sluggishness of manufacturing and the slow-down in services.
In the construction sector, the momentum provided by projects under the National Recovery and Resilience Plan would be counterbalanced by the downsizing of activity in the residential sector.
In the final months of 2024, the decline in energy prices further contributed to keeping consumer inflation well below 2%. Core inflation remains moderate, while interest rates throughout the year have seen a continuous decline, in line with the decrease in the ECB's interest rate.

As for the activities of the 2i Rete Gas Group, in 2024, the management of networks and metering continued without significant changes. There were no changes in the scope of consolidation during the period.

Despite this, the Group's business management shows a significant improvement in revenue, thanks to the effects of the update to the regulatory remuneration rate, the update of the gross fixed capital formation deflator and the positive effects of Decision 1/2023 regarding the recognition of losses on first-installation electronic meters.
From a financial perspective, investments continued regularly and were slightly higher compared to the same period last year.

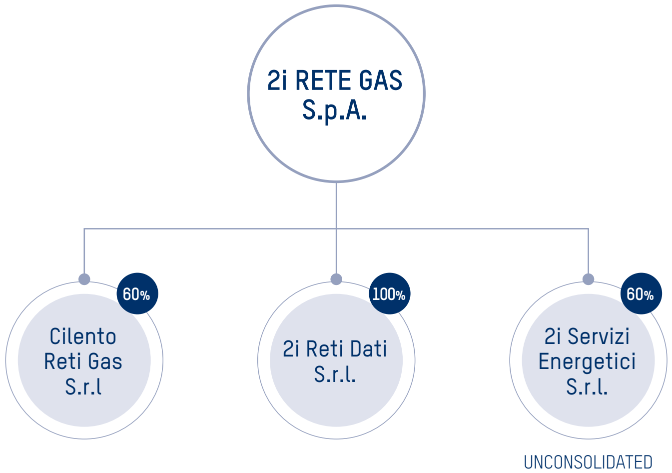
The business continues to show remarkable resilience both to shocks in the energy market and in terms of the energy transition. Gas-based energy vectors, including renewable ones such as biomethane, are set to play a central role in supporting the transition toward a more environmentally conscious economy and the reduction of climate-altering effects.

In accordance with the provisions of Italian Legislative Decree 125/2024, the 2i Rete Gas Group has integrated the Sustainability Statement into its Consolidated Financial Report, following the guidelines of the European Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). For this reason, paragraph 15 of this Report contains an in-depth analysis of the material sustainability issues, together with an update on the most significant objectives achieved related to the Sustainable Development Goals set by the United Nations.
The Group has continued its commitment to making a tangible contribution to improving environmental conditions and the well-being of the community through concrete actions. All relevant impacts, risks and opportunities related to the macro-issues identified in the areas of Environment, Social and Corporate Governance form the foundation of the Sustainability Statement and the Group's actions.

Group structure and highlights

2. Group structure and highlights

The chart below sets out the Group's equity investments at 31.12.2024:



Regarding the Group's operating and financial highlights, the following table shows the key operating, economic and financial indicators of the Group:

	31.12.2023	31.12.2024	2024 - 2023
Served municipalities:	2,226	2,226	-
Active redelivery points:	4,863,979	4,858,340	(5,639)
Distributed Gas (Natural gas and LPG) in millions of cubic metres:	5,313	5,352	39
EBITDA in millions of euro:	551.0	621.3	70.3
Net income in millions of euro:	182.1	222.3	40.3
Managed networks in kilometres:	71,939	72,146	207

	31.12.2023	31.12.2024	2024 - 2023
Net financial position in millions of euro:	3,255.3	3,195.7	(59.6)
Net invested capital in millions of euro:	4,616.0	4,645.2	29.2

Significant events during the reporting period

3. Significant events during the reporting period

The Company was informed that on 12 May 2024, the shareholders F2i SGR and Finavias received a non-binding offer from Italgas S.p.A. for the purchase of 2i Rete Gas, granting Italgas a period of exclusivity, in order to complete a due diligence process in preparation for a potential binding purchase offer.

Subsequently, on 5 October 2024, the Company was also informed of the signing of the preliminary agreement for the sale of the shareholding, subject to approval by the Italian Antitrust Authority and the Presidency of the Council of Ministers (so-called "Golden power" authorisation).

As of the date of this report, the investigation by the Antitrust Authority is still ongoing.

The two rating agencies, Standard & Poor's and Moody's, respectively in June 2024 and October 2024, confirmed the ratings assigned in previous years (BBB Stable Outlook and Baa2 Stable Outlook, respectively), reaffirming, among other things, the quality and completeness of the figures submitted.

In October, following the announcement of the signing of the preliminary agreement for the sale of the shareholding, Standard & Poor's issued a positive "CreditWatch", anticipating an improvement in credit conditions following the acquisition, while Moody's confirmed the previously assigned rating.

Results of the 2i Rete Gas Group

4. Results of the 2i Rete Gas Group

The Group consistently and constantly relies on certain widely used non-IAS/IFRS measures. More specifically, the profit and loss account reflects intermediate measures, such as EBITDA and EBIT, which result from the algebraic sum of the items preceding them. As for statement of financial position data, similar considerations apply to net invested capital, net financial position, ESMA financial position, adjusted financial position, and reported net financial debt, which are broken down in the following tables. As the measures used by the Group are not defined in the reference accounting standards, their definitions may not match those adopted by other companies/groups, and therefore they may not be comparable.
The result from operations for the year is shown in the table below and has been obtained by reclassifying the profit and loss account data in accordance with operational criteria that conform to international practice and reporting the revenue for the purchase of Energy Efficiency Certificates net of the related costs.

Millions of euro

	31.12.2023	31.12.2024	Change
Revenue	**1,152.6**	**1,245.1**	**92.5**
Transport and sale of methane gas and LPG	741.6	822.1	80.5
Connection fees and accessory rights	16.0	15.9	(0.1)
Other sales and services	25.9	29.1	3.2
Revenue from intangible assets / assets under development	336.6	349.1	12.5
Other revenue	32.6	28.9	(3.7)
Operating costs	**(601.6)**	**(623.8)**	**(22.2)**
Labour cost	(138.9)	(148.1)	(9.2)
Raw materials and inventories	(57.1)	(60.6)	(3.5)
Services	(358.2)	(364.2)	(5.9)
Other costs	(24.9)	(25.5)	(0.7)
Net allocations to provisions for risks and charges	(23.7)	(26.6)	(2.9)
Increase in fixed assets not subject to IFRIC 12	1.1	1.1	(0.0)
EBITDA	**551.0**	**621.3**	**70.3**
Amortisation, depreciation and write-downs	**(232.2)**	**(241.3)**	**(9.0)**
Amortisation, depreciation and impairment losses	(232.2)	(241.3)	(9.0)
EBIT	**318.8**	**380.0**	**61.2**
Net financial income/(expenses) and income/(expenses) from equity investments	(65.7)	(63.1)	2.6
Profit/(loss) before tax	**253.0**	**316.9**	**63.8**
Income taxes for the year	(71.0)	(94.5)	(23.6)
Profit/(loss) from continuing operations	**182.1**	**222.3**	**40.3**
Profit/(loss) from discontinued operations	**-**	**-**	**-**
Net profit/(loss) for the year	**182.1**	**222.3**	**40.3**

The interpretation of IFRIC 12, on which the presentation of the schedules of the separate and consolidated financial statements of the 2i Rete Gas Group is based, does not have any impact on profitability as it only results in revenue and costs being recognised to the same extent, which totalled 349.1 million euro in the year and are related to the construction of distribution network infrastructure. Therefore, to gain a better view of deviations, the income statement is also presented below, showing the consolidated revenue and cost items, which are Non-GAAP as they exclude the effects of the application of the aforementioned interpretation.

Millions of euro

	31.12.2023 without IFRIC 12	31.12.2024 without IFRIC 12	Change
Revenue	**816.1**	**896.0**	**80.0**
Transport and sale of methane gas and LPG	741.6	822.1	80.5
Connection fees and accessory rights	16.0	15.9	(0.1)
Other sales and services	25.9	29.1	3.2
Revenue from intangible assets / assets under development	-	-	-
Other revenue	32.6	28.9	(3.7)
Operating costs	**(268.7)**	**(278.6)**	**(9.9)**
labour cost	(69.6)	(75.6)	(6.0)
Raw materials and inventories	(13.2)	(6.5)	6.7
Services	(139.1)	(146.1)	(7.0)
Other costs	(24.1)	(24.8)	(0.7)
Allocations to provisions for risks and charges	(23.7)	(26.6)	(2.9)
Increase in fixed assets not subject to IFRIC 12	1.1	1.1	(0.0)
EBITDA	**547.4**	**617.5**	**70.1**
Amortisation, depreciation and write-downs	**(228.6)**	**(237.5)**	**(8.9)**
Amortisation, depreciation and impairment losses	(228.6)	(237.5)	(8.9)
EBIT	**318.8**	**380.0**	**61.2**

The comment is shown for more clarity on this second chart.
Revenue totalled 896.0 million euro, an overall increase of 80 million euro. Revenue from natural gas transport, totalling 822.1 million euro, showed an increase of 80.5 million euro due to the revision of the tariff remuneration and the provision of Decision 1/2023, which recognises remuneration tied to the residual value of smart meters, which were replaced before the end of their useful life.

Connection fees and accessory rights, amounting to 15.9 million euro, were basically in line with the previous year. Revenue from other sales and services, totalling 29.1 million euro, showed an increase of 3.2 million euro, largely due to the higher number of suspensions and reactivations of end users on the network.

Other revenue, equal to 28.9 million euro, was down compared to the previous year by 3.7 million euro: this change is largely attributable to lower revenue in terms of technical quality, for 2.1 million euro.

The positive profitability from Energy Efficiency Certificates in 2024 is also reflected in this item.

Operating costs, excluding IFRIC 12, totalled 278.6 million euro, reflecting an overall increase of 9.9 million euro. This increase is primarily driven by higher personnel costs, which include the pro-rata recognition of a monetary incentive plan for the Group's management, amounting to 6 million euro more than the previous year. Additionally, there was a decrease of 6.7 million euro in inventory costs due to a reduction in the value of meters in stock, as well as a 7 million euro rise in costs for services, mainly related to IT expenses and the recognition of costs for the use of third-party assets. This increase is partially linked to the rise in the Tariff Revenue Cap.

Other costs are in line with the previous year, though there is a decrease in write-offs, offset by a similar increase in indemnities to customers and penalties. This rise is mainly due to the recognition of the so-called Delta In-Out and partially due to Resolution 269/2022/R/gas, which addresses the service level performance of PDRs (redelivery points) equipped with smart meters.

Finally, net allocations to provisions for risks and charges increased by 2.9 million euro. The balance of 26.6 million euro is due to higher net allocations for specific risks, such as the allocation for lower premiums (5.4 million euro), the allocation for the replacement of metering equipment not meeting company standards (17.0 million euro), in addition to other minor risks.

EBITDA therefore amounted to 617.5 million euro, up 70.1 million euro compared to the previous year (547.4 million euro).

Amortisation, depreciation and write-downs amounted to a total of 237.5 million euro, an increase of 8.9 million euro compared to the previous period due to the investments made by the Group.

It should be noted that these figures were mainly due to amortisation of intangible fixed assets and only marginally to IFRS 16 right-of-use assets and depreciation of property, plant and equipment, and are net of the portion relating to IFRS 16 fixed assets capitalised in the year.

EBIT therefore totalled 380.0 million euro, compared with 318.8 million euro in the previous year, a rise of 61.2 million euro due to the reasons commented on above.

The balance of Financial income and charges, negative by 63.1 million euro, decreased compared to the previous year due to the different composition of debt and the contribution of financial income from liquidity management transactions, amounting to 4.2 million euro.

The profit before tax of 316.9 million euro was up 63.8 million euro on the previous year.

The Group's income taxes for the year amounted to 94.5 million euro. They amounted to 71.0 million euro in 2023 and reflect the normal business progression, remaining in line with the previous year once the positive difference in the pre-tax results for both periods is taken into account.

As a consequence of the above, net income for the year stood at 222.3 million euro, compared to 182.1 million euro in the previous year.

The financial position for the year is shown in the table below. This was obtained by reclassifying the statement of financial position in accordance with operational criteria.

Millions of euro

	31.12.2023	31.12.2024	Change
	B	A	A-B
Net fixed assets	**4,440.1**	**4,568.2**	**128.1**
Property, plant and equipment	37.1	33.3	(3.7)
IFRS 16 right-of-use assets	24.1	23.3	(0.7)
Intangible assets	4,706.6	4,814.2	107.6
Equity investments	3.8	3.8	(0.0)
Other non-current assets	23.9	52.8	28.9
Other non-current liabilities	(355.4)	(359.3)	(3.9)
Net working capital:	**168.5**	**68.5**	**(100.0)**
Inventories	23.8	21.9	(1.9)
Trade receivables from third parties	197.4	272.2	74.8
Net receivables/(payables) for income taxes	(13.4)	(18.5)	(5.1)
Other current assets	313.6	236.7	(76.8)
Trade payables to third parties	(222.8)	(213.4)	9.4
Other current liabilities	(130.1)	(230.3)	(100.3)
Gross invested capital	**4,608.6**	**4,636.7**	**28.1**
Other provisions	**(7.4)**	**(8.5)**	**(1.1)**
Post-employment and other employee benefits	28.6	27.0	(1.6)
Provisions for risks and charges	92.3	103.1	10.8
Net deferred taxes	(128.3)	(138.6)	(10.2)
Net invested capital	**4,616.0**	**4,645.2**	**29.2**
Assets held for sale	**0.0**	**0.3**	**0.3**
Liabilities held for sale	**-**	**0.0**	**0.0**
Equity	**1,360.7**	**1,449.8**	**89.1**
Net Financial Position	**3,255.3**	**3,195.7**	**(59.6)**

Net fixed assets, amounting to 4,568.2 million euro, mainly represent intangible assets related to gas distribution concessions and show a net increase of 128.1 million euro compared to 31 December 2022 due to investments made during the year.

This item includes "other non-current assets" amounting to 52.8 million euro, which increased due to the recognition of a long-term receivable of 36.9 million euro from CSEA related to Decision 1/23.
Net working capital, amounting to 68.5 million euro, showed a decrease of 100 million euro compared to the previous year. This is due to the dynamics of the balances of receivables and payables with customers and suppliers, offset by the balances with CSEA, which at 31.12 of the previous year were still partially impacted by the temporary revision of pass-through components.

More specifically, trade receivables increased by 74.8 million euro due to the different tariff components applied during the year and, above all, the seasonal factor, which led to higher invoicing in the final months of the year.
In other current assets, the decrease of 76.8 million euro is primarily due to the dynamics of receivables and payables with CSEA, net of VAT receivables. The figure should also be read in light of the item other current liabilities, which increased by 100.3 million euro for the same reason.
Trade payables, which amounted to 222.8 million euro in the previous period, decreased by 9.4 million euro due to the normal seasonality of purchases, reaching 213.4 million euro.
The net balance of income tax receivables fell by 5.1 million euro due to the normal dynamics of payments on account and balances due to the Italian tax authorities (Agenzia delle Entrate).
The balance of inventories for the period was 21.9 million euro, down 1.9 million euro compared to the balance in 2023.

Due to the combined effect of the changes in net fixed assets and net working capital, gross invested capital therefore went from 4,608.6 million euro in the previous year to 4,636.7 million euro at 31 December 2024, marking a net increase of 28.1 million euro due to the management of net working capital and the definitive recovery in billing activity without the contribution of negative components introduced in 2022.

Other provisions, with a total balance of -8.5 million euro, increased by 1.1 million euro in total. The movement in the deferred tax provision, which stands at -138.6 million euro, showed a negative balance higher than 2023 by 10.2 million euro due to normal operational dynamics. Meanwhile, provisions for risks and charges increased by 10.8 million euro (of which 5.4 million euro are related to the risk of a portion of premiums recognised for technical quality and 1.4 million euro due to the risk of replacing metering equipment not fully compliant with company standards). Finally, employee severance indemnities and other employee benefits decreased by 1.6 million euro in the year.

Net invested capital therefore amounted to 4,645.2 million euro, up from 4,616.0 million euro in the previous year, consequently showing an increase of 29.2 million euro.
The items Assets held for sale concern three properties in the process of being disposed.
Equity therefore increased from 1,360.7 million euro at the end of 2023 to 1,449.8 million euro at 31 December 2024, due to the net effect of the following changes:

- 125.0 million euro decrease following the ordinary dividend payout;
- 8.3 million euro negative change in the reserves for derivative instruments and other reserves, net of the relevant tax impact;
- 222.3 million euro increase following the recognition of the result for the period at 31 December 2024.

On the same date, non-controlling interests amounted to 2 million euro.

The following table shows the breakdown of the items that make up the Net Financial Position as defined by ESMA and the net financial debt as per the accounting records:

Millions of euro

	Note	31.12.2023	Pro-forma 31.12.2024	Changes
Medium/long-term bank loans	27	(334.1)	(315.9)	18.2
Medium/long-term debenture loans	27	(2,715.0)	(2,215.0)	500.0
Debt adjustment due to costs on MLT loan (IAS 39)	27	12.8	10.2	(2.6)
Medium/long-term debenture loans maturing within 12 months	33-34	(489.7)	(500.0)	(10.3)
Debt adjustment due to costs on ST loan (IAS 39)	38	0.5	0.4	(0.1)
Cash and cash equivalents with third parties	22	324.9	80.7	(244.2)
Non-current financial assets - costs on loan	16	0.2	1.5	1.2
Short-term financial receivables	20	2.9	1.6	(1.3)
Other current financial assets	21	4.2	4.0	(0.3)
Short-term financial debt	33	-	(205.0)	(205.0)
Current portion of medium/long-term loans	34	(18.2)	(18.2)	0.0
Current financial liabilities	38	(32.7)	(30.0)	2.7
Non-current IFRS 16 financial liabilities	31	(16.4)	(15.5)	0.8
Current IFRS 16 financial liabilities	39	(7.3)	(7.4)	(0.1)
ESMA Net Financial Position		**(3,267.8)**	**(3,208.7)**	**59.2**
Non-current financial assets	16	12.5	13.0	0.4
Accounting net financial debt		**(3,255.3)**	**(3,195.7)**	**59.6**

The ESMA Net Financial Position decreased from 3,267.8 million euro at 31.12.2023 to 3,208.7 million euro at the end of the year due to the dividend distribution made during the year, the increase in operational investments and the positive evolution of cash flows, especially due to the reduction of working capital, which has now been fully settled following the government interventions on the so-called pass-through components in 2022 and 2023.

Net Financial Debt, which also includes current financial assets, decreased from 3,255.3 million euro to 3,195.7 million euro.

Regulatory and tariff framework

5. Regulatory and tariff framework

In addition to industry laws and regulations, natural gas distribution is regulated by the Regulatory Authority for Energy, Networks and Environment - ARERA.
The Authority regulates the sectors it is responsible for through specific provisions, which specifically involve determining and updating regulated infrastructure service tariffs, as well as defining the supply levels of these services and the rules for non-discriminatory access and use of the infrastructure. It also monitors the conduct of regulated operators and respect for its regulations, and performs an advisory role vis-à-vis Parliament and the Government, providing them with recommendations and proposals.

5.1 Regulation

In 2024, ARERA's tariff-related activities in the gas distribution sector focused on a procedure (resolution 66/2024/R/gas) launched earlier in the year. The goal was to address the impact of ISTAT's revision of the historical data used to calculate the variation rate in the gross fixed capital formation deflator (GFCFD). This process concluded in early May with a new determination (resolution 173/2024/R/gas), setting the GFCFD variation rate at 5.3%, up from the previous 3.8%. This updated rate is now being applied to both provisional and final tariffs for 2024. The Authority subsequently initiated a further procedure (resolution 340/2024/R/com), expected to conclude in early 2025. As part of this process, the consultation document DCO 340/2024/R/com was published, exploring a possible revision of the current methodology for reassessing capital costs across all gas and electricity infrastructure services. This includes considering the adoption of an alternative parameter to replace the GFCFD, also given the instability this index has shown in recent years.

To implement the tariff-related provisions of the newly revised Article 23, paragraph 4-bis of Italian Legislative Decree 164/00—amended by Article 22 of Italian Decree Law 69/23 (the so-called "Salva Infrazioni" Decree) - regarding the tariff recognition of investments made in specific areas of the country, ARERA launched a corresponding procedure (resolution 155/2024/R/gas) in April. Later, in a consultation document published at the end of July (DCO 313/2024/R/gas), ARERA outlined potential measures, including a possible adjustment and increase in the current capital cost recognition threshold for municipalities in climate zone F classified as mountain areas, as well as for those that applied for funding under the programme to complete the methanisation of Southern Italy. These changes aim to account for higher investment costs in these municipalities. Additionally, the proposed measures include provisions for compensating interventions that support the injection of renewable gas into the network in these municipalities.

Throughout the year, ARERA also recalculated the reference tariffs for gas distribution and metering services for various periods. This adjustment was based on requests from operators (including 2i Rete Gas S.p.A.) to correct physical and asset data, as well as on new information provided by distribution companies. These updates also took into account first-generation smart meters decommissioned before the end of their useful life and the correction of material errors that were identified. The relevant resolutions include 186/2024/R/gas, 376/2024/R/gas, and 489/2024/R/gas.

The Authority also took action in response to legal disputes regarding resolution 570/2019/R/gas, which governs tariff regulation for the 2020-2025 period. Initially, it recalculated the reference tariffs for 2020-2022 to correct a calculation error identified by the Regional Administrative Court (TAR) related to the determination of recognised operating costs and the X-factor (resolution 134/2024/R/gas). Subsequently, ARERA launched a procedure (resolution 231/2024/R/gas) to comply with the rulings of the Council of State (nos. 10185/2023, 10293/2023, 10294/2023, 10295/2023, and 1450/2024), following two main directions: firstly, addressing gaps in the investigation and justification identified by the court (this issue was further developed in consultation document (DCO) 427/2024/R/gas, which proposed changes to: the methodology for determining actual and recognised costs for different business size clusters, the calculation of the X-factor, the differentiation of recognised costs based on density class). And secondly, examining specific aspects such as: the differentiation of distribution service operating costs based on population density, and the impact of territorial characteristics on the actual operating costs of companies. These additional investigations were announced in a subsequent consultation document (DCO).

Lastly, with regard to tariff regulation, ARERA:

- at the end of November, for all regulated infrastructure services in the gas and electricity sectors, approved (resolution 513/2024/R/com) a revision of the beta asset parameter and other common parameters used to determine the WACC for the 2025-2027 sub-period. In particular, the beta parameter for gas distribution and metering was reduced from 0.439 to 0.410, setting the WACC for this service at 5.9% for 2025, a 60-basis-point decrease from the previous 6.5% in 2024. Additionally, ARERA confirmed the trigger mechanism for WACC updates for the 2025-2027 sub-period, albeit with a lower activation threshold;
- at the end of December, established (resolution 587/2024/R/gas) the mandatory 2025 tariffs for billing natural gas distribution and metering services, the bi-monthly equalisation payments on account, and the tariff options for gases other than natural gas.

Further information on tariffs is provided under 5.3 "The tariff framework".

Regulations governing the quality and safety of gas distribution and metering services

Regarding the regulation of safety and technical quality in gas distribution services, ARERA issued two successive resolutions (344/2024/R/gas and 490/2024/R/gas) to determine incentives and penalties based on the service levels achieved by natural gas distributors in 2020. 2i Rete Gas S.p.A. and other companies within the Group were awarded a total incentive of approximately 15.1 million euro, including 1.4 million euro for the gas odourisation level component and 13.7 million euro for the leak reduction component.

Again on the subject of regulation relating to safety and continuity of service, in the first part of the year, the Authority initiated a sanctioning procedure against 2i Rete Gas S.p.A., with a possible simplified closure (resolution 6/2024/gas - DSAI). This followed a self-report by the Company, in which it informed the Authority, in 2023, of a technical issue that had caused the failure to record certain emergency telephone calls. The issue was due to a computer malfunction on a switchboard station during an operating system update. Despite this, the calls had been properly handled, with operational staff deployed and responding promptly.

Following the investigations carried out by ARERA, including requests for additional information, the Authority confirmed the absence of similar issues, aside from those reported, and verified the proper handling of the individual calls that lacked a voice recording. As a result, it initiated a sanctioning procedure specifically for the failure to provide voice recordings of certain emergency telephone calls. The sanctioning procedure was in any case settled, as the Company paid 18 thousand euro, a reduced amount compared to the pre-determined penalty that could have been imposed at the conclusion of the procedure.

Regulation on enhancement of operation and innovative uses of gas capabilities

Regarding the regulation aimed at incentivising pilot projects for innovative uses of gas infrastructure, after the publication in December 2023 of the final ranking of projects submitted by operators, ARERA approved (resolution 174/2024/R/gas) the disbursement of the ex-ante advance for the holders of projects admitted to the trials. This includes a cumulative advance of over 1.6 million euro for the 4 projects owned by 2i Rete Gas S.p.A., out of a total approved contribution of 5.4 million euro.

Energy efficiency targets and contribution to obtain energy efficiency certificates (EEC)

Regarding energy efficiency, in accordance with the provisions of Ministerial Decree dated 21 May 2021, at the beginning of November, the Authority, based on the quantities of electricity and natural gas distributed by the obligated distributors in 2022, set (resolution 6/2024 - DSME) and transmitted to MASE and GSE the primary energy savings targets for these distributors for the mandatory year 2024. 2i Rete Gas S.p.A. was assigned a target of 296,771 TEE, which represents 22.15% of the total target allocated to gas distributors.

Other measures

More generally, throughout the year, the Authority has significantly ramped up its activities, issuing over 600 acts, including resolutions and consultation documents, many of which were of particular interest to the Group and related to the gas sector. Among these, specifically related to gas distribution, in addition to the measures mentioned above (tariffs, technical quality and service safety, incentives for innovative uses of gas infrastructure, and energy efficiency targets), several other resolutions were issued on the following matters:

- access to the gas distribution service and rules for gas settlement, as well as concerning the transportation service and connections of biomethane plants to gas networks;
- regulations governing last-resort services;
- enforcement of implementation rules governing gas distribution service tenders;
- protection of end customers, in particular during natural disasters;
- inspections to be conducted on operators.

In addition to the consultations mentioned earlier, during 2024 the Authority also conducted many consultations on issues pertaining to gas distribution, the Company and its subsidiaries, with the publication of documents in reference to which 2i Rete Gas submitted its own observations and proposals on all topics deemed relevant.

5.2 Measures and/or other events after 31 December 2024

There were no significant measures after 31.12.2024.

5.3 The tariff framework

In 2024, the application of distribution and metering tariffs continued according to the principles introduced by resolution 570/2019/R/gas for the fifth regulatory period (2020-2025), which has a duration of six years, divided into two three-year sub-periods. Therefore, as in the previous regulatory period, distribution and metering tariffs continue to be applied according to the basic principles whereby the revenue components related to remuneration and amortisation are determined based on the annual update of the net invested capital (RAB), considering the investments made up until the previous year.

The invested capital of distribution companies continues to be broken down into localised and centralised invested capital. The invested capital also takes into account the contributions received, in relation to which the Authority, with Resolution 570/2019/R/gas, completed the regulation for the treatment of public and private contributions at 31.12.2011, expecting complete amortisation thereof based on a 40-year useful life. Centralised invested capital is recognised according to a parameter-based valuation criterion. As a result of the interim update of the Rules on the tariffs of gas distribution and metering services (known as RTDG) for the 2023-2025 three-year period, pursuant to Resolution 737/2022/R/gas, a parameter-based recognition was also defined for the costs of remote management/remote metering systems and concentrators. The valuation criterion for localised invested capital in distribution and metering is based essentially on the revised historical cost method, except for new investments in smart meters, whose cost continues to be determined as the weighted average between actual cost and the standard cost set by the Authority, with variable weights over the years. The rate of return on net capital invested (WACC) of natural gas distribution and metering activity for 2024 was updated to 6.5% by Resolution 556/2023/R/COM.

With resolution 570/2019/R/gas, the initial levels of operating costs and X-factors for the fifth regulatory period have also been set (revised by resolution 409/2023/R/gas). More specifically, as regards operating costs, the initial level was established on the basis of the separate annual accounts of the Unbundling Financial Statements of the operators, broken down by company size and user density. Operating costs are updated annually with inflation and the X-factor specified by the RTDG, differentiated for the distribution service based on the size class of the companies. As highlighted in the section on the evolution of the Regulations, the reference tariffs for the gas distribution service for the years 2020-2022 were recalculated, limited to the portion related to the coverage of operating costs, in order to correct the calculation error under resolution 409/2023/R/gas following the acceptance by the Regional Administrative Court of the appeals filed by the operators. In this regard, with the previously mentioned DCO 427/2024/R/gas, ARERA presented its guidelines for further changes to the tariff regulation in compliance with the subsequent rulings of the Council of State for the 2020-2025 period.

In relation to start-up locations, covered by the regulation introduced with resolution 704/2016/R/gas, later reaffirmed by resolution 570/2019/R/gas, the application of a cap on investment recognition was also established for the fifth regulatory period. This cap has been in effect since the 2018 tariffs for all locations where the first supply year was after 2017. The cap is assessed in multiple stages, extending through the sixth year, to determine whether it is exceeded or not, according to the procedures defined in resolution 525/2022/R/gas. Furthermore, in light of the changes introduced by Article 22 of Decree Law 69/23 regarding the tariff recognition of investments for the extension/upgrade and new construction of networks and plants in specific areas of the country, the Authority, in consultation document 313/2024/R/gas (as previously mentioned), outlined its guidelines on the recognition of investments in mountain municipalities in climate zone F as well as in municipalities receiving contributions to complete the methanisation programme of Southern Italy.

The "final" annual reporting of investments for the purpose of determining the net invested capital (RAB) for distribution and metering in 2024 was carried out as scheduled in November, taking into account the movement of net investments from the previous year. The "final" 2024 tariffs, which incorporate the above-mentioned changes, will be published by the Authority within the first months of 2025 and applied by the Cassa per i Servizi Energetici e Ambientali (CSEA) for equalisation purposes, while the settlement will occur by the end of 2025.

From a regulatory perspective, in the first half of 2024, the Authority proceeded, with resolutions 146/2024/R/gas and 186/2024/R/gas, to the usual determination of the "final" reference tariffs for gas distribution and metering services for 2023 and the corresponding "provisional" reference tariffs for 2024, both for municipal management and ATEM management.

Furthermore, as already mentioned in the section on the development of regulations, with resolution 376/2024/R/gas, the reference tariff values for natural gas distribution and metering services for the tariff years 2015 to 2023 were recalculated, following the operational procedures outlined in determination 1/2023 DINE, in relation to the new rules applied to the decommissioning of smart meters, as communicated during the extraordinary session of the RAB GAS data collection in July 2024.

In addition, as previously mentioned:

- with resolution 173/2024/R/gas, ARERA recalculated the gross fixed capital formation deflator (5.3%) to be applied to the 2024 tariffs. Additionally, with consultation document 340/2024/R/com, the Authority presented its guidelines for assessing possible alternative criteria for capital cost revaluation, instead of using the variation rate of the gross fixed capital formation deflator, for all energy sector infrastructure services;
- in December, resolution 587/2024/R/gas was published, defining the mandatory 2025 tariffs for the billing of natural gas distribution and metering services, the bi-monthly equalisation payments on account, and the tariff options for gases other than natural gas.

It is also worth noting that throughout 2024, the tariff components intended to cover the system charges for the gas sector (RE, RS, GS, UG1, UG2, UG3) and the fees for arrears (CMOR) were updated, based on the relevant resolutions.

Concession development and management activities

6. Concession development and management activities

The delay in the conduct of the sector tenders, already highlighted in previous editions of the report, continues to persist, despite the regulatory interventions of 2017 aimed at simplifying the process, and in light of the lack of action by both the Regions and the Ministry of the Environment and Energy Security (Decree Law 69/2013, Article 4, paragraph 2).
In implementation of Article 6, paragraph 4 of the "2021 Annual Law for the Market and Competition" (Law 118/22), the Ministry of the Environment and Energy Security, in coordination with the Ministry for Regional Affairs and Autonomies and after consulting with ARERA, initiated the process to amend Ministerial Decree 226/11, known as the Regulation on Criteria. In February 2023, a public consultation on the proposed amendment was launched, but to date, no further action has been taken.
In 2024, the deadlines for the submission of bids for the Trento ATEM tender expired on 19.07.2024. The terms of the Biella ATEM tender procedure were summarised on 22.08.2024, and three new ATEM tenders were launched in December 2024 for Como 3, Cuneo 1 and Cuneo 2.

At 31.12.2024, the ARERA dashboard, i.e. the tool providing information on the findings of the review of tender documentation sent by the Contracting Authorities as set out in article 9(2) of Ministerial Decree 226 of 12 November 2011, portrayed the following situation in relation to the 35 ATEM tenders shown therein:

- seven tenders have been completed, and the management of the respective areas has been initiated: Belluno, Milan 1, Naples 1, Turin 1, Turin 2, Udine 2 and Valle d'Aosta;
- one tender has been completed, and the service contract has been signed: La Spezia;
- two tenders have been carried out with awards granted: Catanzaro-Crotone and Rimini;
- three tenders were launched, for which the submission deadline had not yet expired: Como 3, Cuneo 1 and Cuneo 2;
- three tenders were launched, for which the evaluation of the submitted bids by the tender committee was still underway: Biella, Turin 5 and Trento;
- seven tenders for which ARERA had completed the analysis of the tender documentation submitted by the contracting authorities, and therefore, the related notices could be published: Enna, Forlì-Cesena, Modena 1, Rome 1, Rome 4, Venice 1 and Vicenza 2;
- nine tenders for which ARERA had temporarily deferred the analysis of the notice, requesting additional documentation, or for which the review process of the notice by ARERA was ongoing: Florence 1-Florence 2, Genoa 1, Lucca, Modena 2, Massa-Carrara, Pordenone, Rome 2, Verona 2 and Vicenza 3;
- three tenders whose notices were withdrawn in self-protection or revoked after their publication: Genoa 2, Prato and Trieste.

6.1 Participation in ATEM tenders

During 2024, the 2i Rete Gas Group submitted the following ATEM tenders:

- on 02.12.2024 for Biella;
- on 29.05.2024 for Turin 5.

On 27.12.2024, the ATEM Cuneo 1 tender was launched through an open procedure (approximately 54,000 active end users, contract value of 109.4 million euro for the management of 72 municipalities), with the final, non-extendable deadline for the submission of bids set for 30.06.2025.
The ATEM Cuneo 2 tender was also launched through an open procedure (approximately 71,000 active end users, contract value of 156.5 million euro for the management of 64 municipalities) on 20.12.2024, with the final, non-extendable deadline for the submission of bids set for 30.06.2025.

The ATEM Como 3 tender (approximately 88,000 active end users, contract value of 235.3 million euro for the management of 134 municipalities) was also launched through an open procedure on 04.12.2024. For this tender, the final deadline for the submission of the bids is 04.07.2025.

On 22.08.2024, the terms of the ATEM tender procedure in Biella were summarised (approximately 66,000 active end users, contract value of 135.8 million euro for the management of 73 municipalities). As already reported, on 02.12.2024 the Company delivered the relative bid.

On 29.05.2024, 2i Rete Gas S.p.A. submitted a bid for the Turin 5 ATEM tender (approximately 59,000 active end users, contract value of 105.1 million euro for the management of 76 municipalities). In 2023, the Company filed an appeal with the Piedmont Regional Administrative Court against this procedure, but the court rejected the appeal with ruling 107/2024. 2i Rete Gas S.p.A. filed an appeal with the Council of State in March 2024.

In the Council Chamber of the following April, the precautionary measures were rejected, and the case was postponed to the merits hearing scheduled for 03.10.2024. On that date, the Council of State definitively rejected the appeal filed by 2i Rete Gas S.p.A. (RG 2362/2024).

Subsequently, on 17.12.2024, the first public session took place, during which the RUP carried out the administrative document verification and the formal verification of the envelope containing the technical bid for the two bidders, 2i Rete Gas S.p.A. and Italgas Reti S.p.A.

On 29.12.2023, the ATEM Trento tender was launched through an open procedure (approximately 192,000 active end users, contract value of 410.7 million euro for the management of 167 municipalities). 2i Rete Gas S.p.A. decided not to submit a bid by the deadline.

2i Rete Gas S.p.A. filed an appeal with the Trento Regional Administrative Court, which was rejected (public hearing on 18.04.24, RG 24/2024). 2i Rete Gas S.p.A. appealed against this ruling to the Council of State on 10.06.2024, but the appeal was definitively rejected in November 2024 (RG 4892/2024).

On 15.09.2023, 2i Rete Gas S.p.A. submitted its bid for the ATEM Catanzaro-Crotone tender (110,000 active end users). The public sessions were held on 13.02.2024, 27.02.2024 and 04.03.2024, during which the technical bids of the two competitors were reviewed. The analysis of the bids then began in private sessions by the Tender Commission.

On 20.06.2024, a public session was held during which the scores assigned to the two technical bids were announced, followed by the opening of the financial bids and the assignment of the corresponding scores. At the end of the session, the final ranking was formulated which saw 2i Rete Gas S.p.A. placed second. The commission then began the process of verifying the irregularity of the bid from the first-ranked bidder, Italgas Reti S.p.A.
On 29.11.2024, with resolution no. 3345 of 29.11.2024, the tender minutes were approved and the award to the economic operator Italgas Reti S.p.A. was confirmed, with its effectiveness subject to the verification of the requirements.

Throughout 2024, the Group continued to prepare and send to Municipal Administrations and/or Contracting Authorities all the documentation required under Article 4 (Operators' disclosure obligations) and Article 5 (Compensation to the outgoing operator in the first period) of the Ministerial Decree 226/2011 so that they can draft and subsequently issue the call for tenders. This information, should it be necessary, will have to be updated.

6.2 Participation in "non-ATEM" tenders

As for the so-called "non-ATEM" tenders, three tenders were launched in 2024 for the municipal natural gas distribution service: the municipalities of Falvaterra (FR), Casirate d'Adda (BG) and Monchio delle Corti (PR), for which 2i Rete Gas S.p.A. decided not to submit a bid.

6.3 Participation in tenders for the acquisition of companies

During the year, no bids were submitted for the acquisition of publicly and/or privately owned companies operating natural gas distribution service.

6.4 Concessions acquired

In 2024 no concessions were awarded through gas distribution tenders.

6.5 Concessions lost

In 2024, no concessions were transferred due to the failure to award tenders for gas distribution.

6.6. Company acquisitions

No company acquisitions took place during the year.

Support for gas transport activities

7. Support for gas transport activities

7.1 Compliance with legislation changes

During 2024, the Energy, Networks and Environment Regulatory Authority issued a number of measures on gas distribution and metering activities, as summarised in section 5.2.

The processes and related upgrading of corporate information systems pertaining to legislation coming into force in 2024 were all successfully implemented. The IT and process adjustments relating to the regulatory changes that will come into force with effect from 01.01.2025 and onwards are also underway.

7.2 Relations with Traders and Customer Care

Major customers

In 2024, the Group continued to manage its gas distribution business by maintaining normal commercial relations with its customers (gas sales companies or traders).

The Group's main customers include Italian companies of primary standing in the gas market. Notably, during the year Enel Energia was the only customer whose invoiced volumes accounted for more than 10% of the total.

Requirements of the Integrated Information System

In 2024, regulatory updates continued for the expansion and updating of the demographic information in the Official Central Register (locally known as RCU) of the Integrated Information System (IIS).

ARERA Resolution 334/2023/R/gas introduced changes to how capacity at redelivery points in the transport network is managed, with the exclusion of "inconsistent withdrawals" set to begin in March 2024.

Resolution 158/2024/R/com initiated a process to allow third parties designated by end customers to access measurement data related to gas injection and withdrawal, in compliance with data protection regulations. Acquirente Unico (AU), as the operator of the Integrated Information System (IIS), will be required to compile a list of these third parties and manage an electronic register to monitor their access to consumption data.

Resolution 333/2024/R/gas amended the Integrated Gas Settlement Code, changing the treatment from annual to monthly for redelivery points equipped with G4-G6 gauge smart-meters, starting from 1 October 2024 for installations completed by 30 June 2024. The procedures for processing historical data in the event of a supplier change will also be updated, starting from 1 April 2025. In addition, an evaluation is underway regarding the introduction of incentives to improve the settlement process, based on the issues raised by the distribution companies.

Finally, 2i Rete Gas submitted comments to the consultation of 10 December 2024 regarding the updates to the technical specifications related to standard routes for gas measurement and balancing, including metering groups and the adjustment process.

7.3 Invoicing and gas balances

Invoicing of transport and services

Routine activities involving invoicing of transport service, commercial services and compensation disbursement were carried out regularly on a monthly basis also during 2024.

An important regulatory development concerns the standardisation of billing documents for the natural gas distribution service, introduced by Resolution 4/2023/R/gas. This initiated the process of standardising regulatory documents, with tests, checks and trials conducted by distribution companies and Distribution Network Operators (UdDs), completed in May 2024, followed by a pilot phase starting on 1 June 2024. Subsequently, Resolution 3/2024 - DSME updated the technical standards based on feedback from the pilot phase. The implementation of the standards took place on 1 October 2024 with the transmission of documents to the Revenue Agency's Exchange System.

Regarding tariff reductions, ARERA Resolution 11/2024/R/com extended the application of reductions for populations affected by the 2016 and 2017 earthquakes until 31.12.2024, while Resolution 10/2024/R/com extended this regime to populations affected by exceptional weather events since 1 May 2023. Additionally, Resolution 622/2023/R/com modified the updating and quantification methods for social bonuses, including annual upfront calculations and a quarterly distribution of bonuses to better align with the actual spending of beneficiaries.

ARERA Resolutions 633/2023/R/com, 45/2024/R/com, 112/2024/R/gas, 113/2024/R/com, 263/2024/R/com and 384/2024/R/com updated the economic conditions of the protection service, changing the rates for certain tariff components (UG1, UG3 and RE), and restructured the UG2c component of the distribution tariff, with a reduction in the fixed fee from -26.13 euro/pdr/year to -23.13 euro/pdr/year, effective from the second quarter of 2024.

Gas balances

In 2024, 2i Rete Gas continued its activities relating to the "Multi-year Adjustment Session" for the 2019 period, as required by sector regulations. This activity, which falls within the context of the new regulatory framework that came into force on 1 January 2020, assigned Acquirente Unico responsibility for managing the calculation of balancing and adjustment sessions. In the absence of a direct transfer of responsibility between the distribution company and Acquirente Unico, 2i Rete Gas has continued to monitor and calculate the necessary data to anticipate potential issues and maintain ongoing collaboration with the Balancing Manager, Snam Rete Gas.

Regulatory changes introduced by ARERA Resolution 386/2022/R/gas and subsequent amendments (494/2023/R/gas and 303/2024/R/gas) have established a mechanism making distribution companies accountable for managing the so-called Delta In-Out (the difference between gas injected into the network and gas withdrawn). This aims to improve company performance and introduce penalties in case of discrepancies. Starting in 2025, three annual sessions will be held to calculate penalties, allowing companies to submit declarations regarding localised losses and fraudulent withdrawals. Additionally, a system has been introduced enabling companies to retain a portion of the value of recovered gas in cases of fraud and losses.

As part of its corporate sustainability plan, 2i Rete Gas has expanded the "Delta In-Out" project, focusing on facilities with historically significant Delta In-Out values. An interdisciplinary working group has been established to monitor and manage localised losses and fraudulent withdrawals, aiming to reduce discrepancies between gas injected into and withdrawn from the network. The process has been strengthened with digital tools to simulate and calculate penalties and define corrective actions.

In parallel, ARERA Resolution 555/2022/R/gas has introduced provisions for the reform of capacity allocation at the transport network's redelivery points, enhancing balancing procedures and mitigating anomalous withdrawals. An incentive has also been established for distributors to promptly correct anomalous data, with penalties for failing to meet deadlines.

Finally, 2i Rete Gas has continued to analyse the contents of ARERA Resolution 512/2021/R/gas, which concerns the restructuring of gas metering activities at network entry and exit points, with particular focus on "Cabin Metering KPIs". The Company has strengthened the monitoring process for these KPIs using operational tools that allow for the timely estimation of applicable penalties, while continuously updating data to comply with regulatory guidelines set by ARERA.

7.4 Metering

Thanks to the now widespread presence of electronic meters, the activity of manual measurement at redelivery points still equipped with traditional meter units has significantly decreased. At 31.12.2024, approximately 97% of the redelivery points with an active transportation contract managed by the group are equipped with electronic meters.

The regulatory changes introduced by ARERA Resolution 269/2022/R/gas, in force from 01.04.2023, regarding the performance of the metering service for smart meters, marked the first full year of application.
Regarding the indemnity mechanism, which provides partial compensation for the indemnities paid to end customers, the natural rate of failure of the remote reading introduced by the Regulator remained unchanged for 2024. For 2023, this rate was 5% for redelivery points (pdrs) with annual consumption up to 500 Sm^3 and 4.8% for pdrs with annual consumption over 500 Sm^3 and up to 5,000 Sm^3.

It should also be noted that following the publication of Resolution 636/2023/R/gas, ARERA proceeded, with effect from 01.01.2024, to supplement the obligations already outlined in the RDQG concerning the installation and commissioning of additional smart meters for traditional meters that are either not accessible or partially accessible and have not been read at least once in the previous year.

The Regulator deemed it reasonable that installations and commissioning should only be mandatory up to an additional 5% beyond the existing obligation of 85% for G4-G6 meters. For installations above this threshold, it is up to the distribution company to assess their efficiency.
As of 01.01.2024, it is therefore stipulated that the distributor is not required to comply with RDQG obligations if, in the previous year, they achieved a smart meter commissioning rate for G4-G6 class meters of at least 90%.
Consequently, the payment of any annual unit penalties will be due for each year in which the annual reading obligation is not met and, in the following year, the additional smart meter commissioning target is not achieved.

Finally, it is worth noting the issuance of ARERA Resolution 60/2023/R/com, which defines the data that distribution companies must transmit for the calculation and payment of the CIND component (additional equalisation amounts, partially recognising the costs incurred in providing compensation for the failure to read G4 and G6 smart meters for end customers, taking into account the difficulties in achieving the measurement collection goals within a defined physiological remote reading failure rate).

The integration of existing data collections within the equalisation mechanisms is also foreseen, requiring the annual communication to CSEA of the data, broken down by the annual consumption of pdrs (up to 500 Sm^3/year or above that threshold up to 5,000 Sm^3/year).

8

Plant construction, environment and safety

8. Plant construction, environment and safety

8.1 Gas distribution plants

During 2024, a total of approximately 298 km of piping was laid, of which around 126 km was medium pressure and roughly 169 low pressure.

In harmony with previous years and in line with the Group's technological choices, the networks installed during the year mainly used HDPE (high density polyethylene) pipes, accounting for approximately 97% of the total. This material, a more recent technologically advanced material compared to alternative solutions, has already been widely adopted also at international level in the gas sector, offering lower management and installation costs than traditional coated steel pipes, and additionally does not require cathodic protection, hence contributing to lower energy consumption.

Based on studies conducted to date, this material also performs better for the future conveyance of renewable gases such as methane and hydrogen blends. Indeed, steel networks rolled out in 2024 totalled around 9 km, and chiefly related to short stretches that were part of existing networks already made of steel. These efforts arose from the need to deploy upgrades in order to maintain service levels and broaden our customer base, meet the concession obligations deriving from agreements with the relevant Entities and implement rationalisation initiatives in relation to existing plant distribution structures.

The total length of piping managed by 2i Rete Gas at 31.12.2024 was around 72,135 km, servicing approximately 2,276 municipalities.

More specifically, the network consists of approximately 75% steel pipes and the remaining 25% high-density polyethylene (HDPE) pipes. A residual portion of the network (less than 1%) is made up of cast iron pipes, mostly concentrated in the municipalities managed by the company within the ATEM Naples 1 area.

Further to the acquisition of the company IDG, merged into 2i Rete Gas in 2021, the network now also includes approximately 100 km of PVC piping with regard to which - as early as 2022 and in accordance with ARERA regulations on materials that are no longer allowed by law - a multi-year removal plan has been drawn up. Therefore, during 2024, pipelines no longer meeting technical requirements were replaced in the region of 17 km, resulting in a PVC network size of approximately 21 km at the end of the year.

In addition, assets also include over 1,274 primary substations, which, upstream of the distribution networks that the Group manages, reduce, measure and odourise gas coming from the national transport networks.

The network also hosts roughly 17,300 secondary reduction groups with a capacity of at least 125 sm3/h used to reduce pressure between the medium- and low-pressure networks, direct supply to large customers and intermediate pressure reductions between medium pressure networks.

Finally, in 2024, two biomethane production plants were commissioned and connected to the gas distribution networks of the Gottolengo and Recetto facilities.

8.2 Network and plant design

During 2024, the project activities related to area tenders focused on drafting the technical documentation for the tenders in which the Company intended to participate.

During the year, in keeping with the work planned by the local units, the main projects developed related to:

- 8 projects for full renovation of the main regulation and metering systems;
- 27 projects targeted at connection of biomethane production plants to the distribution network;
- 42 projects aimed at modifying the configuration of the plants through network interconnections, decommissioning of existing facilities, species change, etc., with the goal of improving the efficiency of network management and the main regulation and metering plants;
- 20 functional analysis activities for the implementation of extensions and upgrades to meet new demands.

An additional 15 multi-year, multi-disciplinary projects were developed, structured and integrated, aimed at increasing the efficiency of the existing network and rationalising the primary and secondary regulation systems.

8.3 Service continuity and safety

During the year, the Group carried out checks on data concerning service Continuity and Safety processes as set out in Resolution 569/2019/R/gas.

The main parameters monitored pertained to services showing the distributor's ability to promptly intervene in potentially dangerous situations (emergency interventions, intervention time), or to organise and carry out preventative checks to ensure correct monitoring of safety conditions (percentage of network subject to inspection, level of gas odourisation, percentage of network with cathodic protection).

In compliance with current ARERA regulations, by March 2025 the Group will publish the data on the 2024 technical standards. This activity is performed by retrieving the data that local units entered directly into the IT systems during the year, verifying whether they are correct and consistent as needed.

In general, as was the case in previous years, we can confirm as early as now that the quality of the service provided exceeds the Regulator's requirements, in line with best market practices.

As part of a constant focus on the safety of plants and end customers, preventive leakage search campaigns were carried out: scheduled inspections of the distribution network amounted to about 80% of high and medium pressure pipelines and about 70% of low pressure pipelines.

With respect to total networks inspected, roughly 25% was monitored using CRDS (Cavity Ring-Down Spectroscopy) technology, which enables a more sensitive search and identification of potential leaks. Owing to the effectiveness of this method of searching for leaks, increased use of the CRDS technology is expected over the next few years.

Regarding the verification of the odourisation level of the distributed gas carried out in the field to comprehensively monitor its actual odourisation, the recorded data were significantly higher (approximately 17,400 gas chromatography tests) than the minimum required by ARERA (around 3,600 tests). This reflects the particular attention given to service safety.

8.4 Smart meters

The installation of smart meters continued in 2024, while the infrastructure for collecting consumption reading data was entrusted to the Group company established for the purpose of supplying the data transmission service (2i Rete Dati).

The rollout plan for the integrated remote handling of non-payment with remote valve shut-off is continuing, and we continued to standardise the new meter models, analyse the faulty ones, and perform specific tests at the Group's metrological laboratory.

Already in previous years, innovative meters had been developed in collaboration with a leading manufacturer, and they are now in the production and installation phase. These meters represent a significant technological advancement toward hydrogen distribution.

In 2024, the installation of these next-generation meters continued, with over 17,000 units installed, utilising mass thermal measurement technology.

In particular, the next-generation meters have developed and enhanced:

- safety features, including specific functions such as the ability to enable a lock in the event that a gas leak is detected;
- features aimed at improving the quality of the measurement data communication service, which include a backup channel to extend the communication connectivity and/or accessibility of the meter;
- features related to safety and energy and emission efficiency, which include an alarm in case of detection of small gas emissions/leaks;
- features related to the anti-fraud system, including functions such as detecting illegal disconnections and removal of the smart meter, as well as GPS location tracking of the meter in the event of theft or unauthorised removal;
- features for managing the blending of Hydrogen with Methane, including functions such as detecting the percentage of Hydrogen and ensuring compatibility with green gas (biomethane).

In addition to guaranteeing an increasingly more Hydrogen Ready network, one of the main features of this innovation is to enhance remote connectivity with network metering points, allowing more data to be collected for analytical and process-related activities.

8.5 Network digitisation activities

During 2024, the activation of the main functions of the new IoT platform (2iIoT) was completed, with reference to the field peripherals used for remote control of units and stations, remote reading of stations and the operation of bottom pressure sensors. The 2iIoT platform makes it possible to:

- increase the security and performance levels of the distribution network through digitised process monitoring;
- streamline network management field operations;
- perform remote scheduled maintenance activities such as updating gas quality data and calibrating pressure and temperature transducers;
- enable the network for the energy transition, ensuring the monitoring of the most significant parameters for gas blend management (Hydrogen and Biomethane).

In particular, the automated continuous monitoring and analysis of the "core" parameters of the plant are operational on:

- over 1,250 city gate units;
- over 10,500 reduction stations;
- over 2,750 network terminal devices, installed on all the plants managed by the Group.

Automated functionality has been activated for the management of over 3,300 metering systems installed at the city gates to continuously monitor the metering performance of the latter, enabling the efficient management of the metering activities at the city gates and compliance with the performance requirements of Resolution 512/2021/R/gas and the Snam Rete Gas Network Code.

Important features have also been implemented on the 2iIoT platform, such as the verification of the odourisation rate of the network and the gas temperature (process optimisation for preheating), as well as core functionalities such as monitoring pressure values in the gas control station regulation processes.
The Digital Room has been created, which, through the Digital Monitoring Unit, continuously oversees the safety and efficiency of the network.

On the 2iIoT platform, the development of tools has been completed that allow for the remote update of gas quality analysis data and the remote calibration of pressure and temperature sensors on tax calculators and data loggers installed in the city gates (RE.MI.). This has achieved the goal of performing remote maintenance activities to make processes increasingly efficient and sustainable.

Automated pressure regulation systems, "smart regulators", have been installed on 7 city gate stations. The solution aims to improve the quality of gas measurement by automatically adjusting the gas pressure measurement value according to the actual needs of the plant, keeping it within the certified measurement range of the meter.

The "REPAir" project (Intelligent Automatic Pressure Regulation for Emissions Reduction - Resolution 404/2022/R/gas) is ongoing: this project has led to the installation of an additional 4 automated gas regulation systems, "smart regulators", on 4 city gate stations. Thanks to this application, methane gas emissions into the atmosphere can be reduced by ensuring, through the use of an advanced predictive algorithm, the minimum pressure required for the safe management of the network.

An important study was completed in collaboration with the University of Cassino, aimed at analysing the effect of hydrogen blending on the accuracy of domestic electronic gas meters installed on the national distribution networks, using a hydrogen content of up to 23% by volume mixed with methane gas.

In the year, an automated switch/line system was also installed on a gas cabin. The solution, always with a view to optimising the metering system, is based on an advanced algorithm which manages the automatic and dynamic change from the low to the high capacity line in relation to the optimal range of the meter reading and the actual requirements of the system. This solution is key to enabling digital network control and managing the integration of new gases into the system.

In 2024, a pilot project was launched to test the functionalities and potential of the "quality analyser" device installed in the city gates.
The device serves as a potential alternative to the gas chromatograph in relation to the requirements outlined in resolution 512/2021/R/gas.

8.6 Technical regulation oversight

During 2024, the 2i Rete Gas Group actively participated in technical regulatory monitoring and compliance, engaging both at the national level through numerous working groups and commissions of UNI-CIG (Italian Gas Committee) and at the European level through Marcogaz.

9

Quality, Safety and Environment

9. Quality, Safety and Environment

9.1 Management of the Integrated Quality, Safety and Environment (QSE) System

Maintenance of 2i Rete Gas S.p.A. QSE Integrated System

The Parent Company 2i Rete Gas S.p.A. has implemented and maintains an Integrated Management System for "Quality, Health, Safety and Environment" in accordance with the relevant standards UNI EN ISO 9001:2015, UNI ISO 45001:2018 and UNI EN ISO 14001:2015, covering the following:

- activities related to the distribution of methane gas and other combustible gases (operation, maintenance and assistance for methane gas and other combustible gas distribution systems and networks) (IAF 26);
- design, construction and installation of methane gas and other combustible gas distribution systems and networks (IAF 28).

In March, the management system was integrated, following the completion of the second verification stage with the Certiquality S.r.l. certification body, with an asset management system compliant with the reference standard UNI ISO 55001:2015, covering:

- operation and maintenance of tangible Reduction and Measurement (Re.Mi. and Bio-Re.Mi.) plants, as well as intermediate and final reduction plants (IRI and GR) with a flow rate equal to or greater than 125 Sm³/h, belonging to natural gas and other combustible gas distribution networks.

As a result of the change in the certification service provider during the first quarter, the certificate transfer processes were initiated with the new entity.

In the final ten days of April and just before May, the necessary activities were initiated by the new entity for the renewal and annual validation of the three-year certificates for the Quality, Health and Safety, and Environment areas.

The audits conducted resulted in a judgement of full compliance, checking and confirming compliance of the IMS (Integrated Management System) of the Parent Company 2i Rete Gas S.p.A. with UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI ISO 45001:2018 standards.
The certificates are valid for three years, until 3 June 2027, and are subject to annual validation according to the procedures outlined by the Accreditation Body's regulations.

All certifications apply to all facilities and activities where the Company operates.
The organisational model implemented to manage Health and Safety meets the requirements for exemption of liability laid down by Article 6 of Legislative Decree 231/2001.

To ensure the necessary periodic surveillance of the management systems implemented, during 2024 the QSE Function of the Operations Department scheduled internal audits, whose purpose was to test/check the management model with reference to the standards expected by the Quality, Safety and Environment management system, and carried out the actions planned to control relevant risks.

Audits were carried out by a team of internal auditors, all qualified as "Auditors for management systems" according to reference regulations, having passed an examination to prove possession of the necessary technical and methodological knowledge.

All scheduled audits were carried out, with the completion of audits at 8 head-office units, 6 departmental units and all 23 local offices. Department functions, with QSE staff auditors, also monitored 9 secondary local offices.

The 46 audits carried out showed, through the sampling of all processes managed, the absence of any situation of serious non-conformity, and that corrective actions required to keep management aligned with the IMS had been appropriately identified and implemented.

In November, 2i Rete Gas S.p.A. also decided to strengthen its commitment to the protection of its resources by implementing a gender equality management system, which was certified in accordance with the reference practice UNI PdR 125:2022.

In December, the activities necessary for the transfer of the UNI ISO 55001:2015 certificate were initiated.

Certification of 2i Rete Dati S.r.l.'s Integrated Quality, Health & Safety and Environment Management System

In June, in order to remain aligned with the requirements for participating in tenders within its areas of responsibility, 2i Rete Dati underwent a verification by the certification body to maintain compliance with the ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 standards.

Therefore, the necessary audits were conducted to maintain the certification of compliance and effectiveness of the Integrated Quality, Safety and Environment Management System.

The outcome of the audit resulted in the determination of a judgement of full conformity, of the three certificates referring to UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI ISO 45001:2018 for the activity of:

"Design and implementation of LP-WAN networks (installation of concentrators and antennas for telecommunication and data communication, remote reading, remote management of smart meters and other types of similar smart devices). The activity of operating and maintaining LP-WAN networks and managing the commercial service."
With reference to the ACCREDIA IAF sectors: 31, 28 and 35 (communications, construction, and other services).
The certificates are valid until 4 July 2026, unless annual validation is obtained according to the procedures set out by the Accreditation Body's regulations.

9.2 Prevention and Protection Service

In 2024, the Risk Assessment Documents (RADs) for all Production Units were updated to include the new "Work-Related Stress" evaluation, along with the corresponding maintenance and improvement actions. Additionally, a new section was introduced concerning the assessment of the "risk of harassment and violence during work activities".
For some Production Units, the specific RADs were revised following the identification, through an Organisational Provision, of new Territorial Area Managers assigned with responsibilities related to health and safety, as well as specific assessments regarding work environments (e.g., radon).
No updates were made regarding new specific assessments, the introduction of new equipment, or changes to operating procedures.
The project to digitise the RADs of the Production Units, which started in March, was completed according to the scheduled plan. The preparation of the document with the new application enables more effective and precise monitoring of regulatory changes, ensuring thorough and complete compliance of risk assessments with current legislation.
In the period between late April and early July 2024, annual meetings were held at each Production Unit as required by Article 35 of Italian Legislative Decree 81.08, regarding activities for 2023. Company safety-related issues based on the events of the year under review were examined within all Production Units. The following issues were addressed and discussed at the meetings: the trend in injuries and work-related illnesses; review of the Risk Assessment Document; verification of the suitability and effectiveness of protective equipment; assessment of training programmes; analysis of workplace health monitoring. No particular issues were raised.
In addition to being involved in the aforementioned meetings, the RLSs (Workers' Safety Representatives) held specific meetings with the RSPP (Head of the Prevention and Protection Service) throughout the year on the following topics: presentation of the results of the

"Work-Related Stress" assessment, introduction of the "Digitised RAD" project, and discussions on "Harassment and Gender Equality". At 31.12.2024, there were 29 RLSs in Italy.

During 2024, training was provided to new hires (covering the main topics outlined in the State/Regions Agreement). The training was conducted by trainers from the QSE department. For in-person training, 80 individuals were involved, while 110 individuals participated in the e-learning training.

Throughout the year, refresher and new courses were held on the following topics: fire safety, first aid, face masks and PPE Category 3, safety supervisors, safety managers, aggression risk, and general and specific training for new hires. Approximately 18,000 hours of training were provided.

9.3 Workplace injuries

With regard to injuries recorded during the year 2024, there was an overall decrease of one compared to the previous year.
In fact, in the previous year, 14 "minor" injuries occurred (i.e. injuries with initial diagnosis of under 30 days). In 2024, a total of 13 injuries were recorded, which were all "minor".
Out of a total of 13 events in 2024, 3 were verified while commuting and, as a consequence, were treated as accidents while travelling for the purpose of recording them on the INPS portal.
An analysis of the injuries generally shows that none of them were strictly related to work being carried out by the injured party, therefore the validity of the guidelines and the training provided by Employers for application of the risk assessment is confirmed.
In detail, for operational staff, 6 accidents were recorded (3 fewer than in 2023), of which 4 were attributable to three different types of events: slips/trips, awkward movements/strains, and impact/crushing; 2 injuries occurred due to road accidents during work activities.
Regarding office staff, a total of 7 injuries were recorded (an increase of 2 compared to 2023), of which 3 occurred while commuting and one was a road accident during work-related travel.
In order to achieve 'zero injuries', the QSE department, in collaboration with the Head of the Prevention and Protection Service, continued auditing workplace safety at the local facilities as well as at work sites managed by contractors, performing checks while work was under way.
During 2024, excluding activities not performed due to personnel being on sick leave, the application of the Health Protocol to all personnel was completed, including visits to workplaces. A total of 1,409 employees were involved in health monitoring activities under the Health Protocol, including 757 managers/office staff and 652 blue-collar workers. In addition to assessments aimed at confirming the issue of a Fitness for Work certificate, the occupational health service provided assistance in a total of 1,626 cases, including pre-employment examinations, or check-ups requested by workers or due to a change of role.

9.4 Environmental issues

The Quality, Safety and Environment (QSE) department ensures continuous monitoring of significant environmental aspects and keeps the Company aligned with evolving environmental regulations.
Regarding environmental system indicators, the goals set were broken down into parameters to monitor regulatory compliance and targets geared towards continuous improvement.
The objectives set by the Management System for the near future are defined through a targeted strategy aimed at ensuring control over the prerequisites within its scope.

The primary indicators for measuring the effectiveness of our management system include:

- assessing compliance with regulatory requirements;
- assessing the effectiveness of the monitoring actions identified in order to mitigate risks;
- measuring the aspects found to be material to boosting the performance of the QSE System.

In addition to the above, the key aspects of environmental management include:

- ensuring that worksite operations and special waste produced by contractors during plant construction and maintenance activities are managed properly from an environmental perspective;
- monitoring the amount of waste generated, maximising the recovery of materials resulting from plant operation and maintenance, sent for treatment;
- streamlining production processes to curb the consumption of primary energy required for technological purposes (gas preheating and cathodic protection of steel pipes);
- keeping the vehicle fleet efficient and optimising work trips to cut fuel consumption and the relevant CO_2 emissions.

In addition, all indicators are aligned with meeting the principles set out in the Integrated Management System Policy and, as far as the scope of the Management System is concerned, the Group's Sustainability Policy.

Specifically, regarding the management of hazardous and non-hazardous special waste, targeted analyses are conducted to monitor the performance of specific indicators and identify potential areas for improvement.

Regarding the year 2024, these performance indicators have all exceeded their respective company targets. Specifically:

- recovery Rate (% of non-hazardous waste sent for R13 recovery) = 100% (target ≥ 98%);
- hazardous Waste Recovery Rate (% of hazardous waste sent for R13 recovery) = 98.37% (target ≥ 82%);
- effective Recovery Rate (% of waste effectively recovered after recovery operations) = 85.2% (target 85%).

Additionally, in 2024, 2i Rete Gas continued monitoring the Total Recovery Rate, which represents the percentage of total special waste (both hazardous and non-hazardous) sent for recovery out of the total special waste produced by 2i Rete Gas. The monitoring of this rate aims to maximise the amount of waste sent for recovery, with the goal of reaching 100% by 2030. In 2024, it stood at 99.993%.

All company waste has been managed in compliance with regulations, with movements tracked both through the manual completion of waste registers and digitally using a dedicated application.

9.5 Technical quality and Commercial Audits

The sampling inspection of Technical Quality and Commercial Quality performance in the Territorial Areas was also ensured in 2024. The focus was on verifying the quality and consistency of documents certifying service safety and continuity (emergency response management, leak management and verification of the odourisation level of gas injected into the network). Additionally, it ensured compliance in the recording of commercial service quality performance, using sampling criteria similar to those applied by ARERA in its own inspections.
A total of 12 plants were audited for technical quality aspects and 8 Provinces were audited for commercial quality aspects, in full observance of the annual planning established.
The proposed corrective or preventative actions, once implemented by the structures concerned, make it possible to further improve the confidence on compliance of the audited data where necessary.
The overall assessment, referring to the selected sample, made it possible to issue a low-risk or no-risk opinion on the operations carried out.

This activity was also geared towards ensuring that any changes to technical standards in force are constantly reflected in the instructions related to operating procedures monitored by ARERA and used as bid documentation during calls for tenders.

9.6 Coordination of Safety at Worksites

During the course of 2024, coordination by site construction safety key roles continued, as did monitoring activities aimed at ensuring appropriate management of safety aspects under Article 26 and under Title IV of Italian Legislative Decree 81/08. Such tasks were performed on the basis of corporate instructions and procedures which, among other things, set out clear guidelines regarding the approach to safety issues at construction sites run by the 2i Rete Gas Group.
The company documents defining the roles and responsibilities of the involved personnel have been updated in accordance with the implementation of the aforementioned activities.
The "CSE Guidelines" - a document that sets out to provide unambiguous criteria for the management of specific safety aspects and that was first introduced in 2020 - have been further updated in view of the implementation of best practices adopted during the course of certain work performed at 2i Rete Gas worksites.
It is important to emphasise that this document serves as a practical tool for the Execution Safety Coordinators (CSEs). In addition to fulfilling the minimum obligations set by Italian Legislative Decree 81/08, they can use it to prescribe and implement consistent coordination and safety measures for similar situations across all 2i Rete Gas worksites nationwide.
As for safety coordination management during the execution of work at worksites, the activities undertaken by the CSEs involved throughout the Group were monitored.
All CSEs use the same company format for reporting site inspections, which was updated during the year in line with the evolution of sector-specific regulations. This ensures a uniform approach to inspections and control procedures across all worksites.
In 2024, the CSEs produced a total of 6,161 inspection reports, approximately 9% fewer than the previous year. However, the number of non-conformities was significantly lower compared to 2023 (around 30%), all of which were resolved following actions implemented by the contractors under the direction of the CSEs.
The value of the performance indicator for the control process carried out by the CSEs (I.S.) stands at 93%, which is three percentage points above the company target.
Additionally, throughout 2024, multiple activities were carried out to harmonise and coordinate the actions of the CSEs, including CVC (Site Control and Inspection) coordination meetings with the CSEs, departmental CVC meetings, and cross-site CVC inspections across the territory. These inspections involved site checks by the dedicated company unit, with potential support from CSEs.

During the year, activities also continued aimed at harmonising conduct and monitoring the activities carried out by operational control officers (ACO), also based on the experience acquired as part of CSE coordination.

The periodic monitoring of these activities has shown positive results for the performance indicators of the ACO control process in terms of safety, environment and quality.

9.7 Checks on Cilento Reti Gas operations

With reference to the commitments made and the regulations for the execution of activities supporting technical design and project management, the QSE function of the Operations Department at 2i Rete Gas S.p.A. carries out the tasks of controlling the Quality Plan and coordinating the material testing activities conducted by the suppliers selected by the construction partner.

It is worth noting that 2024 saw the continuation of the works necessary for the commissioning of the natural gas distribution plants included in the Cilento project.

During the year, three days of inspection checks were carried out on sites during the commissioning phase of completed works, through surveys and sample tests. A total of 18 technical checks and 3 document checks were conducted on three plants under construction, with the results confirming the compliance of the works with the technical specifications and the recorded quantities.

With regard to the materials supplied, 2i Rete Gas ensured that checks were performed on the supplies required by the construction partner, such checks consisting of production visits or documentary audits on quality certifications and test outcome declarations. All materials that were test-checked were found to comply with expected standards.

10

Human resources

10. Human resources

10.1 Corporate organisation

The year 2024 saw revisions to the Group's organisational structure, both in terms of Staff and Operations, with a view to constantly aligning the organisation with the changing business needs. The Staff structure was indeed revamped in the areas of Network Digitisation and Engineering to promote the development and use of new technologies for the digital and remote management of plants, in the Metering Function to optimise processes and improve alignment with sector regulations, encompassing activities carried out in the Departments, and in the Human Resources Department, to enhance the effectiveness and alignment of HR processes, ensuring personnel management with the most modern techniques for valuing and developing human capital. This led to the creation of an innovative people strategy, placing people at the heart of the project, with more opportunities for listening and growth, culminating in the achievement of the UNI PDR 125 gender equality certification. The Operations Structure, on the other hand, in addition to the reorganisation of the North West Department that characterised the first half of the year, saw the completion of the process integration of the new Naples Area organisational structure. This area was brought into alignment with the company model, successfully moving beyond the transitional organisation put in place after the acquisition, which was designed to manage the period of standardisation.

Building on the work of defining a system for weighing organisational positions carried out at the end of the previous year, the activities continued with the definition of the Group's total reward policies. These policies relate to all remuneration elements, not just monetary, that make up the company's compensation package. Finally, to facilitate the dissemination and understanding of the company's organisational structure among all employees, new features were introduced on the company Intranet. These features allow for immediate and organised access to all organisational documents, categorised by company function and chronological order.

10.2 Relations with Unions

At the beginning of the year, in compliance with legal and contractual requirements, the trade union representatives were informed in advance of the terms and operating methods of the organisational restructuring of the North West Department.

Following up on the Company's schemes for use of holidays accrued, a specific union agreement was signed for the collective closure of the Headquarters and secondary offices in Verona, Frosinone, Acquaviva delle Fonti, Selvazzano Dentro and Naples, as well as the departmental staff functions. The agreement also introduced new mechanisms for greater flexibility in the use of holidays.

In the first half of the year, trade union agreements were signed with the National Secretariats regarding funded training, addressing the needs and suggestions raised by the relevant functions.

Continuing on the trade union agreements front, on 22 March 2024 - following a positive discussion with the trade unions - an agreement on Smart Working was signed. This agreement, in line with previous provisions regulated by the agreement of 27.01.2022, introduced new mechanisms for work-life balance and sustainability. Key updates included: greater flexibility within the month, an increase in the Smart Working entitlement for area functions, and the introduction of more favourable conditions for "post-parent" cases. These mechanisms were effectively implemented from 1 July 2024 and will remain in place until 31 March 2027.
At the same time, a transitional and temporary agreement was also defined, primarily concerning the management of so-called "vulnerable individuals". This agreement addresses the cessation, due to the 2024 Budget Law, of the "extraordinary" provisions previously in place for vulnerable individuals.

On 29 May 2024, the results relating to the 2023 performance bonus indicators were finalised in a report signed by the parties concerned, confirming the achievement of the target objectives, with the option for employees to choose between converting the monetary component into benefits/services. In fact, the provisions concerning the possibility of converting the bonus into welfare services, as well as the manner and timing of payment as regulated by the Agreement of 22 June 2023, remain unchanged. With specific reference to the family, health, assistance and wellness area, the possibility of accessing Welfare Services through a mixed credit, i.e. Performance Bonus ("credito PDR") credit and "Credito 2insieme a Te" credit, was offered again and encouraged.

Pursuant to the Performance Bonus settlement agreement, the percentages (up to 100% of the accrued bonus) and the reasons for converting the performance bonus were confirmed, including additional measures, benefits and services. In order to promote greater usage and dissemination of the unilateral welfare system among employees, the unified composition of the "2insieme a Te" Credit packages has been reintroduced.

The amendments to Article 51, paragraph 3 of the TUIR (Consolidated Income Tax Act), which are also useful for corporate welfare purposes, have been adopted, particularly with regard to the fiscal measures introduced by Article 1, paragraphs 16 and 17 of Law no. 213 of 30 December 2023 (2024 Budget Law).

Provision has therefore been made - for the 2024 tax year only - for the non-inclusion in the taxable income of:

- up to a limit of 1,000 euro, the value of goods provided and services rendered by the employer to its employees without dependent children;
- up to a limit of 2,000 euro, the value of goods provided and services rendered by the employer exclusively to employees with dependent children, including children born out of wedlock (if recognised), as well as adopted or fostered children.

Regarding the reorganisation of the Measurement Unit within the Network Customer Services structure, preliminary information was provided to the RSUs (trade union representatives), followed by specific local meetings to highlight the resulting evolution of the management and organisational structures.

Finally, as part of the periodic disclosure, specific meetings were held in the regions on the topics of availability in the Padua-Venice Area and the evolution of the organisational/management structure in the Naples Area.

In the second half of 2024, the report on the gender composition of the workforce for the two-year period 2022-2023 was published on the ClicLavoro portal and also sent to the trade union representatives (internal RSUs).

In line with gender equality efforts and in pursuit of the Gender Equality Certification (UNI PDR 125:22), and in reference to the provisions of Article 47 of the Gas and Water National Collective Labour Agreement (CCNL), a protocol was signed with the trade unions. This agreement supplements the Industrial Relations Protocol of 2i Rete Gas and establishes a "Gender Equality, Diversity and Inclusion" Technical Committee. The committee, composed of members from the company's management and 6 RSU representatives, aims to foster discussions on gender equality issues within the group. The goal is to promote effective positive actions, such as monitoring and/or proposing training and awareness-raising interventions, as well as specific projects.

As briefly outlined above, within the evolution of the management structure of the South West Department, a consultation process was carried out with the internal RSUs (trade union representatives) for the formalisation, effective from 1 November 2024, of the transfer of the Integration Support unit of the Naples Area (following the standardisation of the business processes within the relevant scope) to the Plant Development function of the South West Department. This transfer includes the resources assigned to the unit, who will retain their current workplace, addressing specific technical-organisational needs of the company while ensuring the alignment of subsequent regulations.

At the close of the year, two trade union agreements were signed with the national trade union secretariats on the topic of funded technical training. The aim was to update and train staff to maintain qualifications in accordance with UNI 11632:2016 and UNI/PDR 39:2018 standards, as well as on gas regulations related to railways and other transport networks.

Finally, continuing the work carried out during the previous contractual renewal of the 2022-2024 Gas and Water National Collective Labour Agreement (CCNL) and in anticipation of the renewal of the 2025-2027 Gas and Water CCNL, technical employer committees were set up to address classification updates and the integration of the Classification System, as well as on Equal Opportunities. The latter also proposed a questionnaire, which 2i Rete Gas participated in, involving both qualitative and quantitative aspects. The survey covered 68 companies, representing a sample of around 28 thousand employees, which accounts for 60% of the sector.

10.3 Recruitment

At 31 December 2024, the Group had 2,158 employees.
As part of the project for renewing and enhancing the skills necessary for the development of the company's strategy, the 2i Rete Gas Group has embarked on a major long-term recruitment plan. In 2024, it resulted in 125 new hires, all recruited through external selection.

The hiring process pertained to white-collar as well as blue-collar staff profiles and was designed to meet the need to replace resources that had left the Company, especially for reasons related to retirement. Moreover, it was necessary to fill positions that had become vacant as a result of the job posting process and/or internal job rotation; the new hires also responded to the need to implement existing staff for certain innovative company processes and to respond to new regulatory requirements.

Regarding the internal job posting process, 30 searches were initiated for as many vacant positions, with a total of 21 applications received, and 4 selection processes completed by the end of the year.

To enhance the Company's attractiveness to external candidates, several Employer Branding activities were strengthened, including the enhancement of the LinkedIn channel, participation in the "Associate" programme of the Politecnico di Milano, involvement in the Career Day of the Green Foundation (ITS), and the strengthening of existing agreements with several universities.

Additionally, a first review of the selection procedure was completed and published in October 2024, with the aim of adapting it to the criteria of sustainability, diversity, equity, inclusion and gender equality. This first review will be completed in the coming months with input from the 2024 Network Time group dedicated to the selection process, aiming to streamline and simplify the process, making it even more effective and aligned with the demands of the market.

As part of the same project, the Company has standardised the search profiles for specific corporate roles, simplified and diversified the interview evaluation forms based on the profile, and introduced a new feedback mechanism through an anonymous questionnaire for finalist candidates. This initiative aligns with principles of gender equality and equal opportunities, allowing candidates to share their opinions on their selection experience. Additionally, the onboarding materials for new hires have been revised to be more concise and easier to consult.

10.4 Training and development

In 2024, numerous training programmes were designed and launched, covering managerial and specialised topics, as well as technical and safety-related subjects.

In the managerial field, two advanced training programmes were implemented, involving company managers and middle management. These programmes included classroom lessons, coaching sessions and group coaching, totalling 74 hours per participant. The training covered innovative topics and methodologies, including the evolutionary leadership model, the value of generational, role-based and gender differences, as well as themes of personal effectiveness, growth mindset, delegation skills and the concept of accountability.

Additionally, for 12 individuals who assumed resource management roles during the year, training on performance evaluation was provided to better support them in delivering feedback to their team members.

An intensive training programme on human resource management was also organised to support and strengthen the skills required for employees newly assigned to roles within the Human Resources Department. The course had a total duration of 69 hours, spread over a period of 5 months.

This year, the "Master Futuri" IT Leader programme was again offered for mid-level managers within the IT Systems structure.

In the specialised field, training programmes were conducted on updates to the new Procurement Code, involving 20 participants, as well as on the various functionalities of the new Internet platform, tailored to different user profiles, which engaged 66 people. Additionally, courses were implemented to obtain the ITIL 4 Foundation certification (in the IT Services field) and PRINCE2® 7 Foundation certification (in the Project Management field), with durations of 16 and 24 hours, respectively, for 3 participants.

As part of the certification process under UNI PdR 125:2022, aimed at promoting a new paradigm and increasing awareness of gender equality issues, several training initiatives were organised. These included: a webinar on Gender Equality, Diversity & Inclusion for managers and resource supervisors, an e-learning course for all employees on gender equality policies and principles, including content on stereotypes, unconscious bias (implicit prejudices), workplace harassment, reporting channels and Whistleblowing. The individuals directly and actively involved in the certification process, within the Human Resources Department and the Quality, Safety and Environment structure, have undergone a highly specialised training on the practices and relevant regulations.

With reference to reputational risk, a training programme, including experiential learning, was organised involving the heads of Departments and the heads of Central and Territorial Structures.

The English language courses continued - delivered through individual or group e-learning (FAD) formats - and in 2024, approximately 50 people participated.

As for technical and operational training, a whole range of significant initiatives were launched and delivered. Most notably:

- following the launch of the new commercial portal SINAPSI, more than 550 key personnel from the territory were trained (using the Train the Trainer method, which was then cascaded down to department/area resources);
- the theoretical and practical training programme on emergency response and gas leaks for operational and technical personnel in the Area continued, involving around 270 people, as well as personnel from external companies working on the Group's plants, in line with previous years;
- in 2024, the new training programme on user management for operational and technical personnel in the Area was launched, involving over 190 people for the theoretical part and 15 for the practical part. Also in this case, the training programme was also attended by personnel from external companies working on the Group's plants;
- regarding the personnel assigned to the monitoring activities of the distribution plants, a 30-hour refresher training was provided to approximately 120 resources, including technicians and operational staff from the territory, on UNI 11632:2016 - UNI PDR 39:2018. This training is preparatory to maintaining the qualifications required for the various types stipulated by the regulations;
- regarding the personnel assigned to cathodic protection, 28 resources were enrolled in training with the aim of qualifying them at the different levels required by regulations (levels 1-2-3-4). Additionally, 13 resources were trained for the maintenance of certification according to UNI EN ISO 15257:2017 and for the re-certification exams for various levels;
- a new training module on railway crossings and parallels was created, and a new training cycle was launched, involving 20 people in 2024;
- a new training module on bio-methane was created, and a new training cycle was launched, involving 55 people in 2024;
- a total of approximately 140 resources were trained on the "Operation and Maintenance of Equipment" from two suppliers of the Group;
- a new training programme was created for certain area roles (work user management and sales technicians), involving about 30 resources from the South-East department, with the aim of providing knowledge to support the promotion of new activations in the area.

In collaboration with QSE (Quality, Safety and Environment) and the RSPP (Head of the Prevention and Protection Service), several training initiatives were organised and delivered, including the following:

- fire safety training involved 170 resources in the basic course and 244 in the periodic update course;
- first aid training involved 108 resources in the basic course and 238 in the periodic update course;
- the training on PPE Category III and face masks involved 393 resources in the basic course;
- the training for the role of the Supervisor involved 366 people, including both the refresher course and the basic course;
- the training on load handling with the use of a forklift (man on top) involved 17 field personnel;
- the training renewal for Safety Managers involved 14 people; additionally, training with an instructor on specific risks was initiated for approximately 200 resources, particularly employees with high-risk activities in the field and operational personnel. The "Workplace Safety and Office Risks" update course was assigned to 274 resources.

Consistent with the objectives related to knowledge sharing within the Company, 2024 saw the continuation of initiatives aimed at properly supporting the transformation of skills and generational diversity. This recognises the fundamental importance of knowledge transfer from within, where experienced colleagues pass on their expertise to newer resources.

Moreover, in order to welcome newly hired resources in a coordinated and comprehensive manner, the detailed programme for New Entries was confirmed. Through this programme, the territorial structures present and contextualise the core business activities of the Company.

Corporate environment

In 2024, the agreement on smart working was renewed as a tool aimed at supporting the balance between work life and personal life. The update to the agreement introduced greater flexibility both for people working in the Areas and Departments and for those in the Central Staff.

In order to strengthen the engagement of new resources, the "Welcome to you!" project continued, which allows new colleagues to be introduced to the entire existing workforce. Every month, the dedicated section of the company Intranet is updated with photos of the newly hired employees, a brief description of their previous experiences, and the indication of their department or function.

With reference to the initiative concerning the employee satisfaction survey and work-related stress assessment launched in October 2023, which involved the entire company population, in the first half of 2024, the main insights that emerged were shared during specific meetings organised at the offices of all Departments. During these meetings, a multi-year action plan was also presented, structured to address the findings from the survey, with a view to continuous improvement. The plan aims to make work activities even more manageable and sustainable, enhance positive and professional relationships within the organisation, both between individuals and across different departments, and, ultimately, ensure the best possible oversight for safeguarding health and safety.

Furthermore, during 2024, most of the improvement actions outlined in the aforementioned plan for the past year were successfully completed.

Employee engagement

In 2024, numerous initiatives were carried out to strengthen employee engagement and involvement at 2i Rete Gas. These initiatives included participation in sporting and charity events, as well as activities focused on sharing, listening to and discussing professional aspects and work practices. The goal was also to enhance relationships among employees.

On 7 April 2024, the Milan Marathon took place, a relay race covering a distance of 42 kilometres and 195 metres, divided into 4 stages. 2i Rete Gas participated with 3 teams. The proceeds from our participation supported the "A CASA CON CURA" (at home with care) project, a home assistance service for vulnerable elderly people through the Fondazione Amici del Trivulzio - Martinitt e Stelline. In October, around a hundred colleagues from all over Italy took part in the PittaRosso Pink Parade, a charity walk in support of the Veronesi Foundation, aimed at promoting the culture of female cancer prevention.

For sharing initiatives, in April 2024, a dedicated event was organised for the HR team, where HR colleagues participated in a teambuilding activity aimed at strengthening team spirit and exploring topics related to proactivity and self-empowerment. Then, in early July, the launch event for the new edition of the Network Time programme was organised.

The seven working groups played a key role during the day, presenting the content and objectives of the new programme, which remained focused on skill development, knowledge sharing, innovation of business processes, and the consolidation of internal best practices. Additionally, the role of ambassador was introduced within the groups to help spread the results, shared best practices, and the value of teamwork across the organisation. After months of work, in December 2024, the groups gathered for a final event where the results achieved were presented and shared.

Throughout the year, the Group promoted a series of awareness initiatives on internationally recognised UN days, reinforcing its commitment to sustainability, inclusion and safety. Among the main activities:

- Energy saving: on the occasion of National Energy Saving Day (16 February), the company participated in the "M'illumino di meno" campaign, symbolically turning off non-essential lights for one hour and distributing a guideline on energy saving to employees;
- Zero Discrimination Day (1 March): the Company participated in the anti-discrimination day with an awareness campaign on the principles of its Sustainability Policy;
- Health and Safety at Work: on 28 April, in observance of World Health and Safety Day, the Company reaffirmed its commitment to a healthy and safe work environment by promoting initiatives aimed at preventing accidents;
- World Environment Day (5 June): a communication campaign was launched to highlight the Company's commitment to reducing environmental impacts;
- Elimination of violence against women (25 November): in line with promoting inclusion and gender equality, a campaign against gender-based violence was relaunched, involving employees in collecting photographic contributions and reflections on the topic.

Another key point of engagement was the achievement of certification for the Management System according to the UNI PdR 125:2022 Standard on gender equality. The certification, in fact, represents an important milestone for the commitment made over time, aimed at strengthening a culture centred on the recognition and enhancement of diversity. This is designed to enable all our people to express their potential and skills in a work environment that is increasingly inclusive, respectful, and attentive to diversity, while rejecting all forms of discrimination and harassment. A new section, called Diversity & Inclusion, has been created on the company Intranet. This section hosts documentation and communications related to gender equality and, more broadly, to the themes of Diversity, Equity and Inclusion. Examples include the Diversity, Equity, Inclusion and Gender Equality Policy.

The 2i Rete Gas website has been redesigned using modern communication techniques and in line with our coordinated image strategy. Following the design activities, each business function received specific training on how to manage the content and sections relevant to their area.

Another key focus this year was the strengthening of our brand identity, aimed at attracting the best talents, as well as increasing the presence of company representatives at events organised by universities and higher secondary schools, with the goal of sharing information and knowledge about our core business with young people.

Finally, in continuity with the positive experiences of recent years, moments of sharing and discussion were organised with all employees during institutional department and area meetings, as well as social gatherings, including a Christmas toast and the related Family Day, with family members also invited to join.

Welfare Plan

The corporate Welfare Plan in 2024, as in previous years, was based on two funding sources: the conversion of the performance bonus, along with an additional contribution from the Company, and the "2Insieme a Te" Single Package.

With regard to the 2024 programme, building on the listening sessions held with company employees, greater flexibility in the use of welfare credit was introduced, and new services such as travel and entertainment were added, alongside the previous offerings related to health, well-being, education and elderly care.

The corporate welfare plan has also incorporated the changes introduced by the 2024 Budget Law regarding the tax exemption thresholds for employees with dependent children, as per Article 12 of the T.U.I.R. (Consolidated Income Tax Act).

Also for 2024, with regard to potential family needs, the company provided the opportunity for employees to access forms of microcredit aimed at supporting their family/individual financial balance. This allowed employees to spread the costs related to child education, family care services and medical expenses.

The telemedicine service available to all personnel was confirmed, with particular focus on the health of minor children.

In the second half of 2024, a new welfare initiative was introduced with the launch of a new app called Euty. The service offers a variety of educational and informational content, as well as the support of a welfare coach to help identify tailored solutions in areas related to daily life, such as parenting, bureaucratic procedures, caregiving, children and education, well-being, and more. This makes it a valuable reference point for a wide range of users.

Finally, in May 2024, in compliance with the requirements for companies with more than 100 employees within metropolitan areas, the "Green to Win" initiative was launched. This initiative focuses on home-to-work commutes and aims to promote a more sustainable lifestyle by encouraging virtuous and flexible urban mobility. At the same time, it seeks to reduce car usage and, consequently, the emission of pollutants.
All employees at the Milan office were given the opportunity to install the Mobility Company app on their mobile phones. Through this app, home-to-work journeys made on foot, by bicycle, or using public transport were "rewarded" with points, which could be redeemed for shopping vouchers to be used in stores across the city or for other prizes. The initiative concluded on 30 November 2024, and rewards were distributed to approximately 159 people at the Milan office.

10.5 Staff administration

During the 2024 financial year, in addition to ensuring the quality standards of the "core" activities, focus was placed on three key objectives deemed central:

- application of second-level agreements;
- implementation and management of personnel services;
- personnel cost.

These objectives are linked by the need to simultaneously interact with non-homogeneous IT systems, the implementation of communication activities, training, and the related operational management.

Application of second-level agreements

The systems have been updated to accommodate changes related to Ticket Restaurant, travel expenses, and remote work, in compliance with the current collective agreements.

Implementation and management of personnel services

Following a sample survey on the satisfaction with the "Travel" service, new services have been introduced to improve the travel process. These include a Teams chat as an alternative communication channel for quick support with the travel operator, and the creation of a "Travel Utility" section on the Intranet, dedicated to those who need to travel, which includes the new Travel Policy.

The 24-hour service has been activated for emergencies that cannot be managed during regular service hours.

In addition, the "Maternity FAQ" document, created internally, has been published on the Intranet. This document provides useful information on company policies and benefits related to maternity, paternity and parental leave, and breastfeeding permits.

The Human Resources Department then carried out surveys across the entire workforce to verify the applicability and/or fiscal/social security treatment related to payroll obligations linked to the legislative updates for 2024. This includes new fringe benefit limits, exemptions for working mothers, and the so-called Christmas Bonus.

Personnel cost

Following the rationalisation of internal skills within the HR department, from this financial year, the management of the personnel cost has been assigned to the Personnel Administration team. During the process analysis carried out when taking on the activities, further methods were evaluated to facilitate the reconciliations between payroll accounting, financial administration and the management system.

11

IT systems

11. IT systems

The multi-year programme for the renewal and transformation of IT systems and services, launched in 2023, continued throughout 2024 with a reorganisation of the project activities, taking into account the evolving perspectives of the corporate context.

The new commercial portal SINAPSI completed the extension of available functionalities across the entire territorial scope of managed supplies, preparing for the replacement of the previous FOUR GAS system and for the gradual activation of the new Application-to-Application integration by the sales companies.

During the year, several significant technological upgrade projects were completed, necessary to ensure maintenance support or service continuity in light of the risk of technological obsolescence of the relevant platforms. In this regard, the SAP IS/U billing system upgrade project to the S4 HANA release successfully went live in the first quarter, recording significant performance optimisations. The second half of the year will see the completion of advanced data archiving functionalities, ensuring long-term maintenance and simplified management of the solution.

The project for the technological upgrade of the company's SAP BW DataWarehouse was also completed, along with the migration to a native Cloud infrastructure. Additionally, the solution for managing reports from Emergency Response calls was updated to the new NextGen application platform, operational in the Cloud.

In mid-July, the Group's new website was launched, marking a significant commitment from the Communications function and various company departments throughout the first half of the year. The goal was to create a user-friendly tool that maximises visibility and ease of navigation, contributing to the enhancement of the company's image in line with its communication guidelines.

From an infrastructure standpoint, the first half of the year saw the completion of the design and initial setup of Cloud resources and their associated security infrastructures, defining a multi-zone solution to support Business Continuity. On the new Public Cloud infrastructure, several systems that underwent technological updates are now operational. Regarding technological upgrades, in the first months of 2024, the Wi-Fi connectivity system in the main offices was renewed, part of the company's notebooks underwent their periodic update, and security measures were implemented with the upgrade and transfer of IoT infrastructures from the Bergamo technical facility to the Rozzano Data Centre.

Several initiatives characterised the area of network digitisation, in particular the substantial completion of the implementation of the new IoT platform with regard to the management of group, station and network telemetering services. The programme of interventions and implementations focused on the tools supporting the processes for monitoring field devices and cabin metering. Specifically, this involved optimising the communication infrastructure, implementing the telemetering protocol, and integrating the mapping system for real-time alarm management.

The interventions supporting the MIM platform for Smart Meter management focused on expanding the remote management process to meters with NB-IoT communication technology, optimising the management of dual-channel residential meters, and introducing new functionalities for concentrators to maximise reading acquisition. These improvements enabled dynamic management of the transmission power modulation based on the characteristics of the site.

As part of the Sustainability Plan initiatives, project activities continued to support the process for evaluating and quantifying fugitive emissions, with the goal of refining the already implemented calculation model and expanding the available functionalities for the business. This includes advanced reporting capabilities and the ability to perform simulations throughout the year.

A new solution was also developed, based on the Oracle EPM Cloud platform, for managing corporate sustainability reporting. This solution enables the precise monitoring of progress on key values and the reporting of necessary parameters to ensure regulatory compliance.

Significant initiatives were carried out in the field of innovation, utilising modern artificial intelligence paradigms and algorithms. These initiatives have successfully combined enhanced support for service continuity and security with improved operational efficiency.

The development of the solution supporting the Control Room was completed. This solution, through the analysis of alarms generated by the IoT platform and correlation with other operational parameters and external information, enables the differentiation between real interventions to be addressed in the field and anomalies that constitute false positives.

Additional initiatives have focused on the management service for Gas Emergency Response. The quality assurance process has been automated through the mass replay of phone calls to the Gas Emergency Response call centre. The aim is twofold: to assess the service quality and guide improvement actions, as well as to identify and categorise the main causes of irrelevant calls. Furthermore, based on the historical data of Emergency Response calls, the algorithms have been further developed to support predictive analysis of incoming calls to the Emergency Service. This enables the appropriate assessments needed to ensure optimal service management.

Throughout the year, the usual commitment to supporting compliance with the regulations and resolutions regarding billing, transportation and metering was maintained. This included providing the necessary functionalities to monitor the required KPIs and minimise the risk of penalties, with the completion of the project activities that were initiated in 2023.

A continuous commitment to supporting Cyber Security has been maintained to counter the risk of cyber attacks. This has been achieved through the implementation of remediation actions identified within the activity plan, which is defined as a result of the annually updated Risk Assessment. In particular, Vulnerability Assessment & Penetration Test activities were strengthened, encryption was extended to all mobile assets (smartphones and tablets), the new Privileged Access Management (PAM) solution was implemented for optimised management of users with administrative roles who have privileged access, and several Security Awareness campaigns were conducted to mitigate the risk of Phishing attacks.

Finally, in the area of IT Governance, new operational instructions related to the Demand Management process have been disseminated. Additionally, a more structured process has been implemented on the ITSM portal to assess interventions in terms of cost-benefit analysis, allowing the identification and planning of higher-value evolutionary initiatives to be implemented within the company's systems.

12

Research and development activities

12. Research and development activities

Nel corso del 2024 2i Rete Gas S.p.A. ha ottenuto per il secondo anno consecutivo il ricon-osIn 2024, 2i Rete Gas S.p.A. obtained for the second year in a row the "Gold Standard" recognition, the highest level envisaged by the "OGMP 2.0 Framework" of the Oil & Gas Methane Partnership, which the Group has voluntarily subscribed to since 2022. This result has rewarded the company's commitment to reducing methane emissions, setting a new target of a 45% reduction by 2025 compared to 2021 levels. It also certifies the accuracy and granularity of the implementation plan and the reporting and reconciliation activities currently being implemented.

With this in mind, the calculation model developed and consolidated last year was used to assess methane emissions into the atmosphere, also based on field-measured data, in line with the requirements of participation in the OGMP 2.0 framework and its related reporting obligations.

Furthermore, based on the analysis and evaluation model of company assets developed in 2023 to certify the eligibility of hydrogen in the company's distribution networks, we obtained from RINA the preliminary assessment certificate confirming the compatibility of our network for the distribution of hydrogen in a blended form.

The work carried out has successfully completed an initial analysis of the conditions of the entire infrastructure we manage, laying a solid foundation for the ability to distribute a multi-gas and renewable energy carrier under current conditions.

During 2024, the executive projects for the 4 experimental initiatives approved by ARERA at the end of 2023 were developed within the regulatory framework defined by Resolution 404/2022/R/gas, supporting the energy transition and decarbonisation (envisaging for their funding contributions of approximately 5.4 million euro). All the projects were therefore implemented during the year, in compliance with the executive designs and the timelines set by ARERA, which require their completion and entry into operation by March 2025.

- Specifically, the activities carried out in 2024 on the four projects included:
- the construction of a reverse flow plant at the city gate unit in Terranova dei Passerini (LO), aimed at injecting excess gas not locally consumed into the transmission network and consequently being able to absorb all the biomethane produced by the waste composting plant already connected to our network;
- the preparatory work for injecting methane and hydrogen mixtures into a portion of the network in the municipality of Torre de' Passeri (PE), managed by 2i Rete Gas, as well as the construction of a "hydrogen house" at the 2i Rete Gas testing facility in Perugia, where

the use of such mixtures in common household appliances (boilers and hobs) will be tested. In support of these initiatives, a series of studies will be conducted by the Politecnico di Milano to evaluate key aspects of using these mixtures (including fluid dynamics, combustion and material behaviour);

- the installation of automatic pressure regulators in 4 different city gate units to reduce the pressure level of the system during periods of lower gas usage, and consequently limit fugitive emissions into the atmosphere;
- the construction, for the preheating system of the city gate unit in Albiolo (CO), of an electric heat pump that uses geothermal probes, combined with a heat storage system and a photovoltaic plant.

The implementation of our four approved projects rewards the company's commitment to promoting, through innovative approaches and digital development, initiatives aimed at ensuring the sustainable evolution of the managed infrastructure. This enables distribution assets to be used in a transitional scenario that includes the distribution of renewable gases while ensuring flexibility for the country's energy system.

Risk Management

13. Risk Management

This section concerning Enterprise Risk Management describes the main operational and compliance risks typical of the sector in which the Group operates that can, in theory, impact the Company's business and objectives. Bear in mind that these threats were counteracted by targeted preventive/corrective plans aimed at thwarting them.

Regarding liquidity, credit and market risks, reference should be made to the relevant section in the notes to the financial statements and consolidated financial statements.

13.1 Operational risks

Operating natural gas distribution networks involves the risks of malfunction or unforeseen service disruption due to factors that are beyond the Group's control, such as accidents, breakdowns or malfunctions of equipment or control systems, plant underperformance and extraordinary events such as explosions, fires, earthquakes, landslides, and other natural disasters. These events can result in service disruption, significant damage to people or property as well as the environment, and/or economic and social turmoil.

Any service disruptions, underperformance, or inadequacy of the Group structures and/or the consequent obligations to provide compensation could result in a reduction in revenue, an increase in costs, and/or regulatory actions.

To prevent these risks, and specifically the risk of natural events damaging the networks, the Group has taken out insurance policies that are considered adequate for the damage that could be incurred or caused.

The installation of smart meters and capabilities for the collection of data on consumption pursuant to ARERA Resolution 155/2008 is one of the Group's most important projects in terms of innovative technology and investment levels.

The installation and use of new generation smart meters ensures greater accuracy and faster turnaround times regarding metering and recording of actual consumption, while streamlining corporate processes.

There is the risk however that the Group might be obliged to bear maintenance or replacement costs sooner than anticipated in its strategic plans and not covered by tariffs, since smart meter technology and their supply market have only been created recently, and no historic data exist as to the duration of such meters or their technology. The ongoing smart meter implementation plan might also result in an increase in operating costs for the new meters, which in turn might cause technical and operational issues during their actual life cycle.

13.2 Risks linked to changes in the legal and regulatory context

The Group might be exposed to risks related to changes in the tariffs for regulated natural gas distribution activities. A change in the regulatory variables or in the method used for regulation - including, but not limited to, how the contributions received to develop the network and infrastructure are included in the tariff in each regulated period - might for example impact the tariffs applicable to the Group's business, with negative repercussions on revenue and margins.
The regulatory period spans six years, and the WACC (Weighted Average Cost of Capital) is reviewed every three years.

13.3 Risks pertaining to gas distribution service tenders

The Group's ability to conduct its business depends on the gas distribution concessions granted by local Italian authorities.
Although the Group has a strong market position and financial standing, there are no guarantees that it will be able to retain or renew concessions for the areas in which it operates, or win new concessions. Even if it is awarded new or renewed concessions, there is no guarantee that the Group will benefit from conditions that are generally equal to or better than existing ones (combination of payments and planned investments). Given the complexity of the regulations governing the new bidding process, the outcomes of future tenders could result in legal disputes between concessionaires, including between the Group's gas distribution companies and other parties such as outgoing operators and municipalities.
However, over the past few years the Group has devised and prepared its development strategy with due care, and has all the financial resources and know-how to face up to this challenge.

13.4 Risks arising from the potential reduction in natural gas consumption and energy transition

Although the revenue of the Group's companies is primarily regulated and not directly linked to distribution volumes, there are indirect risks associated with a potential reduction in gas demand.

In particular, a prolonged economic crisis or other external factors could lead to a decrease in the number of customers served and in consumption, with the possibility of government or regulatory interventions modifying the regulatory framework in an unfavourable manner. The progressive decarbonisation of energy, driven by international agreements such as the 2015 Paris Conference (COP21) and the European Union's targets, could lead to scenarios where the role of gas in final uses is significantly reduced. This could result in a lower utilisation of distribution infrastructure, increasing the risk of "stranded assets", meaning underutilised infrastructure that does not generate sufficient returns to justify the investment.

On the other hand, adapting existing infrastructure for the transportation of renewable gases, such as biomethane, synthetic methane from renewable sources, and hydrogen, presents an opportunity to mitigate this risk. The integration between the electricity and gas sectors, known as "sector coupling", could promote a synergistic use of resources, enhancing the overall energy system's flexibility and contributing to the achievement of decarbonisation goals. In this context, gas infrastructures could play a crucial role in balancing renewable energy production, compensating for its intermittency through storage mechanisms.

In the long term, however, the transition to a decarbonised energy system will inevitably lead to a reduction in the use of natural gas in favour of alternative sources, including so-called "green gases". This prospect implies a reduction in the use of traditional infrastructure and, consequently, an increasing risk of stranded assets. In response to these dynamics, ARERA (Regulatory Authority for Energy, Networks and the Environment) has suggested the possibility of reducing the depreciation periods for at-risk infrastructure, in order to limit the financial impact of any non-recoverable assets. It should be noted that the useful lives of the assets recorded in the financial statements are in line with the regulatory useful lives.

To address these challenges, the Group is implementing strategies to transform its networks, focusing on digitised infrastructure capable of supporting the distribution of renewable gases such as hydrogen and biomethane. These initiatives not only enable adaptation to the ongoing energy transition but also make a significant contribution to the resilience and sustainability of the energy system, reducing the risk of under-utilisation of infrastructure and supporting the Group's competitiveness in the long term.

13.5 Environmental and security risks

The management and maintenance of gas distribution networks represent a potentially risky activity, which could cause harm to third parties or employees of the Group. The Group is subject to national and EU regulations on health and safety, aimed at protecting both the public and workers.
In its operations, the Group uses products and by-products that may be hazardous, and the sites where it operates are regulated by specific laws regarding pollution, environmental protection and the management of hazardous substances and waste.

These regulations result in costs and potential liabilities for the Group related to its activities and facilities, including expenses for waste management and disposal. The costs associated with potential future environmental remediation obligations present uncertainties, due to the severity of contamination, the corrective measures to be taken, and the Group's share of responsibility, which is often complex to determine.

To reduce these risks, the Group has adopted specific compliance procedures and a constant monitoring of key environmental parameters, in addition to taking out insurance policies that cover the containment costs of any pollution incidents, as well as the expenses for restoration and related damages.

13.6 Risks related to climate change

In defining climate-related risks and opportunities, the Group began by identifying the time horizons on which to base its analyses regarding impacts due to climate change, which were identified as "Short-term" (0 to 5 years), "Medium-term" (between 5 and 10 years) and "Long-term" (between 10 and 20 years).

Regarding physical risks, it has emerged that, in the long term, technological clusters may be influenced by the expected increase in average annual temperatures, the rise in the number and intensity of extreme weather events (all events with a medium-low level of danger), and the reduction in the average annual amount of precipitation. These changes could have a negative impact on the entire gas distribution network, particularly in terms of accelerated material degradation, potential damage to infrastructure and risks to workers. The physical risks identified for the assets of 2i Rete Gas in Italy are landslides and fires.

However, due to the predominantly medium-low vulnerability of 2i Rete Gas's assets to physical damage and the proposed adaptation measures, the residual physical risks related to climate change are generally considered low for the time horizon 2040-2059.

In an effort to mitigate the impact of such events on the Company's business, 2i Rete Gas has implemented, on the one hand, constant monitoring of hydrogeological instability and large-scale meteorological events, also through the development of a proprietary model for assessing hydrogeological risk and, on the other, an in-depth assessment to intensify energy supply both in terms of replacement of higher environmental impact energy carriers and of green energy distribution (mixtures of methane and hydrogen, feeding biogas or synthetic gas into networks).

13.7 Risks related to the supply chain

The Group might be subject to risks of procurement difficulties in the supply chain that might make it difficult to continue operations on the distribution network as planned, or the risk of rising prices of the materials used in the conduct of its business.

In this regard, it should be noted that the Group relies, where possible, on mechanisms for procurement and storage of materials considered essential to ensure business continuity so as to maintain sufficient stocks and prevent operations from being disrupted. In addition, tenders for the procurement of materials can also be called at a European level, allowing a whole range of operators to submit their bid (providing they prove eligible for inclusion in the Group's suppliers list).

The current tariff system also requires, albeit with long-term deadlines, the recognition of expenditure in order to maintain, manage, improve and innovate the gas distribution network.

Main features of the risk management and internal control systems in relation to financial disclosure

14. Main features of the risk management and internal control systems in relation to financial disclosure

This section of the Report describes the main features of the Group's Corporate Governance, thus discharging the specific disclosure obligations envisaged pursuant to art. 123 bis of Legislative Decree 58/98 - Consolidated Law on Finance (Report on corporate governance and shareholding structure) regarding the information required by paragraph 2, letter b).

14.1 Introduction

The Internal Control System adopted, in its broadest sense, is defined as a process undertaken by the Board of Directors, by Executives and by other people in the corporate structure, the purpose of which is to provide a reasonable guarantee concerning the achievement of all the corporate objectives, adequately counteracting all risks, whether strategic, operational or in terms of legislative/regulatory compliance, which the Company may have to address along the way.

Specifically, the Internal Control System aims to achieve the following objectives, which are essential in ensuring "good company governance", i.e.:

- respect for laws, regulations and internal procedures;
- safeguarding of corporate assets;
- reliability of accounting and management information;
- efficiency and effectiveness in the conduct of its business.

With general reference to the whole Internal Control System and, in particular, to the Parent Company's financial disclosure, the Board of Directors defines guidelines to ensure that the Company:

- adopts an Internal Control System which refers directly to the models envisaged by relevant international best practice (i.e. the "Internal Control Integrated Framework" 2013 edition, issued by the Committee of Sponsoring Organizations - COSO);
- adequately measures, monitors, manages and assesses the strategic, operational and legislative compliance risks of the Company and of the Group as a whole, by relying on an appropriate and structured risk analysis method;

- relies on such organisational, methodological and operating conditions as to ensure the adequacy, effectiveness and actual operation of the Internal Control System based on the approval of the Audit Plan and verification of the audit tasks performed by the relevant Audit Bodies.

14.2 The bodies supporting the Board of Directors operating with a view to financial disclosure

To ensure that the foregoing actions can be acted upon in practical terms, the Board of Directors, which plays a central role in the governance of the Company and, in particular, in the sustainability of the Group, interacts with various in-house Control Bodies, such as the Board of Statutory Auditors, the Supervisory Board pursuant to Italian Legislative Decree 231/01, the Independent Auditors and the Internal Auditing Function, ensuring that they are vested with such powers and means as necessary for the discharge of their respective tasks and duties.

Board of Statutory Auditors

The Board of Statutory Auditors performs the supervisory and control functions required by the Italian Civil Code. Since the Parent Company is a "Public-Interest Entity" within the meaning of Article 19 of Legislative Decree 39/10, the Board of Statutory Auditors also acts as "Internal Control and Audit Committee". It performs supervisory duties in respect of the:

a) financial disclosure process;

b) effectiveness of the internal control, audit (if applicable) and risk management systems;

c) auditing of the annual accounts and consolidated accounts;

d) 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 and Compliance Programme under Legislative Decree 231/01.

The Compliance Programme is structured as follows:

i. the General Section, which describes, following a brief legal introduction to the contents of Legislative Decree 231/2001 and to predicate offences constituting administrative liability arising out of an offence committed by a legal entity, the purposes of the Programme, its structure, recipients, the changes and additions adopted, the Company's institutional and organisational structure (including a detailed description of the company structure and identification of the services provided by third-party companies), the Code of Ethics, the powers and functions of the Supervisory Board (as reflected included in its regulations), the information flows to the Supervisory Board, the processes for training and informing staff, as well as the disciplinary system;

ii. Special Sections: they are broken down depending on the categories of the predicate offences considered therein. Specifically, the breakdown of each Special Section is as follows: description of the purposes of the Special Section, identification of the types of relevant offence, list of the potentially sensitive processes connected to the specific types of offence, general principles of conduct and implementation, specific procedural principles, powers of the Supervisory Board and flows from the heads/contact persons to the Supervisory Board. With specific reference to the 'information flows' towards the Supervisory Board, which are necessary for it to effectively carry out its relevant activities, while also ensuring full traceability of the analyses conducted on the relevant aspects, the above-mentioned Compliance Programme sets out the:
    - contents of the information flows to be provided by the heads/contact persons of the Compliance Programme to the Supervisory Board;
    - reports to be submitted by the heads/contact persons every four months.

On 24 April 2024, the Board of Directors appointed the Supervisory Board as the corporate body responsible for overseeing the operation of and compliance with the Compliance Programme adopted, complete with updates thereto. The Supervisory Board so appointed consists of the following members:

- Ms Daniela Mainini, Chairwoman of the S.B.;
- Ms Giovanna Conca, external member of the S.B. and
- Mr Simone Agulini, Head of the Governance & Legal Affairs function of the Company, internal member of the S.B.

The Supervisory Board's duties or tasks include:

- overseeing the operation of and compliance with the Compliance Programme adopted;
- checking the actual suitability and adequacy of the Compliance Programme adopted, in other words its ability to prevent offences constituting administrative liability arising out of an offence committed by a legal entity pursuant to Italian Legislative Decree 231/01 from being committed;
- monitoring of the effective implementation of the Compliance Programme, pursuant to art. 7 para. 4 lett. a) of Italian Legislative Decree 231/01, understood as the prolonged correspondence of this document to institutional and organisational arrangements, as well as to the core business;
- updating, integrating or modifying the Compliance Programme and the adopted Code of Ethics, in light of new regulatory changes or emerging business needs;
- collecting, reviewing and retaining all the information flows received or sent. In this regard, the Supervisory Board reviews the reports sent every four months by the heads/contact persons as under the Compliance Programme.

Independent Auditors

On 24 April 2024, the Shareholders' Meeting of 2i Rete Gas S.p.A. appointed Ernst & Young S.p.A. as its Independent Auditors for the period 2024-2032.
As set forth in Article 11 of Regulation (EU) 537/2014, the Independent Auditors submit annually to the Board of Statutory Auditors, in the latter's capacity as "internal Control and Auditing Committee", a report on key issues arisen during the audit and, in particular, on any significant shortcomings found in the Internal Control System with reference to the financial disclosure process. The same auditing firm concurrently conducts a limited review ("Limited Assurance") of the Sustainability Report.

Internal Audit

On 1 January 2014, the Board of Directors entrusted Cogitek S.r.l. with Internal Audit, Compliance and Risk Analysis tasks. The role of Head of the Internal Audit Function and coordination of the aforementioned activities was assigned to Mr Antonio La Mattina (Managing Partner of Cogitek S.r.l.).

The Head of the Internal Audit Function reports to the Board of Directors and is therefore independent from the Company's structures. In addition, the Internal Audit Function also has direct access to all the information needed to discharge its duties, as specified in the "Terms of Reference".

Since 2016, the activities of the function have been carried out in co-sourcing between resources from Cogitek S.r.l. and qualified internal resources, who operate based on the guidance and coordination of the Head of the Function.

The Internal Audit Function is the company body that verifies the operation and adequacy of the Internal Control System, in compliance with the Code of Ethics, the Compliance Programme (Italian Legislative Decree 231/01), the charter of values and the Company's Sustainability Plan.

The activity of the Internal Audit Function begins with the annual preparation of the Risk Analysis, methodologically based on international best practices known as "Enterprise Risk Management - Aligning Risk with Strategy and Performance", 2017 edition, issued by the Committee of Sponsoring Organizations (COSO), hereafter referred to as "COSO ERM", and CRSA - Control Risk Self-Assessment. The Risk Analysis process, structured into three phases of risk identification, risk assessment and risk management, is conducted by the Internal Audit Function, in collaboration with the organisational unit and with the supervision of the Company's senior management, who validates its contents.

The outcomes of the Risk Analysis therefore allow the Internal Audit Function to draw up, on a "rolling" basis, the Audit Plan which defines the areas of activity and the most appropriate priority actions for carrying out "third line of defence" controls within the Function's competence.
These controls are planned on the basis of process audits, compliance audits and follow-ups.

The Plan is submitted for approval to the Company's Senior Management and, subsequently, to the Board of Directors; the Plan is then presented to the corporate control bodies, as specified below.

Also thanks to the Risk Analysis, audit activities carried out in the field by the Internal Audit Function highlight the most significant weaknesses in terms of controls, with reference to both the company business and group compliance. In essence, the Internal Audit activities help to raise the awareness and the perception of the various company functions of both business risks that may emerge along the Company's path, and any shortcomings in control systems which may prevent the Company from achieving its objectives.

In response to any shortcomings, the Internal Audit Function suggests appropriate preventive and corrective action plans to the corporate Functions, agreeing on timelines and methods for implementation. These plans, under the supervision of Senior Management, are monitored by the Internal Audit function until the identified control system issues have been resolved.

The Internal Audit Function drafts a summary report each year to inform the Board of Directors (and the corporate control bodies), at the time the annual financial statements are approved, about both the contents of the Risk Analysis conducted and the audit strategies used as a basis for the subsequent Audit Plan.

Said report also describes the results of the audit activities carried out and the monitoring of the implementation of the preventive and corrective action plans adopted by the Company functions, following the Risk Analysis and Audit initiatives, respectively.

Finally, in said report, the Internal Audit Function submits an annual assessment of the reliability of the Company's internal control system to the Board of Directors and the corporate control bodies.

The main considerations and strategies employed in the development of the Audit Plan are reported below:

- as regards risk analysis, annual refresher activities were also carried out for 2024, according to the international best practices outlined above, by updating, with respect to 2023, the assessment of corporate management, compliance, legislative and regulatory risks;
- the Internal Audit Function will continue to rely on follow-ups on key business processes, establishing the effectiveness of any improvement made to the Internal Control System as a result of preventive/corrective action plans requested during the Risk Analysis phase and previous audit activities;
- in the context of compliance activities, assessments are guaranteed regarding control on the conduct of those operating at the Company, in relation to the various processes. This is achieved thanks to increasingly stronger support provided by the "continuous audit" methodology introduced by the Internal Audit Function. This methodology, which goes beyond the typical sampling approaches of traditional audits, was implemented through the analysis of the entire company database — properly "oriented" using specific "pointers" — with reference to the criticality indicators defined as Red Flags. In essence, the Company moved from a test-based approach which, owing to its very nature, does not fully guarantee the reporting of all critical events that occurred at the Company, to a system that, by contrast, highlights all possible critical issues that emerged, with reference to the main business processes;
- again in the compliance domain, developing and gradually disseminating the above methodological and IT approach to the Corporate Functions - again in accordance with international best practices known, in this case, as "continuous monitoring" - with a view to improving the Functions' self-control system and making them more effective and responsive;
- monitoring of the complete and effective implementation of preventive or corrective action plans requested at the Risk Analysis and Audit phase will continue, with responsibilities assigned to the various functions and territorial structures involved. The statistics analysed revealed that the percentage of plans completed in relation to those requested confirms the improving trend observed in recent years, reaching over 90% by the end of 2024.

CFO and Administration, Finance and Control Function

The System for risk management and internal control over financial disclosure is governed by the Chief Financial Officer (CFO), who is responsible for designing, implementing and approving the Accounting and Administrative Control Model, as well as assessing its application.

In the discharge of his/her duties the CFO:

- interacts with the Independent Auditors and with the Internal Audit Function;
- relies on the support of the Heads of Function involved who, in relation to the area within his/her competence, will ensure that the information flows to the CFO for the purposes of preparing the financial disclosure are thorough and reliable;
- coordinates activities performed by the Administrative Heads of relevant subsidiaries, who are responsible for the implementation, within their own company, together with the delegated bodies, of an adequate accounting control system to oversee administrative and accounting processes and assess their effectiveness over time, submitting the results to the Parent Company through an internal certification process.

Other corporate Functions involved

The different corporate Functions (and local organisational areas) involved in the various core and support processes are required to abide by the rules of fairness and transparency, accountability and traceability which are part of the procedural framework relating to every activity performed. The aforementioned Functions also carry out "first line of defence" and "second line of defence" controls on the process underlying final accounting figures, so as to ensure the adequacy and reliability of such figures.

14.3 Main features of the risk management and internal control system in relation to financial disclosure

The construction of the Company's Internal Control System has adhered to the guidelines issued in this regard by relevant laws and regulations, including the Italian Civil Code, Italian Legislative Decree no. 58 of 24 February 1998 (Consolidated Law on Finance), specifically articles 123-bis(2)(b), 184 and 185, "Market Abuse (Directive 2003/6/EC) Regulations 2005" and "Transparency (Directive 2004/109/EC) Regulations 2007" issued by the Irish Central Bank, Italian Legislative Decree 231/01, Italian Legislative Decree 39/10, as well as the applicable accounting standards (IAS/IFRS).

It should be noted that the structure and organisation of the company's internal control system are based on the "Internal Control - Integrated Framework" (2013 edition), while for risk assessment activities, the Company adopts the "COSO ERM" framework as best practice. This framework serves as a reference model and guide for companies wishing to implement adequate risk management processes that can best align strategies with performance.

Below is a description of the initiatives adopted by the Company in terms of internal control, referring to the aforementioned "Internal Control - Integrated Framework" and "COSO ERM" documents:

CONTROL ENVIRONMENT

According to the "Internal Control - Integrated Framework" document, the "control environment" may be considered optimal if:

a) the Company effectively commits to the values of integrity and ethics, by developing a compatible company culture;

b) the Board of Directors effectively supervises the development and performances of the internal control system;

c) the Management, under the supervision of the Board of Directors, constitutes an appropriate line of reporting, and is appropriately empowered to achieve the company objectives;

d) the Management directs company operations in respect of risk contained within tolerance limits;

e) the Company is committed to building human capital in line with the business strategy and objectives and with its ethical values;

f) there are no conflicts of interest in respect of Management and employees, ensuring the protection of the interests of stakeholders.

In summary, the "control environment" (also known as "Tone from the Top") is embodied by the attitudes and by the practical actions with which, starting from Company Senior Management and permeating throughout the organisation, the values issued by said Senior Management are respected (company mission, business, ethical and sustainability objectives). This positive approach provides assurance for stakeholders on corporate affairs.

The above activities regarding the "control environment", combined with the "continuous improvement" process promoted by the Company Functions, also recommended following the risk analyses conducted annually and by the activities of the Internal Audit Function, have led, over the years, to the important drafting and updating of the guidelines, procedures and work instructions relating to all fundamental corporate control processes. This has represented a specific and increasingly more targeted point of reference from a strategic, tactical and behavioural perspective for Management and for all employees.

Third parties have gradually become more involved in this updating process. In particular, this includes suppliers which have been subjected to an increasingly more demanding "qualification" process and ever more stringent controls on transparent and fair conduct, with ethical ratings for suppliers and quality performance reviews (e.g. vendor rating) playing a role in this regard.

To obtain this result, suppliers are constantly required to comply with the Company's ethical principles, adding and signing suitable contractual clauses linking them with the Company's values, with the possibility of accessing conduct guidelines made available to them by the Company (e.g. the Organisational and Management Model pursuant to Legislative Decree 231/01).

Furthermore, to improve the structure of top-down controls and the self-monitoring of workers, the HR Department has implemented organisational analysis activities to avoid the possibility of material differences between the structure described in company documents and the actual operational organisation.

RISK ASSESSMENT

In order to achieve their mission and generate value, every organisation must define a strategy that - based on prior identification of the risk profile that is acceptable or not - must take into consideration the various types of threats that can impact the Company's progress (strategic, operational, legislative and regulatory compliance, financial risks).

This means that the "risk component" is a fundamental element of both the strategic process and in the subsequent process of definition and attribution of the objectives and accountability for them, throughout the various organisational levels, called to provide an operational response to the strategic indications of the Company's Senior Management.

In said manner, in addition to enhancing knowledge of the contents of the corporate strategy, the operating structure is able to improve the perception of its tasks and of the risks related to its role, and the need to introduce, with rigorous priority actions and with specific accountability and scheduling of these, the most appropriate preventive/corrective action plans to counteract the threats identified.

Moving on to the actions carried out by the Company, we can firstly confirm that the strategy and the related objectives were also defined by taking account of the Risk Analysis, conducted annually according to the "COSO ERM" document.

In addition, it is noted that the Risk Analysis is carried out by rigorously adhering to the requirements of the "COSO ERM" and the Control Risk Self-Assessment (CRSA); while the "COSO ERM" is the system for the identification and cross-company management of all types of business risks, through an integrated approach at corporate level, the CRSA is the methodological reference point used in the evaluation of said risks by company contact persons, according to the "guided" self-assessment approach. In said context, the role of the Internal Audit Function is to make it easier for the company contact persons to carry out the evaluation process, by using the necessary metrics and check-lists needed to the make the aforementioned evaluations as objective as possible.

Said activity is supported by specific software which helps to make the Risk Analysis process more efficient and rigorous.
The evaluation process, based, as mentioned, on CRSA approaches, is carried out through:

- the assessment of theoretical risks, also known as inherent risks (i.e. threats inherent in the various company activities which may potentially materialise, obstructing the Company and its functions from achieving their objectives);
- an assessment of the adequacy of the controls (i.e. company lines of defence, in terms of tools, equipment, resources, strategies, policies, procedures, computerised systems, etc. targeted at counteracting the above theoretical threats);
- the definition of residual risks, performed thanks to a comparison of the assessments of theoretical or inherent risks (threats) with those of the controls (lines of defence). The residual risks describe the extent to which the threats are countered by the Company's defence mechanisms in place, therefore highlighting all situations in which said defence mechanisms are capable of adequately dealing with potential risks (acceptable residual risks) or cases in which said defence mechanisms are unable to intercept and adequately handle said imminent threats (unacceptable residual risks).

In terms of the contents of the Risk Analysis carried out for the year 2024, the residual risks worthy of preventive/corrective action plans decreased in number compared to 2023, thanks to the implementation of actions by Management and the corporate Functions that had positive results.

As for the residual risks with the most significant scores, these essentially refer to some internal and external contextual situations, none of which emerged during the course of the year.

Nonetheless, it should be emphasised that the Company is adequately counteracting and monitoring all possible threats that present an unacceptable residual risk.

The results of the 2024 Risk Analysis, in addition to triggering the aforementioned process of identifying actions to improve the internal control system, have supported the identification of audit interventions for the year 2025.

CONTROL ACTIVITIES

This component of the "Internal Control - Integrated Framework" document concentrates on the management of "risk response", with particular reference to those risks that could influence the ability to reach the objectives and the related expected performances.
"Risk response", targeted at improving the internal control system, according to the "COSO ERM", must firstly bring the residual risk back within the defined tolerance limit. This may be achieved through the implementation of targeted preventive/corrective plans, with responsibilities appropriately assigned and evaluated through the necessary "cost-benefit" analysis. This analysis must be conducted through metrics aimed at ascertaining that the action is economically viable in relation to the negative impacts that may be generated by said risks.

Based on the implementation of the aforementioned plans, controls are executed to ensure they are effective, and to achieve the expected improvement objectives.

If the implementation and improvement of the internal control system is the specific responsibility of the corporate functions, "control activities" are instead structured into the three following levels:

a) first level (self-control): by the operating and territorial functions;

b) second level (for coordinating controls), managed, for example, by the Operations Department. The HR Department, the Quality, Safety and Environment Department, the Management Control Department;

c) third level (supervision and verification of controls) by the Internal Audit Function, the Board of Statutory Auditors, the Supervisory Body pursuant to Italian Legislative Decree 231.01 and the external auditor.

The corporate support tools enabling the effective control work set out above are:

- Managerial Procedures, Operational Procedures, Operational Instructions and Technical Specifications;
- the Quality Manual and the GDPR Manual;
- the Accounting and Administrative Control System, through, among other things, IT procedures on SAP;
- the Group Accounting Manual and chart of accounts - a document which aims to promote the development and implementation of standard accounting criteria within the Group as regards the recognition, classification and measurement of operations;
- the Administrative and Accounting Procedures - documents which establish the responsibilities and control rules to follow with particular reference to administrative and accounting processes;
- the Operational instructions for financial statements and reporting and year-end timetables - documents which aim to inform the corporate functions of the detailed operating methods to manage the preparation of the financial statements within the established and agreed deadlines;
- the Audit Plan, the standards of the Internal Auditor profession and the audit procedure;
- the Continuous audit and Continuous monitoring processes.

As regards the controls performed by the Internal Audit Function, the results of the audit activities carried out in 2024 are reported below.
The Internal Audit Function's strategy has developed over time; in fact, during the 2014-2017 period, primarily targeted audits were conducted to verify the quality of the "basic" company internal control system, heavily shaped by business combinations and corporate acquisitions that have occurred over time, with different operating methods, computerised systems and procedures. Starting from 2018, said initial approach to auditing the control system of each corporate process was followed by various follow-ups both in the local areas and in the Headquarters Functions subject to auditing.

These audit activities aimed to ascertain whether the risk response actions and/or suggestions drawn up by the Internal Audit Function following the audits conducted were efficiently and effectively implemented and whether they reached their objectives.

With reference to the Follow-ups on two local areas carried out as per the 2024 plan, the findings that emerged highlighted a gradual yet systematic improvement in the level of control risk, which has shifted from "red flag" situations seen in previous years to indicators increasingly showing a "smoother operational and management backdrop".

With reference to the Headquarters Functions, the processes relating to Industrial Relations, Organisation and Tenders were analysed, as per the 2024 Plan. Audits were also conducted on the subsidiaries 2i Rete Dati, 2i Servizi Energetici and Cilento Reti Gas.

The analyses conducted did not highlight any particularly significant critical issues. However, action plans were defined targeted at improving the framework of procedures, processes and supporting IT systems.

MONITORING ACTIVITIES

The organisation monitors the corporate processes with a view to continuous improvement, in order to systematically increase the value generated by effective and efficient risk management.

Having prioritised the risks identified through the Risk Analysis, defined the strategies to be deployed and established the related initiatives and actions to be taken to achieve the expected objectives, the monitoring phase entails reviewing the changes being made and any related risks, adjusting initiatives in the light of performance deviations and revisiting planned strategies, if necessary.

In particular, the substantial internal and external changes to be identified to allow the Company's Senior Management and the structure to carry out adequate monitoring activities include, for example:

a) rapid growth/expansion;

b) technological innovation;

c) business changes;

d) changes in the legislative, economic and market context.

In light of such potential changes, the aspects to consider in order to properly implement adequate monitoring are:

a) company strategy and objectives: review of its strategy or reconsideration of alternative strategies previously ruled out or the identification of new ones;

b) company culture: review of its culture and informed assessment of risk-based conduct;

c) risk assessment and prioritisation: updating of the assessment of significant risks in response to a change in the company context or the availability of new data;

d) risk response: modification of responses to risk in line with the performance targets and expected risk profile, in the event of deviations.

In the Group, the review and revision process is largely linked to the subsequent element of the "Internal Control-Integrated Framework", the contents of which are described below.

INFORMATION AND COMMUNICATION

The sharing and timely dissemination of information within the organisation is key to good internal control. The systems and technologies in place are useful for both communicating risks, in terms of uncertainties and opportunities, and retrieving, processing, managing, and producing reports on risks.

The "Information, communication" process is a collection of activities aimed at providing the Company's Senior Management and the Board of Directors with the necessary news and data to ascertain the correct continuation of the strategy defined.

In the Company, this takes place according to the logic of the planning, budget and periodic reporting process (e.g. "Tableau de Bord/Monthly report"), which pervades the main levels of the organisation and goes back to the top management of the Company.

Moreover, this approach relates to the activities aimed at constantly checking over time the quality of the Internal Control System.

At the same time, at the end of the Risk Analysis and during the implementation of each annual Audit Plan, the Internal Audit Function checks the quality level of the Internal Control System, including following completion of the implementation of preventive/corrective measures assigned to the various company contact persons.

This approach leads to a periodic report from the Internal Audit Function which, at least once a year and with the participation and agreement of the CEO, provides the Board of Directors with an assessment of the extent to which the internal control system has lived up to the expectations of "sound governance". Similar reporting is drawn up by the Internal Audit Function for the Board of Statutory Auditors, the Supervisory Body and the External Auditor.

15

Sustainability Report

Criteria for the preparation of the Sustainability Report

ESRS 2 BP-1; ESRS 2 BP-1; ESRS 2 GOV-4

The 2024 Sustainability Report (hereinafter also the "Report") has been prepared with the intent of providing a clear, comprehensive and transparent description of the activities of 2i Rete Gas Group (hereinafter also "2i Rete Gas" or the "Group"), its most significant sustainability issues, and the results achieved in the responsible management of its activities. The document outlines the commitments made to generate and distribute value, addressing global challenges and considering aspects that could significantly impact business performance and influence the assessments of relevant stakeholders.

For the financial year 2024 (from 1 January to 31 December 2024), 2i Rete Gas has, for the first time, prepared its Sustainability Report in compliance with the requirements set out by the "**European Sustainability Reporting Standards**" (hereinafter "ESRS"), pursuant to **Italian Legislative Decree 125 of 6 September 2024** (hereinafter "Decree 125"). The ESRSs specify the information that a company must report regarding sustainability issues related to its relevant impacts, risks and opportunities. The information provided in accordance with the ESRSs allows the recipients of the Sustainability Report to understand the significant impacts of the company on people and the environment, as well as the relevant effects of sustainability issues on the company's current situation, development and results. In particular, ESRS 1 aims to outline the architecture of the Sustainability Report, the drafting conventions and key concepts used, as well as the general requirements for the preparation and presentation of sustainability information in line with Directive 2013/34/EU, amended by Directive (EU) 2022/2464, and implemented in Italy by Decree 125.

The scope of consolidation for the Report includes 2i Rete Gas S.p.A. (the Parent Company) and the companies controlled by it and consolidated on a line-by-line basis as at 31 December 2024, namely Cilento Reti Gas S.r.l. and 2i Rete Dati S.r.l.
It should be noted that the data relating to subsidiaries are reported in full, without adjustments for minority interests. The Sustainability Report is published annually. During the year 2024, there were no significant transactions; therefore, additional explanatory notes are not considered necessary. The indicators presented below refer to the reporting period from 1 January to 31 December 2024; in order to ensure comparability, where the metrics required by the ESRSs coincide with those already published in previous Non-Financial Statements, comparative information has been provided. However, for the new metrics introduced by the ESRSs, 2i Rete Gas uses the transitional provision under ESRS 1, Section 10.3.

During the 2024 reporting year, changes were made to the Group's Sustainability Report to facilitate its alignment with the new regulatory requirements introduced by the CSRD and the ESRSs. Any changes in reporting practices or corrections of errors compared to the previous period are described in the relevant section.

Where estimates are used to provide quantitative consolidated group information, these are described alongside the specific datapoints or information, including any measurement uncertainties associated with them.

If there is information related to data confidentiality, protection of know-how, or results of intellectual innovations that need to be withheld, 2i Rete Gas may refrain from disclosing it, with clear disclosure provided in the "Contents Index" section.
The concept of short, medium and long term adopted by 2i Rete Gas in the Sustainability Report aligns with the time horizons defined by ESRS 1, Section 6.4:

- **Short term:** 1 year from the end of the reporting period;
- **Medium term:** up to 5 years from the end of the reporting period;
- **Long term:** beyond 5 years from the end of the reporting period.

Where the reported metrics have been calculated using estimates or are subject to measurement uncertainties, 2i Rete Gas has specified the assumptions, approximations and sources of uncertainty with dedicated notes within the Sustainability Report.

The Impacts, Risks and Opportunities (IROs) presented in this document have been identified through a **double materiality analysis**. For more details on the methodology used, please refer to the section "Double Materiality Analysis." Through the materiality analysis, updated in the current reporting year, 2i Rete Gas has identified and assessed the company's actual and potential negative/positive impacts with respect to sustainability issues. In line with the outcome of the assessments regarding the impacts, the document reports the actions taken to prevent and/or manage these impacts, along with their monitoring.

Additionally, during 2024, 2i Rete Gas initiated a **due diligence process** aimed at identifying and managing negative impacts along its supply chain (see "Assessment of social aspects in the Supply Chain").

FUNDAMENTAL ELEMENTS OF THE DUE DILIGENCE DUTY	SECTIONS IN THE SUSTAINABILITY STATEMENTS
a) Integrate due diligence into governance, strategy and business model	• The double materiality analysis • The Sustainability Plan • The role of management in ESG governance processes
b) Engage stakeholders in all key phases of due diligence	• Engagement • Assessment of social aspects in the Supply Chain • Relations with customers
c) Identify and assess negative impacts	• The double materiality analysis
d) Intervenire per far fronte agli impatti negativi	• Energy transition • Management, development and engagement of human • capital • Development and training • Diversity, inclusion and welfare • Protection of health and safety • Data and information security • Assessment of social aspects in the Supply Chain • Relations with institutions and authorities and contribution to local development
e) Monitor the effectiveness of interventions and communicate	• The Sustainability Plan • Energy consumption • Management, development and engagement of human capital • Atmospheric emissions • Sizing • Management, development and engagement of human capital • Development and training • Diversity, inclusion and welfare • Protection of health and safety • Data and information security • Assessment of Social Aspects in the Supply Chain • Relations with institutions and authorities and contribution to local development • The role of management in ESG governance processes

Currently, the Reporting only covers part of the information related to the upstream and downstream value chain of 2i Rete Gas. Indeed, in compliance with the transitional provisions of ESRS 1, Section 10.2, the information provided by the Group on impacts, risks and opportunities in the value chain is based solely on internal data already available or on public sources. At this moment, 2i Rete Gas has not yet implemented a due diligence process fully compliant with the requirements of ESRS 1, Section 4. However, the Group plans to develop this activity over the coming years, enabling it to include more appropriate metrics for disclosing information on the upstream and downstream value chain, related to material impacts, risks and opportunities arising from its direct and indirect business relationships.

Risk management and internal controls on the Sustainability Report

ESRS 2 GOV-5

All Divisions and departments reporting directly to the Chief Executive Officer follow the specific guidelines and timelines outlined below in the data collection process to ensure the correct and complete preparation of the Sustainability Report by the Sustainability Office.

The Sustainability Office is responsible for planning the operational process and ensuring the definition and organisation of activities. Specifically:

- it prepares the activity schedule, setting clear deadlines for each operational phase and ensuring adherence to the timelines;
- it compiles and updates the long list of IROs, paying attention to the necessary adjustments annually in accordance with regulatory and organisational requirements;
- it carries out the double materiality analysis, involving the ESG Working Group to ensure a comprehensive evaluation of IROs;
- it organises an initial training programme for the individuals involved in the process, providing specific knowledge on the requirements of Italian Legislative Decree 125 of 6 September 2024, on the ESRSs and on the use of data collection software;
- it prepares the structure of the Sustainability Report in line with ESRSs;
- it conducts one-to-one interviews with the Data Providers and the ESG Contact Persons from Divisions and Departments reporting directly to the Chief Executive Officer, with the aim of:

– the qualitative information already present in the reporting documentation;

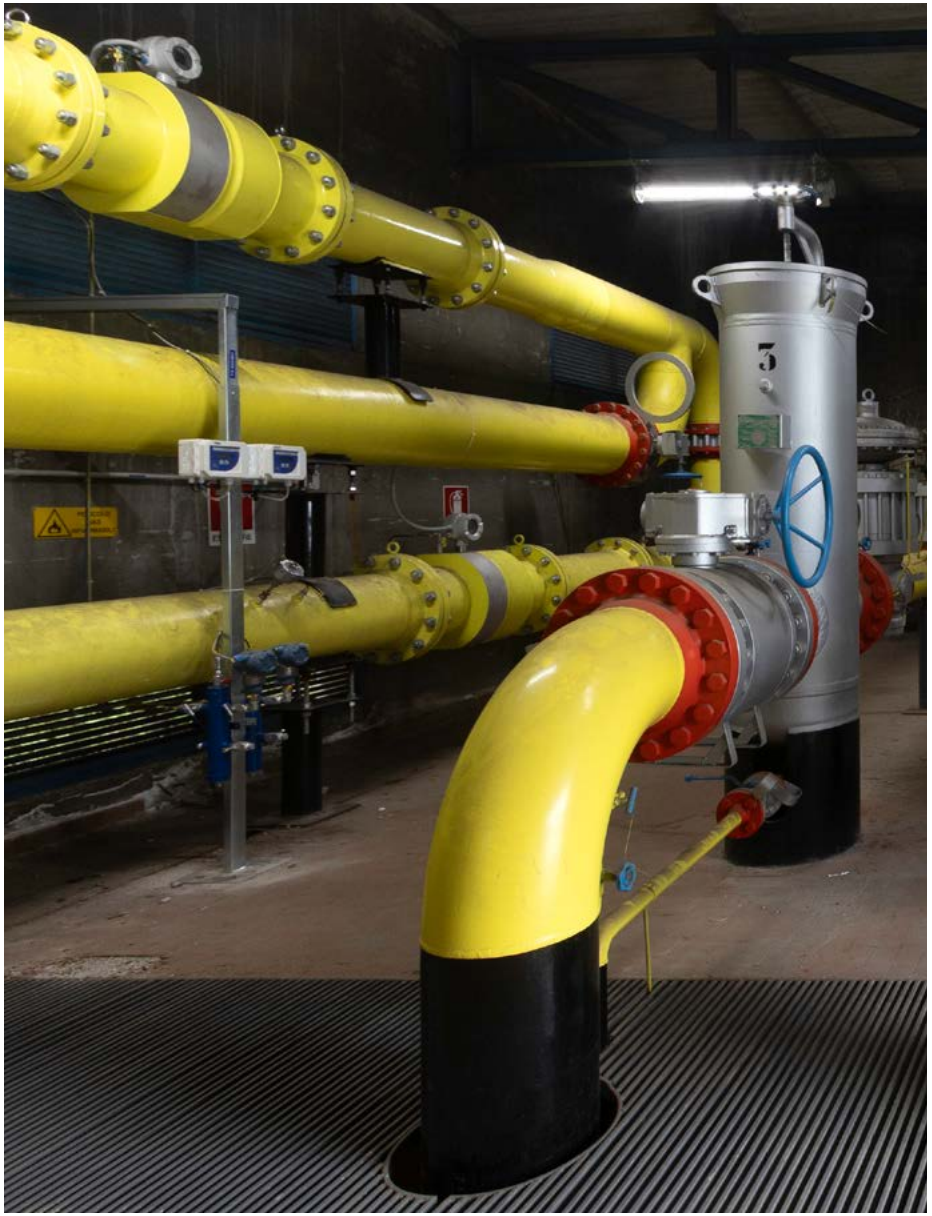
– collecting any additional information required by the ESRSs, if not present in the existing documentation. If an IRO is material and 2i Rete Gas does not have the necessary information, the Company will provide a negative qualitative disclosure.

The methods for verifying, validating and approving qualitative data are shown below:

- the texts resulting from the interviews are shared with the Data Providers and the ESG Contact Persons from the different Divisions and Departments reporting directly to the Chief Executive Officer;
- the final verification and approval of the qualitative data are carried out by the head of each Division or Department reporting directly to the Chief Executive Officer via email communication.

The methods for validating and approving quantitative data are shown below:

- quantitative data is uploaded to the Oracle EPM Cloud platform following these deadlines:
  - with estimates: by 31 December of each year;
  - without estimates: by the third week of January of the year following the reporting period.
- the approval process involves two levels, already configured on the platform:
  - interim verification and validation by the ESG Contact Person;
  - verification and final validation by the Head of the individual Divisions or Departments reporting directly to the Chief Executive Officer.



15.1 General information

15.1 General information

15.1.1 Group profile

THE GROUP

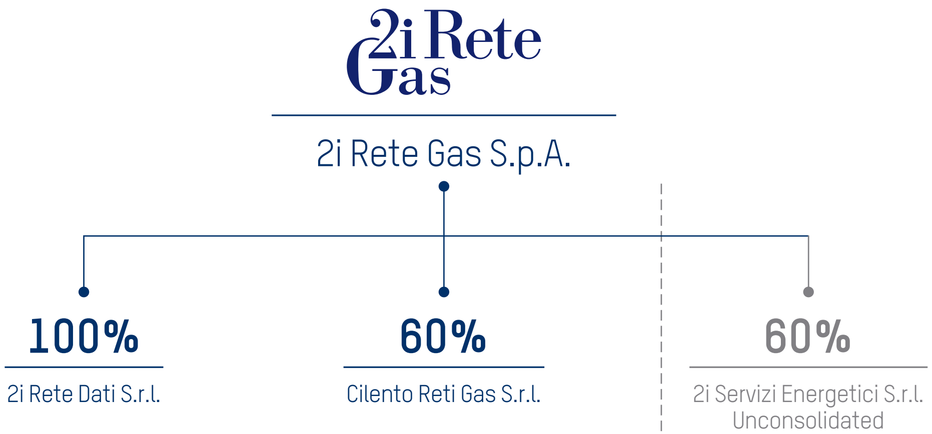
2i Rete Gas is the result of a significant acquisition process that has seen the Group engaged in aggregating, integrating and consolidating multiple entities in the gas distribution sector. Today, the Group operates nationwide, with a widespread presence in both provincial capitals and small municipalities, and works daily to primarily serve as the concessionaire of a public utility service, ensuring high performance levels and constant attention to the challenges in the gas distribution sector.

KEY FIGURES AND CORPORATE STRUCTURE

2i Rete Gas is a reference point in the Italian gas distribution sector.

By the end of 2024, with the contribution of 2,158 employees, the Group was managing 2,226 municipalities in 140 ATEMs (Minimum Territorial Areas) and approximately 72,000 km of network, distributing 5.4 billion cubic meters of gas on behalf of sales companies to around 4.9 million end customers, positioning itself as the second national player in the sector.

Il Gruppo al 31.12.2024



As a result of corporate and operational rationalisations, **2i Rete Gas S.p.A.**, as of 31 December 2024, holds 100% of **2i Rete Dati S.r.l.** with a Sole Director at the helm, 60% of **Cilento Reti Gas S.r.l.** and 60% of **2i Servizi Energetici S.r.l.**, both managed by a Board of Directors with representatives from the respective shareholders.

During the 2024 financial year and more specifically on 5 October 2024, F2i and Finavias announced the signing of a contract for the sale of their entire shareholding in 2i Rete Gas to Italgas.
The agreement followed an exclusivity period granted by the sellers to Italgas last May. The transfer of shares is subject to the authorisation of the relevant authorities and is expected to occur in the first part of 2025.

The Parent Company manages and coordinates both 2i Rete Dati S.r.l. and Cilento Reti Gas S.r.l..
2i Rete Dati operates in the telecommunications sector, focusing on the installation and operation of the infrastructure necessary for remote reading and management of data from gas smart meters and other smart devices.
Cilento Reti Gas is a project company, 40% owned by Bonatti S.p.A. as the construction partner, operating under a public concession for the design and construction of the network and the management of the gas distribution service in the Bussento, Lambro and Mingardo areas, as well as in the areas of Gelbison and Cervati, Alento, and Monte Stella. The company is also engaged in the completion of gas distribution facilities currently under construction.
2i Servizi Energetici, established in 2019 as a joint venture with Tekne Esco S.r.l. (which holds the remaining 40% of the capital), is the Group's ESCo, engaged in the development and marketing of energy efficiency initiatives for public and private entities. It is noted that this company is not within the scope of consolidation of the Group.

The Subsidiaries of 2i Rete Gas S.p.A., in order to ensure the highest performance levels in widely dispersed 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, dedicated primarily to staff and operational management activities;
- five decentralised offices in Verona, Frosinone, Acquaviva delle Fonti (BA), Selvazzano Dentro (PD) and Naples, also dedicated to staff activities;
- six Departments that coordinate 23 Territorial Areas which, in turn, manage the relevant area.

This organisation has a streamlined and flexible structure, allowing it to quickly adapt to changing conditions and effectively meet the needs of the Group's clients.

Territorial Department

NORTH
Biella
Como-Varese
Milano Nord
Valtellina

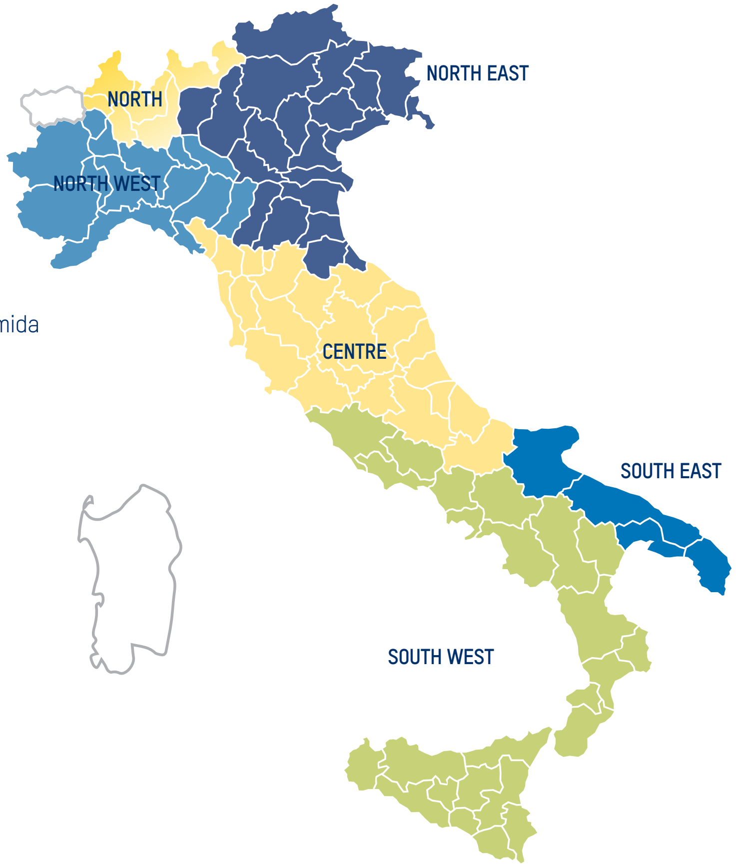
NORTH EAST
Bergamo
Padova-Venezia
Rovigo

NORTH WEST
Castellazzo-Bormida
Milano Sud
Piacenza

CENTRE
Chieti
Frosinone
L'Aquila
Massa
Perugia-Viterbo

SOUTH EAST
Foggia
Bari
Taranto
Lecce-Brindisi

SOUTH WEST
Naples Area
Catania
Nola
Palermo



STRATEGY, BUSINESS MODEL AND VALUE CHAIN

ESRS 2 SBM-1

The Parent Company, directly or through its subsidiaries, manages its activities on a day-to-day basis in line with its Mission: to manage, develop and enhance gas distribution networks and infrastructure with the aim of continuous improvement, operational excellence and technological innovation for a new energy model that reduces environmental impact while efficiently meeting the Country's energy needs.

The Group operates within the gas supply chain, mainly focusing on gas distribution, a business regulated by the Regulatory Authority for Energy, Networks and the Environment (ARERA), which determines the conditions for accessing infrastructure, service provision and tariffs for the remuneration of activities performed under public concession.

Gas distribution, in fact, is the activity that, through an integrated system of infrastructures – city gate gas metering and regulating units (hereinafter also "city gate units"), pressure reduction systems, distribution networks, redelivery points (hereinafter also "PDRs") and meters – ensures the extraction of gas from the national transmission network to deliver it to the end customers (residential or business) of the local distribution network on behalf of authorised sales companies.

Aware of its role, 2i Rete Gas operates using continuous improvement methodologies and a set of efficiency and cost-effectiveness management criteria, offering high performance levels and committing to ensure the sustainable evolution of the gas distribution infrastructure in the medium to long term.

Regarding the suppliers of 2i Rete Gas, they mainly operate in the sectors of Works, Services and Supplies, with a strong focus on gas distribution activities. Almost all contracts are awarded to qualified suppliers through an e-procurement portal, with the vast majority of supplies coming from Italian suppliers. For further information, please refer to section 1.4.1.4 Responsible management of the supply chain.

As for customers, 2i Rete Gas is a distribution company, not a sales entity, and its main counterparts are municipalities, local authorities, sales companies and end customers. For further details, please refer to section 1.3.4.2 Relations with customers.

BUSINESS MODEL

2i Rete Gas's core business is the efficient management of gas distribution infrastructure until the concession is renewed, ensuring service continuity and high quality.

The Group's business model is supported by its Integrated Management System (hereinafter also "IMS"), implemented by 2i Rete Gas S.p.A. to ensure the company's ability to consistently and reliably provide "Management and operations of gas distribution services". This system is designed to comply with applicable regulatory requirements and certification standards.

The field of application of the IMS is the "Design, construction and installation of methane gas and other fuel gas distribution systems and networks – Methane gas and other fuel gas distribution activities (operation, maintenance and support of plants and distribution networks of methane gas and other fuel gases)". It covers the entire business process of "Management and operations of gas distribution services", which unfolds across three time phases (primary macro-process flows):

- **ACQUISITION OF CONCESSIONS** through ATEM-level tenders and/or corporate acquisition transactions;
- **SERVICE MANAGEMENT** (development, operation and maintenance of plants, service provision to interested parties);
- **HANDOVER OF PLANTS AT CONTRACT EXPIRY**

Reconciliation of net revenue from activities in high climate impact sectors with the relevant item or disclosure in the financial statements

	u.m	2023	2024
Net revenue from activities in sectors with high climate impact (without IFRIC 12)	€ Mln	816.1	896.0
Total net revenue in the financial statements	€ Mln	1,152.6	1,245.1

The company does not generate revenue from taxonomy-aligned economic activities related to fossil gas, as per Article 8, paragraph 7(a) of Commission Delegated Regulation (EU) 2021/2178.

For further details, refer to the section on European Taxonomy.

15.1.2 The double materiality analysis

ESR2 2 IRO-1; ESR2 2 IRO-2; S1-5

In 2024, 2i Rete Gas conducted a double materiality analysis in line with CSRD requirements and the criteria set by ESRSs. This process allowed the company to identify and disclose the key impacts, risks and opportunities (IROs) associated with its environmental, social and governance (ESG) factors across its operations and value chain.
The new reporting standards require IROs to be identified from two perspectives:

- **Impact Materiality**: focused on identifying the positive and negative impacts that company activities generate or could generate on the external context.
- **Financial Materiality**: aimed at identifying the risks and opportunities arising from ESG-related factors that could impact the company's financial position, performance, cash flow, access to funding, or capital costs.

The evaluation of IROs considers different time horizons[1] and includes both the Group's direct operations and its upstream and downstream value chain.
The double materiality analysis was conducted through a structured process, in accordance with the guidelines set out in the "IG1: Materiality Assessment Implementation Guidance" issued by the European Financial Reporting Advisory Group (EFRAG). The process was structured into the following key phases:

- **PHASE 1: UNDERSTANDING THE CONTEXT**;
- **PHASE 2: IDENTIFICATION OF IMPACTS, RISKS AND OPPORTUNITIES (IROS)**;
- **PHASE 3: ASSESSMENT OF IMPACTS, RISKS AND OPPORTUNITIES (IROS) AND CONSOLIDATION**.

PHASE 1: UNDERSTANDING THE CONTEXT

The contextual analysis of 2i Rete Gas operations was conducted through an in-depth examination of its business activities and commercial relationships to understand the regulatory, geographic and economic landscape. This analysis was carried out by **reviewing internal company documents** and conducting a **benchmark study** structured over two levels: the first level analysed the **legislative landscape and the ESG macro-trends of the sector**, using public databases to identify specific sectoral impacts; the second investigated the **relevant sustainability issues for companies in the same sector** or **sectors comparable** to that of 2i Rete Gas.

[1] 2i Rete Gas has aligned the time horizons used in its double materiality analysis with the standards specified by the ESRSs, defining the short term as 0 to 1 year, the medium term as 1 to 5 years, and the long term as beyond 5 years.

PHASE 2: IDENTIFICATION OF IMPACTS, RISKS AND OPPORTUNITIES (IROS)

Based on the findings from the first double materiality analysis conducted in 2023, the impacts deriving from such analysis outlined in the previous year's Consolidated Non-Financial Statement and the insights from the contextual analysis, a preliminary list of impacts, risks and opportunities (IROs) was created.

During the process of assessing impacts, risks and opportunities, their interconnections and potential interdependencies were analysed. It should also be noted that no significant environmental or social dependencies were identified.

The **list of IROs** was structured in line with the topics, sub-topics and sub-sub-topics defined by the ESRSs. The finalised list, developed while considering the specific geographic area of operation, business activities and the complexity of relationships along the value chain – including interactions with key stakeholder categories such as Regulatory Authorities, sales companies, suppliers, local entities, and municipalities – was then subjected to evaluation.

It should be noted that the IRO list was also supplemented with insights from the VSLC (Work-Related Stress Assessment) questionnaire, which directly involved 2i Rete Gas employees (see "Engagement"). For future assessments, 2i Rete Gas will consider involving additional relevant stakeholders during the revision and update process of the double materiality analysis.

PHASE 3: ASSESSMENT OF IMPACTS, RISKS AND OPPORTUNITIES (IROS) AND CONSOLIDATION.

Each IRO identified in Phase 2 was subsequently evaluated by the relevant corporate functions, with the Sustainability Office providing support. In accordance with ESRS guidelines, impacts were assessed based on magnitude, scope, irremediable nature (applicable only to negative impacts) and probability of occurrence (applicable only to potential impacts). Magnitude was defined as the level of benefit generated by a positive impact or the severity of a negative impact; the scope as the extent of the impact; while the irremediable nature has been associated with the company's ability to mitigate a negative impact.

At the same time, the risks and opportunities were assessed not only in terms of probability, but also in relation to magnitude and financial impact, using different assessment scales depending on the various financial impacts investigated (for example, the reputational scale, business continuity scale, etc.).

Each parameter was assigned a specific score by the relevant functions, ensuring a systematic and structured evaluation. It should be noted that the risk identification process for the double materiality assessment is conducted independently from other corporate risk assessments.

Additionally, IROs were identified and evaluated without considering existing mitigation measures already implemented by the Group. The final impact magnitude was determined by calculating the highest value among the scores assigned to magnitude, scope and irremediable nature, multiplied by probability (for potential impacts).

To determine the relevant sustainability issues to be included in the reporting, the quantitative results of the assessments for each IRO were displayed in a **heatmap**. This tool made it possible to classify impacts into different levels of relevance (high, medium or low) and identify those exceeding a pre-established relevance threshold.

The results of the materiality analysis were then presented to the Board of Directors, which approved them on 19 December 2024.

Finally, it is specified that the double materiality analysis will be reviewed annually and updated as new findings emerge to ensure an increasingly accurate and transparent representation of 2i Rete Gas's reality.

The analysis conducted in 2024 identified **22 relevant IROs, 16 of which fall under Impact Materiality** and **6 under Financial Materiality**.
The description of the IROs is presented in the following table:

TOPIC	Material IROs for Topical ESRSs		Sub-topic/Sub-sub-topic	Value chain			Time Horizon	IRO numbering
				Upstream	Own operations	Downstream		
E1 - CLIMATE CHANGE	**Impact materiality**							
	Negative Impact	Contribution to climate change due to direct (Scope 1) and indirect (Scope 2) GHG emissions generated by the activities of 2i Rete Gas.	Climate change mitigation		●		Short Term	1
	Negative Impact	Contribution to climate change deriving from indirect (Scope 3) GHG emissions generated by the 2i Rete Gas value chain.	Climate change mitigation	●		●	Short Term	2
	Negative Impact	Contribution to the depletion of non-renewable natural resources through the use of energy from fossil sources in the Group's operating activities.	Energy		●		Short Term	3
	Rilevanza finanziaria							
	Risk	Transition risk relating to the tightening of regulations on greenhouse gas emissions which could lead to an increase in costs to adapt plants and processes to the energy transition, in addition to potential economic losses due to regulations that discourage the use of natural gas in favour of renewable energy sources.	Climate change mitigation		●		Medium Term	4
E5 - CIRCULAR ECONOMY	**Impact materiality**							
	Potential Negative Impact	Contribution to the degradation and exploitation of natural resources due to the consumption of materials and raw materials along the 2i Rete Gas supply chain.	Inflows of resources, including the use of resources	●			Long Term	5
	Negative Impact	Generation of waste along the 2i Rete Gas supply chain deriving from the installation, maintenance and replacement of natural gas distribution infrastructures.	Waste	●			Short Term	6
S1 - OWN WORKFORCE	**Impact materiality**							
	Potential Negative Impact	Lack of employment opportunities for younger workers due to the failure to remove cultural and organisational barriers	Safe employment		●		Medium Term	7
	Potential Negative Impact	Worsening of work-life balance, leading to employee dissatisfaction due to perceived ineffective welfare plans.	• Working hours • Work-life balance		●		Short Term	8
	Negative Impact	Lack, inadequacy or insufficient adoption of measures to safeguard employees' physical and mental health and safety in the workplace, resulting in an increase in workplace accidents and occupational diseases.	Health and safety		●		Long Term	9
	Potential Negative Impact	Increased turnover rate and employee dissatisfaction due to the lack or inadequacy of employee development and training plans, poor employee management practices, and resistance to cultural and professional change.	Training and skills development		●		Short Term	10
	Potential Negative Impact	Worsening of the well-being of workers due to potential discrimination incidents.	• Gender equality and equal pay for equal work • Employ-ment and inclusion of people with disabilities • Measures against vio-lence and harassment in the workplace • Diversity		●		Medium Term	11
	Rilevanza finanziaria							
	Risk	Risks arising from employee and/or customer legal disputes for privacy violations or data loss	• Confidenti-ality (S1) • Confiden-tiality (S4)		●	●	Medium Term	12

continues >>

>> continued

TOPIC	Material IROs for Topical ESRSs		Sub-topic/Sub-sub-topic	Value chain			Time Horizon	IRO numbering
				Upstream	Own operations	Downstream		
S2 - WORKERS IN THE VALUE CHAIN	**Impact materiality**							
	Negative Impact	Lack, inadequacy or insufficient adoption of measures to safeguard the health and safety of workers along the supply chain, resulting in an increase in accidents and negative effects on their physical and mental well-being.	Health and safety	●			Short Term	13
	Rilevanza finanziaria							
	Risk	Economic risk for 2i Rete Gas deriving from violations of working conditions in the supply chain, which could also damage the company's perception by stakeholders, generate mistrust from customers and business partners, and attract criticism from non-governmental organisations and civil society.	• Child labour • Forced labour	●			Medium Term	14
S3 - AFFECTED COMMUNITIES	**Impact materiality**							
	Negative Impact	Compromise of the safety and resilience of local communities due to the failure to implement a plan for the development of company networks.	• Safety-related impacts (S3) • Health and safety (S4) • Personal safety (S4)		●		Medium Term	15
	Rilevanza finanziaria							
	Rischio	Risk of negative impacts on the health and safety of affected communities.	Safety-related impacts (S3)		●	●	Long Term	16
S4 - CONSUMERS AND END-USERS	**Impact materiality**							
	Potential Negative Impact	Compromise of service quality due to the incidence of cybersecurity threats.	Confidentiality	●	●	●	Long Term	17
	Negative Impact	Compromise of the safety and resilience of local communities due to the failure to implement a plan for the development of company networks.	• Safety-related impacts (S3) - Health and safety (S4) - Personal safety (S4)		●	●	Medium Term	18
	Rilevanza finanziaria							
	Risk	Risks arising from employee and/or customer legal disputes for privacy violations or data loss.	• Confidentiality (S1) • Confiden-tiality (S4)		●	●	Medium Term	19
G1 - BUSINESS CONDUCT	**Impact materiality**							
	Potential Negative Impact	Failure to contribute to the spread of a responsible corporate culture, with potential negative effects on external people and communities, such as violations of principles of fairness, impartiality and respect for personal integrity.	Corporate culture		●		Short Term	20
	Potential Negative Impact	Lack of or incorrect application of anti-corruption and ethical principles, with a potential increase in cases of corruption and incorrect management of risks and business ethics.	Active and passive corruption		●		Medium Term	21
	Rilevanza finanziaria							
	Risk	Legal risk for 2i Rete Gas as a result of corruption incidents, which could result in economic sanctions, legal proceedings, disqualifications from public contracts and damage to regulatory compliance, as well as potential damage to reputation deriving from actual failure to comply with the principles of legality and fairness.	• Corporate culture • Active and passive corruption		●		Medium Term	22

Regarding the significant risks identified under financial materiality, it should be noted that during the 2024 financial year, investments amounting to EUR 253,465 thousand were made in relation to the transition risk, specifically for the repurposing of the distribution network. Furthermore, the actions, policies, and financial resources committed—detailed in sections 15.1.2-15.1.5, as required by the relevant ESRS datapoints identified through the double materiality analysis—impact the application of accounting standards. In particular, they influence the assessment of investments, costs and estimated future cash outflows needed to mitigate the effects of the risks identified as material.

Considering the results of the double materiality analysis carried out this year, all the topics identified as material will be discussed in the respective chapters. Regarding the newly emerging topics compared to the previous year, the main one concerns the circular economy (E5), specifically in the upstream value chain. This relates to the primary raw materials used by suppliers and the waste generated to ensure the quality of services provided by 2i Rete Gas.

This result will entail an in-depth analysis of the topic for 2i Rete Gas, which will be assessed in the coming years. To date, the company has not defined Policies, Actions and Targets related to IROs 5 and 6 and for this reason it will determine whether or not to adopt them. In this report, the topic of upstream circular economy will therefore be addressed only within the chapters dedicated to suppliers and the assessment of Scope 3 emissions.

15.1.3 Risks, prevention and mitigation measures

RISK MANAGEMENT

The Group's internal governance and risk management system comprises the tools necessary to guide, manage and monitor business activities.
Its purpose is to ensure compliance with laws and company procedures, protect corporate assets, manage activities effectively and efficiently, and provide accurate and comprehensive financial and accounting information.

The Group has implemented a governance approach for all risks that may affect the conditions underlying value creation, equipping itself with a system for identifying, assessing, managing and controlling risks. The Group's internal control and risk management system is based on an integrated control model, with identification of the tasks of each body or function involved and concrete methods of coordination between them.

THE BOARD OF DIRECTORS, also through the mandate assigned to the Chief Executive Officer, defines the guidelines for the internal control and risk management system, including those concerning the impacts of the organisation on the economy, the environment and people, also with the support of the Internal Audit function.

In 2020, the Board of Directors approved the update of the Group's Mission and, annually, where it deems it necessary, approves the update of the Framework and the Sustainability Policy which sets out the commitments in terms of sustainable development that 2i Rete Gas has established and made public and the implementation principles that identify the priority areas of action to be followed and developed. Additionally, the Board annually approves the review of the Sustainability Plan, which integrates these implementation principles into the operational planning and business of 2i Rete Gas (see "Approach to sustainability and integration of ESG elements" and "Policies").

The Board periodically assesses the adequacy and effectiveness of the control system, ensuring that major business risks are identified and managed. This includes oversight by the Chief Executive Officer on sustainability-related matters and regulatory developments—particularly regarding energy transition—and the organisation's management of its economic, environmental and social impacts. These responsibilities align with the objectives set out in the Sustainability Plan.

THE BOARD OF STATUTORY AUDITORS, also in its capacity as "Internal Control and Audit Committee", oversees the effectiveness of this system.

THE AUDITING FIRM in turn carries out the statutory audit of the accounts, expressing in a specific report an opinion on the separate and consolidated financial statements and illustrating the results of the statutory audit; it also verifies, during the year, that the company accounts are properly kept and that the operating events are correctly recorded in the accounting records. These activities also extend, through a limited examination (Limited Assurance), to the Sustainability Report.

THE SUPERVISORY BODY, in turn, carries out periodic controls and specific checks on relevant business processes to ascertain compliance with the Organisational and Management Model pursuant to Legislative Decree 231/01 and the Code of Ethics, as already highlighted above.

THE INTERNAL AUDIT FUNCTION (which also acts as the Compliance Officer) is the body responsible for verifying the functioning and adequacy of the internal control system, in accordance with the Code of Ethics, the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01 and the Charter of Values.
Focusing on the most critical topics for the Group's business and compliance, the Internal Audit function plays a key role in two main areas. First, it enhances the organisation's awareness and understanding of business risks that arise along the way. Second, it promotes accountability among functional and regional managers by prompting them to implement appropriate preventive or corrective action plans in cases where risk controls are inadequate.

At the end of its activities, Internal Audit proceeds to update the Board of Directors (hereafter also BoD) annually, on the occasion of the approval of the annual financial statements, regarding the activities carried out, the results achieved and the evidence of the risks identified in the plan drawn up for the following three-year period.

In this circumstance, Internal Audit presents to the BoD and the institutional control bodies the overall assessment of the reliability of the company control system, according to the logic of the Co.SO Report.
In particular, for the 2024-2026 three-year audit plan, the following activities are envisaged:

- implementation of an extensive "audit coverage" ensuring that, over the period from 2024 to 2026, all processes and operational areas of the company will undergo multiple audit cycles;
- preparation of the annual risk analysis, establishing the related methodological guidelines (in accordance with international best practices such as ERM – Enterprise Risk Management and CRSA – Control Risk Self-Assessment) and ensuring the accuracy of risk assessments related to business management and regulatory compliance;
- continuation of the extensive use of follow-up on the main company processes, verifying the effectiveness of the improvement made to the internal control system, following the preventive/corrective action plans requested during the Risk Analysis and related audit activities;
- conducting merit assessments on process controls thanks to the increasingly intense support provided by the "continuous audit" methodology implemented by the Internal Audit function.

This method, which goes beyond the typical sampling logic of an audit, was implemented by analysing the company's entire database – appropriately focused on the indicators defined as "Red Flags" and referring to the main company processes – to highlight, with the desired frequency (monthly, quarterly, half-yearly, yearly), situations that have emerged that are worthy of attention, analysis and investigation;

- development and gradual dissemination of the above-mentioned methodological and IT approach to company functions – again according to international best practices referred to in this case as "continuous monitoring" – in order to improve and make its self-monitoring system more effective and responsive;
- monitoring of the complete and effective implementation of the preventive or corrective action plans requested during audits in previous years, entrusted to the responsibility of the various functions and local organisations.

THE DATA PROTECTION OFFICER (DPO), appointed in 2018 and confirmed in 2024, has the task of informing and advising the Data Controller and the Data Processors as well as the employees who process personal data, regarding the obligations deriving from European Union (in particular Regulation (EU) 2016/679) and national legislation, supervising compliance.

If requested, it must give an opinion on any data protection impact assessment and monitor its performance pursuant to Article 35 of the Regulation. It must also cooperate with the Guarantor for the protection of personal data and act as a point of contact with the Guarantor itself for matters related to the processing.
With specific reference to the monitoring of the obligations deriving from Regulation (EU) 2016/679 (GDPR), the Company has in particular, also with the support of the DPO:

- formalised, updated and disclosed the Register of processing operations (Art. 30 GDPR), as a reference basis for the correct planning and verification of security measures and the relative Operational Instruction for its management;
- appointed and formalised Internal Data Processors (Art. 28) and External Data Processors (contractors and service providers of companies in the Group) (Art. 28), defining the contractual clauses to be included in formal relationships with External Data Processors;
- prepared operating instructions for authorised persons;
- prepared information for the various data subjects (customers, staff, collaborators, suppliers, third parties), in relation to each processing carried out as part of company activities, and the acquisition of consent where necessary (Art. 6);
- carried out employee training (Art. 29);
- prepared and monitored the security measures for both computerised and paper-based processing (Art. 32);
- carried out Risk Analyses and Impact Assessments – DPIA (Data Privacy Impact Assessment) (Articles 35 and 36) aimed at proactively identifying, for each processing activity, the countermeasures to ensure adequate security through appropriate technical and organisational measures, significantly reducing the likelihood of personal data breaches and their potential impact, while monitoring the effective implementation of these measures;
- prepared and disclosed to employees a Manual that includes the ethical rules and the security measures implemented and foreseen by the EU Regulation.

THE QUALITY, SAFETY AND ENVIRONMENT FUNCTION, in order to guarantee the maintenance of compliance with the above standards, carries out internal verification activities also aimed at ensuring compliance with the Consolidated Law on Safety (Italian Legislative Decree 81/08), the Consolidated Law on the Environment (Italian Legislative Decree 152/06) and Part I of the Consolidated Law on the regulation of quality and gas distribution and measurement tariffs for the regulatory period 2020-2025 pursuant to ARERA decision 569/19/R/gas.

15.1.4 Policies
ESR2 2 MDR-P Policies

2i Rete Gas has implemented first-level guidance tools to promote responsible management of its activities and the adoption of virtuous behaviours that go beyond legal requirements.

SUSTAINABILITY POLICY

The document is available for consultation online in the corporate Intranet and in the Parent Company's website

The Sustainability Policy defines the Group's commitment to making its business decisions with sustainability in mind and ensuring responsible business management. The document reaffirms, formalises and outlines the company's belief that, for sustainable and long-lasting value creation, business growth must promote respect for personal and inalienable human rights in company activities and along the value chain, in compliance with local, national and international regulations. At the same time, it must be aligned with principles of legality, integrity, impartiality and transparency, based on an integrated strategy that applies continuous improvement methodologies and efficiency and cost-effectiveness criteria.

2i Rete Gas has reinforced its commitments, aligning them with the ILO Declaration on Fundamental Principles and Rights at Work, relevant applicable conventions, the 10 Principles of the UN Global Compact, and the goals of the UN 2030 Agenda.

SPECIFIC TOPICS COVERED WITHIN THE POLICY:

- **Human rights:** respect for personal and inalienable human rights in company activities and along the value chain, in compliance with the provisions of local, national and international regulations to protect Human Rights.
- **Equality and equal opportunities:** promotion of equal opportunities for all employees, repudiating all forms of discrimination, and valuing diversity as a source of enrichment. The Group focuses on respect for gender equality and women's empowerment, integrating these principles into selection, training and development processes. It adopts a meritocratic policy and promotes an inclusive environment based on listening, dialogue and communication. 2i Rete Gas also fosters a work-life balance by offering solutions to increase flexibility and support family care. Furthermore, the Group protects the health and safety of its employees and external collaborators, ensuring a healthy and safe working environment and promoting initiatives to raise awareness of risks and enable better risk management, with the goal of increasing prevention and reducing the likelihood of accidents and injuries.
- **Efficiency, quality and safety:** continuous improvement in the management of infrastructures and services, focusing on the digital development of networks and processes to increase the value and reduce the vulnerability of plants. The main objectives are to ensure safety and service continuity for communities, monitoring performance through preventive controls to avoid failures and manage predictive maintenance. The Group intervenes promptly in dangerous situations and ensures compliance with the regulations to guarantee the commercial quality of the service. In the area of metering, 2i Rete Gas uses technological innovation to provide timely data on consumption, improving billing and increasing customers' awareness of their consumption and the effects of energy efficiency.
- **Environmental responsibility, energy efficiency and climate change:** systematic identification of environmental risks and the effects deriving from climate change, quantification for the progressive reduction of energy consumption and direct impacts such as CO_2 emissions into the atmosphere and fugitive emissions of CH_4, enhancement of the gas infrastructure as a resource to accompany the integration of renewable sources and energies. It seeks advanced applications of assets with a green perspective, such as increasing proposals with biogas producers and exploring solutions to overcome technical limitations and promote experimental initiatives for the injection of synthetic gases (power-to-gas). Lastly, expansion of its scope of operations to support decarbonisation by presenting proposals for energy efficiency.
- **Customers:** development of channels and tools for dialogue, as well as listening initiatives aimed at its customers (municipalities and local authorities; sales companies; end customers of the network), constantly monitoring their satisfaction levels in order to improve them.
- **Supply chain:** management based on ethics, transparency and the creation of mutual value.

The first edition of the Sustainability Policy was issued in 2020, while the third and current edition was formally approved by the Board of Directors of 2i Rete Gas SpA on 27 March 2023. 2i Rete Gas is committed to raising awareness of its sustainability commitments in order to pursue a balanced evolution over the medium and long term. To achieve this, the company ensures the full disclosure of its Sustainability Policy to employees through the company Intranet. Additionally, it makes the policy available to external stakeholders by publishing it on the Parent Company's website. At the same time, 2i Rete Gas reserves the right to promote awareness and sharing of the Sustainability Policy with individuals and businesses that, by working with or interacting with the Group companies, may influence the fulfilment of some of the commitments outlined within it. The policy is available in 2 languages on the Company's website.
Responsibility for the Policy and its associated Sustainability Plan lies with several roles tasked with oversight, in terms of implementation and monitoring, at different responsi-

bility levels: Sponsor, Project and Process Owner, and Data Provider. The activities assigned to the aforementioned figures, collectively, integrate with those managed by the ESG Working Group and the Steering Committee.
In relation to the key IROs identified in the double materiality analysis, the Sustainability Policy covers those related to E1 - Climate Change, S1 - Own Workforce, S2 - Workers in the Value Chain, and S4 - Consumers and End Users.

DIVERSITY, EQUITY, INCLUSION AND GENDER EQUALITY POLICY

The document is available for consultation online in the corporate Intranet and in the Parent Company's website

The Diversity, Equity, Inclusion (DE&I), and Gender Equality Policy, in line with the principles of the Sustainability Policy and the Code of Ethics, aims to define the organisation's commitment to promoting an inclusive culture based on dialogue and the appreciation of diversity. It also establishes measures to ensure the respect and recognition of equal opportunities, gender equality, the empowerment of women, and a zero-tolerance approach to any form or type of discrimination.

2i Rete Gas has therefore set forth commitments to foster the dissemination of a corporate culture that is attentive to the principles of DE&I — as well as focused on achieving Gender Equality and supporting female empowerment — in accordance with the UNI/PdR 125:2022 standard and inspired by widely recognised standards for responsible business practices issued by international organisations. These include the Constitutional Principles of Equality and Fairness, the United Nations Sustainable Development Goals (SDGs), the 10 Principles of the United Nations Global Compact, the United Nations General Assembly Declaration on Human Rights, the Women's Empowerment Principles of the United Nations, the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work, and applicable conventions.

SPECIFIC TOPICS COVERED WITHIN THE POLICY:

- **Selection and recruitment**
  2i Rete Gas is committed to enhancing its current selection process by promoting fairness, diversity, inclusion and gender equality through the use of neutral language in job postings and ensuring that interviews are respectful and free from discrimination. The company complies fully with equal opportunity laws, applying principles of fairness and preventing cognitive biases related to gender stereotypes Furthermore, the company aims to progressively increase the presence of women in the workforce, aligning with the targets set in the Sustainability Plan, and strengthening collaborations with educational institutions and universities, particularly in STEM fields.

- **Career management**
  2i Rete Gas ensures that career management processes are based on merit, adopting objective and neutral criteria that guarantee equal opportunities and internal equity. The company promotes the development of its people through accessible cross-functional paths that aim to enhance talent and increase professionalism. Special attention is given to teamwork, knowledge exchange, and collaboration across generations, supported by continuous training that integrates technical specialisation, flexibility and managerial skills, with a focus on Diversity, Inclusion and Gender Equality. Competency and performance evaluations are implemented, fostering a culture of feedback and constructive dialogue, alongside training for impartial assessments. Internal mobility is encouraged, applying objective criteria based on merit and skills, and inclusive leadership styles are promoted, along with succession plans that reflect inclusivity and Gender Equality. Lastly, in line with the Sustainability Plan targets, the company aims to progressively increase the percentage of women in managerial or coordination roles.

- **Pay equity**
  2i Rete Gas adopts salary policies based on impartiality and merit, ensuring alignment with business strategies, market trends, organisational structures and the roles held by employees. The company promotes a modern Total Reward system, including appropriate financial compensation, benefits and welfare solutions to foster employee satisfaction and engagement. It is committed to reducing the gender pay gap, as well as increasing the presence of women in technical, specialist and coordination roles. It also uses gender-neutral evaluation models to identify development opportunities.

- **Parenting and care**
  2i Rete Gas is committed to developing initiatives that support parenthood and caregiving needs, offering equitably accessible welfare services such as support for the family, healthcare, children's education, care for the elderly and disabled, and subsidised credit solutions. The company intends to improve maternity services and care needs, promote training programmes dedicated to the relationship between employees and the company in relation to parental leave and facilitate the consequent return to work. In addition, it aims to spread the culture of well-being through information sessions, Intranet updates and listening meetings.

- **Work-life balance**
  2i Rete Gas recognises the importance of balancing professional and personal life, committing itself to implementing concrete solutions. These include flexible working hours, part-time arrangements and remote working options adapted to the needs of employees. The company also supports parental responsibilities and caregiving needs, alongside introducing modern digital IT tools to enhance work efficiency, improve information flow and ensure transparency in internal communication.

- **Prevention of abuse and harassment**
  2i Rete Gas reiterates its firm rejection of any form of discrimination and commits to preventing and combating gender-based violence, abuse or harassment. The company identifies and evaluates potential risks, planning preventive actions, and establishing reporting channels that protect employees from retaliation. It conducts periodic surveys to investigate discriminatory experiences or harassment. Additionally, the company addresses inappropriate behaviour, offers specific training on the subject, and promotes initiatives to raise awareness and prevent gender stereotypes.

The Diversity, Equity, Inclusion and Gender Equality Policy, which applies to all internal personnel and external collaborators, was formally approved by the CEO in 2024. 2i Rete Gas develops and disseminates a communication plan to stakeholders to foster awareness of the commitments made regarding Gender Equality, Diversity and Inclusion. This Policy is shared in full with the company's employees via the corporate Intranet and is also made available to external stakeholders through publication on the Parent Company's website. The Policy is reviewed annually and, if necessary, updated in response to changes in regulations concerning Gender Equality and/or based on the outcomes of periodic monitoring and assessments of its effective adoption and implementation. The responsibility for implementing the Policy lies with the Gender Equality Steering Committee.

In relation to the significant IROs identified by the double materiality analysis, the Diversity, Equity, Inclusion and Gender Equality Policy specifically addresses issues related to workforce diversity and inclusion.

The document is available for consultation online in the corporate Intranet and in the Parent Company's website

BUSINESS ETHICS AND ANTI-CORRUPTION POLICY

The Business Ethics and Anti-Corruption Policy reflects the company's commitment to promoting a corporate culture based on honesty, integrity and fairness, as well as compliance with the principles of legality, impartiality and transparency, in line with current laws, industry regulations, and institutional requirements. This document serves as a guiding framework that harmonises and outlines the principles, paradigms and organisational and operational controls defined and implemented by 2i Rete Gas to continually foster a corporate culture grounded in honesty, integrity and fairness, while also preventing all forms of corruption in the execution of its activities.

The Group prevents the risks of both active and passive corruption through the implementation and application of the Code of Ethics, 231 Organisational Model, its Charter of Values, the Sustainability Policy, and the Integrated Policy for Quality, Safety and Environment. These principles and values are further elaborated in specific organisational documents (e.g., regulations, procedures, operating instructions, quality manual) that govern the activities of the company functions. Additionally, the company provides ongoing updates and training on anti-corruption regulations and corporate responsibility under Italian Legislative Decree 231.

SPECIFIC TOPICS COVERED WITHIN THE POLICY:

- **ethical safeguards and anti-corruption measures in relations with shareholders and investors, particularly regarding transparency towards the market;**
- **ethical safeguards and anti-corruption measures in relations with personnel;**
- **personnel selection, management and training;**
- **safeguards in terms of employee health and safety;**
- **safeguards in relations with suppliers;**
- **safeguards in relations with the Public Administration;**
- **safeguards in relations with Institutions and Authorities;**
- **safeguards in relations with trade unions;**
- **2i Rete Gas safeguards regarding the impact of the business on the environment;**
- **contribution to regional development;**
- **safeguards for privacy and management of company data.**

The Business Ethics and Anti-Corruption Policy applies to all companies within the Group over which 2i Rete Gas S.p.A. has control. It was approved by the Company's Board of Directors in March 2021 and updated in March 2023 to incorporate the evolution of existing controls and the issuance of new procedural and organisational measures to guide the company's operations according to the principles outlined.

The governance structure aimed at promoting ethical behaviour within the organisation and preventing all forms of corruption is designed to provide reasonable assurance regarding the correctness of these behaviours through appropriate supervision and control mechanisms, as described below. In this context, it is the task of:

- **line management** to ensure the correct performance of transactions (First-level controls - or line controls), in compliance with ethical and anti-corruption principles of the internal and external regulatory framework;

- the **structures responsible for the governance and monitoring of activities** (Operational Management, Quality, Planning and Control, Human Resources, Legal, etc.) to supervise the performance of operations (Second-level controls), in compliance with ethical and anti-corruption principles and company strategies and policies;
- the **Internal Audit structure**, to periodically assess and verify, on the basis of a risk-based plan, the completeness, functionality and adequacy of the internal control system (Third-level controls), reporting periodically to the BoD on the activities carried out, the results achieved and the level of control gradually implemented in the company.

In relation to the key IROs identified in the double materiality analysis, the business ethics and anti-corruption policy transversally covers those relating to G1 - Business conduct, S1 - Own workforce, S2 - Workforce in the value chain, S3 - Affected communities, S4 - Consumers and end users.

INTEGRATED QUALITY, HEALTH AND SAFETY AT WORK, ENVIRONMENT AND ASSET MANAGEMENT POLICY

The document is available for consultation online in the corporate Intranet and in the Parent Company's website

The Integrated Policy for Quality, Health and Safety at Work, Environment, and Asset Management, drafted in alignment with the Group's Sustainability Policy, from which it stems, outlines the key aspects concerning the four standards it references:

- UNI EN ISO 9001: 2015 (Quality management systems);
- UNI EN ISO 14001: 2015 (Environmental management systems);
- UNI ISO 45001: 2018 (Occupational health and safety management systems);
- UNI ISO 55001: 2015 (Asset management).

2i Rete Gas aims to continue enhancing its value to ensure and provide the best service to its customers, the local communities in which it operates, its resources, and its suppliers, in a fully collaborative spirit of mutual growth. The company considers the protection of human and environmental resources as a fundamental principle, aiming to integrate sustainability issues into the strategy and operations of 2i Rete Gas. It intends to play an active role in the transition toward a more sustainable economy from environmental, social and governance perspectives.

SPECIFIC TOPICS COVERED WITHIN THE POLICY:

- **Stimulating individual contributions**
  2i Rete Gas puts people first, promoting respect, involvement and skill development, valuing diversity and encouraging an inclusive culture based on dialogue. The aim is to allow each individual to fully express their potential and contribute, with responsibility and pride, to the continuous improvement of the company.

- **Ensuring efficiency, quality and safety**
  2i Rete Gas is committed to managing its assets by working daily to provide the best service to its customers. This is achieved through the attainment of incremental levels of technical and commercial quality, while also pursuing efficiency and cost-effectiveness. The company aims for operational excellence through continuous performance improvements in managing plants and infrastructure, focusing on key principles such as: safety for employees, customers, communities, the environment and suppliers; efficiency, driven by technological innovation in the design, construction and management of distribution plants, enabling better standards of quality, service continuity and safety, while ensuring activities necessary to maintain the value of assets over time and minimising environmental impact; shared value creation as a trusted partner for stakeholders; and optimisation of natural and energy resources for environmental protection.

- **Ensuring compliance with the regulations applicable to the sector**
  The company values regulatory principles as a minimum starting point for researching and achieving ever higher safety standards, while maintaining and developing proactivity and adaptation to regulatory changes, including through the implementation of strategic asset management plans for the continuous technological alignment of infrastructures.

- **Distributing energy for a more sustainable future**
  2i Rete Gas, pursuing principles of safeguarding and protecting the environment, is committed to promoting and implementing initiatives to ensure the sustainable evolution of the gas infrastructure over the medium and long term. The company aims to support the establishment of a new energy paradigm with reduced environmental impact.

- **Striving for economically sustainable optimisation in the management and operation of the natural gas distribution service**
  2i Rete Gas adopts an integrated management system for Quality, Health, Safety, Environment and Asset Management as an essential tool to support employees and improve business activities. This approach aligns with the company's Sustainability Policy, Code of Ethics and Organisational Model. The company is committed to safeguarding Human Rights, maintaining ethical standards, and preventing unethical practices or corruption. It actively involves its employees, emphasising that their contributions are crucial for achieving company goals and maintaining high standards of professionalism and social responsibility.

The Integrated Policy for Quality, Health and Safety at Work, Environment and Asset Management, applicable to 2i Rete Gas S.p.A., was approved in its updated version by the Chief Executive Officer in September 2023.

In relation to the key IROs identified in the double materiality analysis, the integrated quality, health and safety at work, environment and asset management policy transversally covers those relating to E1- Climate change, S2 - Workers in the value chain, S3 - Affected communities, S4 - Consumers and End Users (with a specific focus on safety).

GENERAL CYBERSECURITY POLICY

The document is available for consultation online in the corporate Intranet

The General Cybersecurity Policy represents the framework of principles, guidelines and rules that must be adopted by 2i Rete Gas for the security of information and infrastructures within its organisation.

The Policy pursues the following purposes:

- establish the general regulations and the basic principles for the secure processing of information and for the management of the company's IT assets;
- provide a common basis of guidelines and rules for the development and implementation of operational procedures for information security management;
- comply with regulatory and contractual obligations regarding information security;
- define roles and responsibilities for all aspects related to the security of information and company IT assets, in accordance with their criticality.

In order to ensure the security of the managed services and determine the appropriate security measures based on the identified risks, management methodologies compatible with international standards are applied (for example, ISO/IEC 27005 and the National Cybersecurity Framework). EU Regulation No. 2016/679 General Data Protection Regulation (GDPR) is also considered as external regulatory reference.

This Policy applies to all information processed by 2i Rete Gas, to all company assets and to all employees of the Company as well as to external companies involved in the company's business for the parts under their responsibility. The Policy is subject to periodic review in order to ensure its adequacy to the internal and external context and to company needs.

The first edition of the General Cybersecurity Policy was issued in 2021, while the present and second edition was formally approved by the Chief Executive Officer of 2i Rete Gas S.p.A. on 26 June 2024.
The Data Protection Officer can be reached at the e-mail address: cogitek@legalmail.

In relation to the key IROs identified by the double materiality analysis, the General Cybersecurity Policy transversally covers those relating to S1 - Own workforce, S2 - Workers in the value chain, S3 - Affected communities, S4 - Consumers and end users (with specific focus on confidentiality).
Finally, it should be noted that issues relating to the trafficking of human beings and forced or compulsory labour are addressed in the Organisation, Management and Control Model, which specifically regulates the crimes of reducing or maintaining someone in slavery or servitude, trafficking of persons and the purchase or sale of slaves.
2i Rete Gas does not have a Supplier Code of Conduct, however relations with them are governed by the Code of Ethics and the Sustainability Policy, which establish principles and criteria of conduct to be respected. For suppliers classified as high-risk potential, an audit is mandatory, while the Parent Company, regardless of the level of criticality, can carry out inspection visits even during the execution of activities. Based on the results obtained, the possibility of taking remedial action is evaluated.

15.1.5 Target

ESR2 2 MDR-A Actions; ESR2 2 MDR-M Metrics; ESR2 2 MDR-T Targets

2I RETE GAS'S COMMITMENT TO SUSTAINABILITY

APPROACH TO SUSTAINABILITY AND INTEGRATION OF ESG ELEMENTS

2i Rete Gas, continuing the path initiated in previous years, aims to play an active role in the transition towards a more sustainable economy. In 2024, the Group further strengthened the integration of ESG elements into its corporate governance, thus enhancing its approach to sustainability within both its strategy and operations. The key milestones of this process include the adoption of specific commitments and the periodic update of control tools, which are strongly interconnected: the **Framework**, the **Policy**, and the **Sustainability Plan**. It is important to note that, as the last update of these three tools occurred before the implementation of the double materiality analysis, they do not incorporate the results.

THE FRAMEWORK

The Sustainability Framework, in line with the Mission, the company values, the most relevant ESG issues and the reference SDGs, defines the **prerequisites**, i.e. the essential aspects for responsible management of company activities. It outlines the **four priority lines of action** that underpin the company's commitments for a more sustainable future and, finally, highlights the **development guidelines** for the Strategic Plan.

MISSION AND VALUES

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

Furthermore, both in its strategic choices and in its daily operations, 2i Rete Gas bases and structures its identity on the following values:

- **Collaboration and Sharing**
- **Competence and Excellence**
- **Innovation and Change**
- **Responsibility and Respect**

As established in the **Charter of Values**, these values, together with the principles set out in the **Code of Ethics**, the **Organisational and Management Model pursuant to Italian Legislative Decree 231/01**, and the other **guidelines** adopted, serve as the foundation on which the Group directs behaviours. These behaviours, enacted by the people working within the organisation, take concrete form both internally and externally, including in relations with stakeholders, whom 2i Rete Gas considers key interlocutors for maintaining its leadership as a solid, reliable and responsible Group.

From January 2024, 2i Rete Gas has officially joined the United Nations Global Compact (UNGC), the initiative launched over 20 years ago at the behest of former Secretary-General Kofi Annan, with the aim of promoting a more sustainable global economy.

THE SUSTAINABILITY PLAN

The Sustainability Plan is the document, developed with the contribution of all Divisions and key corporate Functions, that structures the projects the Group has established and intends to develop with a multi-year approach. Over time, this will lead to an increasingly synergistic integration of ESG aspects into strategic planning.

The Sustainability Plan sets qualitative and quantitative objectives to be achieved in the short, medium and long term through the implementation of concrete initiatives, which are measurable through specific KPIs and pre-established targets. Through its progressive implementation, 2i Rete Gas aims to fulfil the commitments and principles established by the Sustainability Policy and, in particular, to contribute to achieving specific SDGs that are relevant to its business and aligned with the Group's strategic direction.

The Sustainability Plan is reviewed annually, following the finalisation of the periodic monitoring of the objectives and projects envisaged, consolidated as at 31 December of the reference year. This activity involves the weighting and assessment of performance in relation to the results obtained with respect to the established KPIs and in alignment with the strategic guidelines previously adopted.

This phase also includes the possibility of adjusting certain objectives and/or projects or considering the introduction of new ones, potentially in response to the effectiveness of newly relevant ESG aspects and to meet any emerging needs.

The outcomes of the process of formulating new objectives, together with the definition of initiatives (action lines and projects) to achieve them, are integrated and validated at the time of the sustainability reporting publication and subsequently consolidated in the updated version of the Plan, which is submitted for approval to the Board of Directors.

The first edition of the Sustainability Plan for the four-year period 2020-2023 was formally approved by the Board of Directors of 2i Rete Gas S.p.A. in March 2020. The Plan was subsequently reviewed in 2021, 2022, 2023 and 2024.

The structure of the revised Plan, formally approved by the Board of Directors of 2i Rete Gas S.p.A. in May 2024, is based on four prerequisites, one cross-cutting material topic, 13 material topics, and 11 reference SDGs.

It envisages 30 "Primary" objectives to be achieved through the implementation of 38 concrete initiatives (lines of action and projects) with 40 targets set for 2024, 35 targets for 2025, 36 targets for 2026, 7 medium-term targets and, finally, 6 long-term targets. The Sustainability Plan also envisages 50 "Secondary" objectives to be achieved through the implementation of 61 concrete initiatives (lines of action and projects) with 63 targets set for 2024, 55 targets for 2025, 54 targets for 2026, 10 medium-term targets and, finally, 5 long-term targets.

Currently, 2i Rete Gas defines, monitors and updates its objectives through internal processes, without direct stakeholder involvement. The company will evaluate any future opportunities to integrate such engagement.

E1 CLIMATE CHANGE

	UdM	BASELINE		TIME HORIZON				IRO List
		BASELINE YEAR	BASELINE VALUE	2024	2025	2030	LT	
Reduce CO_2e emissions (Scope 1 and 2)								
Paris Agreement-aligned transition plan	ON/OFF[2]	N/A	N/A	Plan drafting				1-3-4
Reduction of Scope 1 emissions from gas consumption for offices, technological systems and transport	tCO_2e	2021	18,951	-15%	-16%	-23%	(2050) -72%	1-3
Reduction of Scope 1 emissions deriving from network fugitive emissions	tCO_2e	2021	514,066	-37%	-45%	-60%	(2050) -92%	1
Purchase of 100% electricity from renewable sources with GO	%	N/A	N/A	100%	100%	100%	100%	1-3
Combined initiatives to reduce the consumption of energy carriers (City Gate Units - Technological systems - Vehicle fleet - Buildings)	MWh	2021	99,990	-7%	-8%	-18%		1-3
Adherence to the OGMP standard	ON/OFF	2023	N/A	Maintenance of the Gold Standard				1
Reduce CO_2e emissions (Scope 3)								
Analytical calculation of the carbon footprint of suppliers	ON/OFF	2024	N/A	✔				2

S1 OWN WORK FORCE

	BASELINE		TIME HORIZON				IRO List
	BASELINE YEAR	BASELINE VALUE	2024	2025	2026	LP	
Management, development and engagement of human capital							
Progressive increase in the population included in individual incentive plans/objectives	2022	53%	>55%	>60%	65%	N/A	10
Formalisation of individual development plans for employees with growth potential	2023	N/A	≥30%	≥35%	40%	N/A	10
Retention and supervision of internal technical skills through training programmes for technicians/workers	2023	N/A	≥25	≥25	≥26	N/A	10
Continuous improvement of the workplace climate satisfaction indicator (VSLC) in the context of work-related stress assessment	2021	32.36	-	-	Improvement of the VSLC indicator in 2026 compared to VSLS 2023	-	8
Diversity, inclusion and welfare							
Increase the number of women in positions of responsibility	2021	11.5%	16%	20%	To be reassessed based on organisational evolution and commitments set in the UNI PDR 125 Strategic Plan	26% (2028)	11
Improve the percentage of employees using welfare services	2023	Population benefiting from "2insieme a TE" welfare services	55%	65%	To be reassessed based on regulatory changes	95% (2028)	8
Attainment of UNI PDR 125 certification	N/A	N/A	Attainment	Maintenance			11
Protection of occupational health and safety							
Maintain injury frequency rate (IF) below target levels	2022 (three-year rolling basis)	2.33 (impacted by COVID-19 in 2020)	≤ 3	≤ 3	≤ 3	≤ 3	9
Maintain injury severity rate (IS) below target levels	2022 (three-year rolling basis)	0.07 (impacted by COVID-19 in 2020)	≤ 0.15	≤ 0.15	≤ 0.15	≤ 0.15	9

continues >>

[2] "ON/OFF" means that the action is either carried out (ON) or not carried out (OFF), with no intermediate statuses.

>> continued

S3 AFFECTED COMMUNITIES and S4 CONSUMERS AND END USERS

	BASELINE		TIME HORIZON				IRO List
	BASELINE YEAR	BASELINE VALUE	2024	2025	2026	LP	
Plant reliability and efficiency							
Maintenance of the indicator levels on the % of emergency response dispatches with arrival time at the call location below the ARERA standard	N/A	N/A	Monitoring ≥ 99.1%	Monitoring and defining an improving % value com-pared to 2024	Monitoring and defining an improving % value compared to 2025	N/A	15-16 -18

S4 CONSUMERS AND END USERS

	BASELINE		TIME HORIZON				IRO List
	BASELINE YEAR	BASELINE VALUE	2024	2025	2026	LP	
Relations with customers							
Monitoring of service technical and commercial quality indices and definition of incremental levels	N/A	Periodic assessment	0.10%	Reassessment based on 2024 results	Reassessment based on 2024 results	N/A	18
Maintenance of incremental levels of operational performance through process optimisation and improved communication with Sales Companies	2023	8.29	Mantenimento 8.2 +/-2%	Reposition based on index as at 31/12/24	Reposition based on index as at 31/12/25		N/A
Maintenance of incremental levels of operational performance through process optimisation and improved communication with Municipalities	2023	8.02	Mantenimento 7.5 +/-2%	Reposition based on index as at 31/12/24	Reposition based on index as at 31/12/25		N/A

Two of the three targets relating to S4 have the wording N/A in the "IRO List" column, as they are not related to any significant IRO, which emerged from the double materiality analysis.

G1 BUSINESS CONDUCT

	BASELINE		TIME HORIZON				IRO List
	BASELINE YEAR	BASELINE VALUE	2024	2025	2026	LP	
Business ethics and anti-corruption							
Consolidate the culture of Business Ethics and anti-corruption, through the integration of ESG controls in the OMM pursuant to Italian Legislative Decree 231	N/A	N/A	Update/ maintenance of ESG safeguards in the 231 Model	Monitoring and possible/maintenance of ESG safeguards in the 231 Model			20-21 -22

With regard to the significant IROs that emerged from the double materiality analysis relating to ESRS S2, it should be noted that there are currently no targets. However, for the monitoring of H&S IROs, internal audits are conducted at local facilities and checks are carried out during the work on the construction sites of contractors, in order to limit the occurrence of accidents. The results of these activities are constantly analysed to define actions to improve health and safety performance (see "Protection of occupational health and safety").
Regarding the working conditions of employees within the supply chain, engagement and assessment activities are carried out, as described in "Assessment of Social Aspects in the Supply Chain", to which reference should be made for further details.
Furthermore, regarding IROs related to cybersecurity threats and data confidentiality (IROs 17 and 19), 2i Rete Gas does not currently have specific measurable targets. However, it monitors these aspects through the General Cybersecurity Policy.

For future reporting periods, 2i Rete Gas will evaluate the opportunity to integrate additional quantifiable and time-defined targets within the Sustainability Plan.

To ensure the implementation of initiatives aimed at achieving the aforementioned objectives, 2i Rete Gas allocates financial resources, with the most significant allocations related to E1 – Climate Change.
Below is a breakdown of the resources allocated during the year concerning E1 – Climate Change. It should be noted that, regarding the targets and actions related to other material IROs, the Group does not currently have separately identifiable allocated resources in its business plan. This is because, as they are not considered significant, they are incorporated within the normal assumptions of operational costs or maintenance investments.

Financial resources allocated to the action plan

	2024
Current financial resources allocated to the action plan (OpEx)	403,927 €
Current financial resources allocated to the action plan (CapEx)	18,899,861 €

15.2 Environmental information

15.2 Environmental information

15.2.1 Climate change

ESRS E1-2; ESRS E1-4; ESRS 2 SBM-3

15.2.1.1 SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IROS)

Impacts	
Actual negative	Contribution to climate change due to the generation of direct (Scope 1) and indirect (Scope 2) GHG emissions generated by the activities of 2i Rete Gas.
	Contribution to climate change deriving from indirect (Scope 3) GHG emissions generated by the 2i Rete Gas value chain.
	Contribution to the consumption of non-renewable natural resources through the use of energy from fossil sources in the Group's operating activities.

Risks and opportunities	
Risks	Transition risk relating to the tightening of regulations on greenhouse gas emissions which could lead to an increase in costs to adapt plants and processes to the energy transition, in addition to potential economic losses due to regulations that discourage the use of natural gas in favour of renewable energy sources.

"Distributing energy for a more sustainable future" is one of the four lines of action and one of the priority commitments underlying the Sustainability Policy of 2i Rete Gas, as the company believes that "natural gas will play a key role in the transition towards a more efficient and sustainable energy system, and that its distribution infrastructure will be able to serve additional future purposes in new scenarios". At the same time, as part of the priority line of action "Guaranteeing efficiency, quality and safety", the company is working to improve the monitoring of exposure to climate risks arising from climate change, with the ultimate goal of enhancing the resilience of its infrastructures through adaptation solutions.

PHYSICAL RISKS

In this context, 2i Rete Gas has assessed the physical climate-related risks associated with its gas distribution network in Italy, referencing all the climatic hazards listed in Appendix A, Annex I, of the Delegated Act (EU) 2021/2139 of the EU Taxonomy Regulation, in order to meet the Do No Significant Harm (DNSH) criteria, i.e., ensuring no significant harm to the environment in terms of climate change adaptation.

The assets being assessed as of 30 September 2024 include: 72,134 km of gas distribution network, 23,476 gas and biogas pressure regulators (1,268 of which reduce pressure from high to medium, while the remaining 22,208 reduce pressure from medium to low), and 5,237,031 gas connection and delivery points to end users, distributed throughout most of Italy.

2i Rete Gas, in collaboration with a leading engineering consultancy firm, has identified clusters by grouping the assets of the gas distribution network based on a combination of geographical and technological characteristics. Geographical clustering allows the grouping of assets subject to similar climatic variations. The identification of climate zones was carried out in line with the **Köppen-Geiger climate classification system**, which divides climates into five main groups based on the seasonal patterns of precipitation and temperature. Technological clustering, on the other hand, considers assets that are subject to similar risks arising from certain changes in climate models. Specifically, the technological clusters identified for the study are:

- **Gas distribution network**: interconnected system of pipelines designed to transport and distribute natural gas and biogas from central plants to end users, with assets that differ in distribution pressures (high, medium and low) and materials;
- **Gas pressure regulators (Re.Mi, Bio-Re.Mi and Reduction Units)**: stations dedicated to regulating gas pressure, with Re.Mi and Bio-Re.Mi stations (city gate units) connecting the national transport network to the local distribution network (reducing pressure from high to medium), and Pressure Reduction Units further reducing the pressure for delivering gas to end users (from medium to low). The type of protection for these facilities varies significantly, ranging from outdoor installations (no protection) to assets housed in reinforced concrete structures;
- **Gas connections**: this cluster includes the last section of the underground pipelines, the part of overhead pipelines that transport gas to end users and, finally, the meter through which the gas supplied is measured.

The assets, grouped by technology and divided by climate zone into absolute values and percentages, are shown respectively in Table 1 and Table 2. The figures presented were obtained through the extraction of data from the GIS model of the assets of 2i Rete Gas combined with a layer representing the Köppen-Geiger climate zones.

Table[3]: Main 2i Rete Gas clusters by climate zone (as at 30 September 2024)

	Bw	Bs	Cs	Cf	Ds	Df	N.C.
Gas distribution network (km)	20	6,006	28,711	36,475	5	526	391
Gas pressure regulators (n)	4	1,142	6,433	15,664	-	150	83
Gas connections (n)	1,091	613,606	2,159,151	2,396,138	22	25,769	41,254

[3] Classification of climate zones: B refers to the arid climate, C to the temperate climate and D to the continental climate; the second letter indicates the type of seasonal rainfall; the acronym N.C. indicates the number/percentage of assets not classified in any climate zone).

Table 2: Percentage division by climate zone of the main 2i Rete Gas clusters

	BW	BS	Cs	Cf	Ds	Df	N.C.
Gas distribution network (%)	0.03%	8.33%	39.8%	50.6%	0.01%	0.73%	0.54%
Gas pressure regulators (%)	0.02%	4.86%	27.4%	66.7%	-	0.64%	0.35%
Gas connections (%)	0.02%	11.7%	41.2%	45.8%	0.0004%	0.49%	0.79%

The analysis includes climate change scenarios based on the **Shared Socioeconomic Pathways (SSP) 8.5** scenario, as defined in the Sixth IPCC Assessment (2021-2022)[4]. The scenarios taken into consideration in the climate analysis refer to future events (long-term) and, as such, do not need to be reported in the financial statements, either as liabilities or contingent liabilities.

The analysis of observed historical meteorological data and climate projections indicates that changes in climate patterns in the studied area are significant and align with global trends. These projected changes include a significant increase in temperatures, a decrease in precipitation and a rise in extreme weather events, such as extreme heat and flooding episodes.

Regarding physical risks, it has emerged that, in the long term, technological clusters may be influenced by the expected increase in average annual temperatures, the rise in the number and intensity of extreme weather events (all events with a medium-low level of danger), and the reduction in the average annual amount of precipitation. These changes could negatively impact the entire gas distribution network, particularly by accelerating material degradation, potentially damaging infrastructure and increasing stress on the workforce. Between 2040 and 2059, technological clusters could face the adverse effects of climate change, particularly due to higher annual average temperatures, more frequent and intense extreme weather events such as wildfires, landslides, floods and droughts, even when these pose only a moderate or low risk. For the identified clusters, chronic and acute events related to temperature, water, wind and solid mass movements induced by climate change are particularly relevant. These phenomena may generate potentially damaging stresses on infrastructure and related assets, posing risks to both safety and operational continuity. **The significant physical climate risks identified are landslides and fires.**

[4] https://www.ipcc.ch/report/ar6/wg2/

Table 3 lists all potentially significant physical climate-related risks[5] for 2i Rete Gas assets, along with corresponding adaptation measures and residual physical risk levels.

Table 3: Potentially significant physical risks linked to the climate and related adaptation measures

Dangers	Effect on the project	Physical risk	Adaptation measure to be implemented	Residual physical risk
		2040-2059		2040-2059
Heat wave and thermal stress	Increased health and safety risks for workers due to exposure to hazardous heat levels, particularly during outdoor maintenance.	M	• Verify compliance with company workplace health training programmes for workers and contractors, in order to educate them on the importance of drinking water and to identify the first signs of heatstroke/ dehydration. • Check compliance with the maximum internal temperature limits and ensure air conditioning, if necessary.	L
Heat wave and thermal stress	Overheating of electronic components (electronic gas meters, IoT sensors, remote control sensors, etc.)	M	• Ensure proper maintenance of fire prevention systems (if installed). • Consider installing a fire prevention system and periodic maintenance of the electrical plant and its components (if not yet installed).	L
Heat wave and thermal stress	Increased thermal load on concrete building components causing expansion, breakage and cracking	M	• Check the thickness of the concrete cover. If necessary, increase it. • Check the quality of the concrete (degree of resistance). If necessary, consider the possibility of improving it. • Verify the use of protective coatings and barriers for surfaces in compliance with local regulations.	L
Temperature variability	Acceleration of the degradation of aboveground materials (in particular for unprotected pipelines and electronic components).	M	• Review the current frequency of periodic inspections to monitor the health of the above-ground distribution network. If necessary, consider increasing it. • Verify the correct implementation of protection through design and conservative treatment. • Consider the use of protective surface coatings and barriers to avoid material degradation, if not yet considered.	L
Wildfires	Physical damage to above-ground structures and electrical equipment due to wildfires.	H	• Be sure to choose an appropriate type of steel and consider applying flame retardants and protective coatings to above-ground pipes, if not yet considered. • Consider installing firewalls and remote control valves to allow system isolation during emergency interventions. • Check the procedures in place for the periodic removal of dry debris, leaves and vegetation that could act as fuel. • Prioritise interventions on activities that lack suitable housing.	M
Wind-related risks (cyclone, hurricane, typhoon, storm, whirlwind)	Physical damage to structures and equipment on the surface due to the increased frequency and severity of extreme wind events.	M	• Consider installing physical barriers to protect and isolate elements from extreme weather conditions, if necessary. • Ensure that insurance is taken out for damage caused by bad weather (including extreme wind events). • Ensure proper maintenance of lightning protection systems.	L

continues >>

[5] The risks have been classified according to the level of criticality using the following categories: L (Low), M (Medium) and H (High).

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Dangers	Effect on the project	Physical risk 2040-2059	Adaptation measure to be implemented	Residual physical risk 2040-2059
Drought	Risk of leaks and explosions due to mechanical damage to pipelines, caused by traction forces exerted on joints and connections that are vulnerable due to circular movement caused by the drying and shrinkage of the soil.	M	• Review the current frequency of periodic inspections to monitor the health of the underground distribution network. If necessary, consider increasing it. • Consider implementing a programme to replace the joints and connections considered most vulnerable because they are located in geographical areas potentially subject to prolonged periods of drought. • Ensure the correct execution of maintenance activities aimed at implementing the design solutions necessary to absorb the forces exerted by the shrinkage of the soil. • Prioritise the replacement of cast iron pipes, as they are more prone to breakage, with polyethylene or steel pipes with cathodic protection. The choice of material must be guided by the technical specifications of the infrastructure (for example, pressure and flow rate) and the specific conditions of the site.	L
Heavy precipitation (rain, hail, snow/ ice)	Increased sweating of the pipes, potentially able to lead to a long-term degradation of the material, due to a temporary increase in soil moisture caused by a higher water content in the soil.	M	• Review the current frequency of periodic inspections to monitor the health of the underground distribution network and consider increasing it if necessary. • Verify the correct implementation of protection through design and conservative treatment. • Check that the coatings and/or surface and/or cathodic protection barriers are correctly applied to prevent material degradation. • Prioritise the replacement of cast iron pipes, as they are more prone to corrosion, with polyethylene or steel pipes with cathodic protection. The choice of material must be guided by the technical specifications of the infrastructure (for example, pressure and flow rate) and the specific conditions of the site.	L
	Physical damage to auxiliary instrumenta-tion and communications equipment, which is the most vulnerable, as pressure reduction equipment is robust and able to function when immersed in water.	M	• Consider installing physical barriers to protect and isolate elements from extreme weather conditions, if necessary. In addition, examine the current water drainage system to verify that it effectively manages excess water.	L
Flood (coastal, river, rainwater, groundwater)	Increased sweating of the pipes, potentially able to lead to a long-term degradation of the material, due to a temporary increase in soil moisture caused by a higher water content in the soil.	M	• Review the current frequency of periodic inspections to monitor the health of the underground distribution network and consider increasing it if necessary. • Verify the correct implementation of protection through design and conservative treatment. • Check that the coatings and/or surface and/or cathodic protection barriers are correctly applied to prevent material degradation. • Prioritise the replacement of cast iron pipes, as they are more prone to corrosion, with polyethylene or steel pipes with cathodic protection. The choice of material must be guided by the technical specifications of the infrastructure (for example, pressure and flow rate) and the specific conditions of the site.	L
	Physical damage to above-ground structures, with auxiliary instrumentation and communication equipment more vulnerable, as pressure reduction equipment is durable and able to function even when immersed in water.	M	• Ensure coordination with the local authority responsible for flood risk monitoring. • Consider raising mechanical and electronic equipment to prevent contact with water and avoid water infiltration into the water distribution system. • Evaluate the possibility of installing remote control valves to allow system isolation during emergency interventions. • In areas at high risk of flooding, consider the possibility of installing physical barriers to protect and isolate the plant from extreme weather conditions. In addition, examine the current water drainage system to verify that it effectively manages excess water.	L

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Dangers	Effect on the project	Physical risk 2040-2059	Adaptation measure to be implemented	Residual physical risk 2040-2059
Avalanche	Physical damage to structures and fittings above ground.	M	• Evaluate the possibility of installing remote control valves to allow system isolation during emergency interventions. • Assess the possibility of installing physical barriers to protect the asset from physical damage. • Conduct surveys on the frequency and intensity of solid mass movement phenomena to identify the most vulnerable areas and prioritise interventions.	L
Landslide	Damage or localised displacement of the pipes.	H	• Review the current frequency of periodic inspections to monitor the state of health of the underground distribution network, in particular the section made with less ductile materials. If necessary, consider increasing it. • Review the current pipeline replacement programme to allow the replacement of older pipelines with new ones made of less vulnerable materials. Alternatively, consider the possibility of relocating the plant to geographical areas less or not at all subject to landslides, if possible. • Ensure that surveys are carried out on the frequency and intensity of mass movement phenomena to identify the most vulnerable areas and prioritise interventions, for example by monitoring the Hydrogeological Asset Plans created by the Basin District Authorities at the watershed level.	M
	Physical damage to structures and fittings above ground.	M	• Evaluate the possibility of installing flexible joints and connections to absorb ground movements and remote control valves to allow system isolation during emergency interventions. • Review current ground anchoring systems and evaluate the possibility of reinforcing them in light of investigations into the frequency and intensity of ground movement phenomena in order to identify the most vulnerable areas and prioritise interventions. Alternatively, consider the possibility of relocating the plant to geographical areas less/not subject to landslides, if possible.	L
Subsidence	Localised damage or displacement of pipes due to the lowering of the ground level.	M	• Review the current frequency of periodic inspections to monitor the state of health of the underground distribution network, in particular the section made with less ductile materials. If necessary, consider increasing it. • Develop/revise the current pipeline replacement pro-gramme to allow for the replacement of older pipelines with new ones made of less vulnerable materials. Alternatively, consider relocating the plant or infra-structure to geographical areas less/not prone to subsidence.	L
	Collapse of above-ground structures and physical damage to fittings.	M	• Evaluate the possibility of installing flexible joints and connections to absorb ground movements and install remote control valves to allow system isolation during emergency interventions. • Review current ground anchoring systems and evaluate the possibility of reinforcing them in light of investigations into the frequency and intensity of ground movement phenomena in order to identify the most vulnerable areas and prioritise interventions. Alternatively, consider the possibility of relocating the plant to geographical areas less/not subject to subsidence.	L
Soil erosion	Increased exposure and consequent susceptibility to physical damage due to soil erosion and physical coatings of pipelines.	M	• Review the current frequency of periodic inspections to monitor the health of the underground distribution network potentially subject to soil erosion. If necessary, consider increasing it. Relocation of the gas distribution network or, alternatively, revision/development of a programme to replacement the old pipelines with new ones made with less vulnerable materials.	L

However, due to the predominantly medium-low vulnerability of 2i Rete Gas's assets to physical damage and the proposed adaptation measures, the residual physical risks related to climate change are generally considered low for the time horizon 2040-2059. Furthermore, no high residual risks were identified in any of the technology clusters analysed.

TRANSITION RISKS

The energy transition represents a crucial challenge for gas distributors in Italy, especially in light of the risks associated with climate change and the growing decarbonisation ambitions outlined by the three scenarios[6] of the IEA's **World Energy Outlook**[7]. Among the main transition risks, the following stand out:

- **reduction of the demand for fossil gas**, in particular in the most ambitious scenarios such as the Announced Pledges Scenario (APS) and the Net Zero Emissions by 2050 Scenario (NZE), which envisage a progressive replacement of natural gas with renewable sources and the electrification of industrial and residential sectors;
- **stranded assets**, i.e. the risk that some infrastructures will lose value if not reconverted for the transport of low-emission gases, such as hydrogen or biomethane;
- **regulatory pressures and rising operating expenses**: stricter regulations on methane emissions and the potential increase in carbon pricing could reduce the economic competitiveness of natural gas.

However, significant opportunities are also emerging. Gas distributors on the local market can position themselves as key players in the energy transition, exploiting innovative technologies and diversifying their activities. The investment strategies adopted, also as part of what is reported in the European Taxonomy section, include:

- **adaptation of the networks for the blending of hydrogen and natural gas**, progressively testing the compatibility of existing infrastructures;
- **development of biomethane**, through the creation of dedicated networks that favour the distribution of renewable gas from agricultural, industrial or waste treatment plants;
- **investments in the reduction of methane losses**, through advanced monitoring and sensor systems, to comply with regulations and improve operational sustainability;
- **expansion towards innovative services**, such as advanced smart metering and the management of renewable gas flows.

In this context, the **World Energy Outlook 2024** highlights how the next twenty years will be decisive for natural gas: while in Developed Countries demand will decrease due to renewables and decarbonisation, gas could grow as an alternative to coal in emerging markets. For distributors, it will be essential to adapt to new technologies and policies, focusing on hydrogen, biomethane, reduction of methane emissions and innovations such as smart metering.
This vision can also be seen in Italy, where natural gas is currently the main fuel for the production of electricity, covering 50% of the generation. However, the drive towards the energy transition is increasingly strong[8], supported by a combination of national and European objectives. In line with the European "**Fit for 55**" policy, which aims to reduce emissions by 55% by 2030[9], the **National Energy and Climate Plan (NECP)** focuses on the growth of solar and wind power and on the electrification of the industrial and transport sectors[10].
At the same time, natural gas will continue to play an essential role in guaranteeing energy security in the coming years, with a gradual reduction in demand in favour of green hydrogen and biomethane.
It should be noted that the Group's revenue streams are mainly regulated and are not directly related to distribution volumes. However, in order to mitigate the indirect risks deriving from the possible reduction in consumption, including the possibility of regulatory interventions that modify the current regulatory framework in an unfavourable way, the Group is adopting a strategic approach that integrates technological innovation, diversification of activities and investments in sustainable infrastructures, mitigating the risks linked to the transition and placing the Group in a position to accompany the transformation of the national energy system.

15.2.1.2 ENERGY TRANSITION

ESRS E1-1

Environmental protection and the **fight against climate change** are the key principles that guide all the activities of 2i Rete Gas. In 2024, the Group updated its GHG emissions containment and reduction targets[11], defining a **Net Zero strategy for 2050**. This strategy focuses on Scope 1 and 2[12], with the aim of reducing emissions to levels close to zero and offsetting

[6] The scenarios presented refer to the **Stated Policies Scenario** (STEPS), where it is assumed that Countries will implement the policies already declared or in the process of being implemented, without further decarbonisation ambitions; the **Announced Pledges Scenario** (APS), which also includes commitments announced by governments, such as carbon neutrality targets by certain dates; and the **Net Zero Emissions by 2050 Scenario** (NZE), which outlines a more stringent path with the aim of keeping the temperature increase within 1.5 °C, with a marked reduction in fossil fuels.

[7] International Energy Agency (IEA), *World Energy Outlook 2024*, October 2024. https://www.iea.org/reports/world-energy-outlook-2024

[8] International Energy Agency (IEA), *Italy 2023 Energy Policy Review*, March 2023. https://www.iea.org/reports/italy-2023

[9] European Commission, *"Ready for 55%": achieving the EU climate goal for 2030 along the path to climate neutrality*, COM (2021) 550 final, 2021, https://eur-lex.europa.eu/legal-content/IT/TXT/PDF/?uri=CELEX:52021DC0550

[10] National Energy and Climate Plan 2030, https://energiaclima2030.mise.gov.it/index.php/il-piano/objectsivi

[11] GHG refers to Greenhouse Gases

[12] In 2024, 2i Rete Gas focused its efforts on defining and implementing the Net Zero plan for the **Scope 1** and **Scope 2** areas. In view of the adaptation to the **CSDDD** Directive, the company has started a more in-depth analysis of Scope 3 emissions, with the aim of defining a dedicated carbon management plan in 2025, also thanks to the ESG qualification and monitoring process of the supply chain, conducted in parallel with its partner Ecovadis.

residual emissions through carbon removal mechanisms.

For the definition of the **Net Zero Plan**, the scenarios of the Italian energy market up to 2040, published by Terna and Snam in 2024, were used. The NECP Slow scenario was therefore extended to 2050 thanks to projections (based on Terna-Snam 2022). In general, more precautionary scenarios were adopted, both in relation to the reduction of gas demand and the presence of hydrogen and biomethane in the mix of carrier gases.
The Plan envisages **a 60% reduction in total emissions by 2030** compared to 2021 levels, and a **93% reduction by 2050**, again compared to 2021, with the **offsetting of residual emissions through carbon removal mechanisms**.
The short, medium and long-term objectives of 2i Rete Gas for the reduction of GHG emissions were defined to be in line with those set by the **European Union** in the same time frame, in compliance with the long-term global commitment to combat climate change. These targets are also aligned with the **1.5°C target set out in the Paris Agreement** and are part of a broader commitment to achieving the **Zero Net Emissions target by 2050**. Since the SBTi methodology for the Oil & Gas sector is not yet available and therefore it is not possible to obtain formal validation of the targets, 2i Rete Gas has commissioned Carbonsink, an independent consulting company that is part of the South Pole group, to analyse its GHG emissions reduction targets and compare them with science-based climate change mitigation scenarios.
This analysis confirmed that **2i Rete Gas' Net Zero 2050 target is consistent with the methodologies examined** (SBTi, IPCC and Temperature scoring) **for overall Scope 1** and **Scope 2 emissions,** and for **the sub-target relating to fugitive emissions**.
The Net Zero Plan, in addition to setting the target for 2050, sets intermediate targets for 2030, 2035 and 2040, in terms of reducing GHG emissions. The Plan also includes the actions necessary to achieve these objectives.
The actions planned to reduce emissions are listed below:

- progressive increase in monitoring of the network, with priority given to intervention and repair of major leaks;
- gradual replacement of networks with plastic material-based networks;
- installation of electric heat pumps for gas preheating;
- energy efficiency of company offices;
- distribution of zero-emission vehicles (e.g. electric cars) in the car fleet and installation of charging stations at all company offices;
- installation of power supplies with high transformation efficiency for cathodic protection;
- purchase of electricity from renewable sources and renewable gas, certified with Guarantees of Origin.

Emissions

		Baseline year	Current year	Goals and objectives			
		2021	2024	2030	2035	2040	2050
Total GHG emissions (market-based) (1)	tCO_2	539,087	320,791	(317,978)	(378,181)	(440,246)	(489,404)
GHG Scope 1		533,017	320,791	-	-	-	-
GHG Scope 2 location-based		3,559	3,396	-	-	-	-
GHG Scope 2 market-based		6,070	0	-	-	-	-
Energy efficiency and consumption reduction		-	-	(40)	(27)	(24)	(55)
Electrification		-	-	(1,324)	(765)	(4,335)	-
Use of energy from renewable sources		-	-	(8,174)	(8,461)	(10,198)	(15,304)
Other (fugitive emissions)		-	-	(308,440)	(368,928)	(425,689)	(474,045)
Exogenous factors: reduction in gas demand/change in carrier gas mix		-	-	(904)	(2,613)	(2,374)	(9,663)

The table[13] above provides an overview of the estimated quantitative contributions to achieve the emission reduction targets, divided by scope (Scope 1 and Scope 2) and by decarbonisation lever. In line with the Net Zero Plan, the last line of the table incorporates the reduction in gas demand and the change in the mix of carrier gases as exogenous factors, independent of the mitigation actions taken by the company.

This Plan was approved by the Board of Directors of 2i Rete Gas S.p.A. in December 2024.

As a capital-intensive company, 2i Rete Gas's ability to implement the necessary actions, including significant investments in ESG, depends to a large extent on the availability and allocation of financial resources. Continuous access to loans at a competitive cost of capital is essential to ensure the implementation of Net Zero projects.

[13] GHG emission reduction targets are communicated for scope 1, 2 and 3 GHG emissions and are reported separately, as shown in the table

From 2021 to date, 2i Rete Gas has not made any changes to its core business nor has it recorded significant organisational developments that make it necessary to revise the baseline year or the baseline value of the emission reduction targets.

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 envisage a central role for gas, as the ideal vector to accompany the development of renewable sources in a structural way, also increasing flexibility of use and at the same time guaranteeing the security of the country's energy system.

This is due to the widespread nature of the existing infrastructure, which can also serve future purposes in new scenarios; the safety and programmability of natural gas usage, as well as its low environmental impact, being free from particulate matter and having low CO_2 emissions; its flexibility of use and full compatibility with electricity from renewable sources, including for storage and accumulation of energy derived from these sources (through "power-to-gas" solutions).

Based on these beliefs, the Group has launched initiatives on several fronts, with the aim of offering its contribution to ensuring the sustainable evolution of the gas infrastructure in the medium to long term. It has also established **agreements with other important operators in the sector for field testing of technological solutions aimed at maximising the input of renewable gases into distribution networks**.

2i Rete Gas has also obtained the **Gold Standard**, the highest recognition provided for by the **OGMP 2.0 Framework** of the **Oil & Gas Methane Partnership**, which the Company has voluntarily joined since 2022. This result rewards the company's commitment to reducing methane emissions, which sets a new target of a **45% reduction by 2025** compared to 2021 levels, and certifies the accuracy and granularity of the data, the related implementation plan and the reporting activities.

In fact, over the last three years, 2i Rete Gas has intensified **its efforts aimed at containing methane emissions**, implementing **widespread leak detection and repair campaigns** with the support of cutting-edge technologies. The results of this activity, in addition to allowing a more effective identification of leaks and their more timely repair, have also allowed the acquisition of a series of information that has led to a more accurate method for quantifying emissions, evaluating the actual performance of managed assets and defining long-term objectives for reducing CO_2 equivalent based on actual data.

ENHANCEMENT OF THE GAS INFRASTRUCTURE AS A TRANSITION RESOURCE

The consolidation of the **company's business development model**, aimed at promoting the use of gas as a substitute for more polluting fuels, and supporting gas advocacy initiatives, are some of the key levers through which 2i Rete Gas operates in an effort to contribute to the enhancement of gas infrastructure as a resource to support the integration of renewable sources and the energy efficiency of the housing stock.

15.2.1.3 OPTIMISATION OF ENERGY RESOURCES AND ENVIRONMENTAL PROTECTION

GHG emissions into the atmosphere

2i Rete Gas monitors and assesses the impacts deriving from the exercise of its activities in order to identify the relevant direct and indirect factors and to implement initiatives and projects aimed at a responsible containment of the impacts.

The main **direct impacts** that the organisation monitors are greenhouse gas emissions into the atmosphere, and the energy consumption related to the operation of facilities and technological activities (primarily the consumption of preheating gas for decompression plants and electricity for cathodic protection systems) is tracked and reported. No indicators are provided regarding water consumption as it is not material in the gas distribution process.

Energy consumption

Indirect impacts, i.e. those produced by activities entrusted to suppliers, are instead identified and governed by contractual obligations and requirements. The Group constantly monitors the performance of these.

Finally, internal consumption in terms of primary energy used in buildings is monitored and subject to control.

The commitment to promoting the principles of environmental protection and conservation has led the Group to pay particular attention to aspects related to climate change with a view to identifying any risks that could imply the adoption of mitigation or adaptation measures and, at the same time, exploiting possible opportunities.

15.2.1.3.1 ENERGY CONSUMPTION (E1-5)
ESRS E1-5

Energy consumption

	u.m	2023	2024
Total energy consumption	MWh	**85,461**	**82,916**
Total energy consumption from fossil sources	MWh	**72,614**	**69,445**
Fuel consumption from coal and coal products	MWh	0	0
Fuel consumption from crude oil and petroleum products	MWh	17,841	17,901
Consumption of fuel from natural gas	MWh	54,281	51,544
Consumption of fuels from other non-renewable sources	MWh	0	0
Consumption of electricity, heat, steam and cooling from purchased or acquired fossil fuels	MWh	492	0
Share of fossil fuels in total energy consumption	%	85	84
Consumption from nuclear sources	MWh	**0**	**0**
Share of nuclear sources in total energy consumption	%	0	0
Total energy consumption from renewable sources	MWh	**12,847**	**13,471**
Consumption of fuels for renewable sources	MWh	0	0
Consumption of electricity, heat, steam and cooling from purchased or acquired renewable sources	MWh	12,580	13,235
Consumption of self-produced renewable energy without using fuels	MWh	267	236
Share of renewable sources in total energy consumption	%	15	16

The NACE code associated with the activity carried out by 2i Rete Gas is D35.22, therefore it falls within the category of companies operating in sectors with a high climate impact (as defined in Commission Delegated Regulation (EU) 2022/1288) and, consequently, further disaggregates its total energy consumption from fossil sources, as shown in the table above.

In 2024, the amount of energy consumed to guarantee the functioning of the technological systems at city gate units (gas preheating in the decompression process) amounted to 46,584 MWh, a decrease of 5% due to the reduction in the volume of gas passing through the city gate units and to the increased efficiency of the preheating process, thanks to the reduction in the regulation temperature in over 400 stations.

As in previous years, the reporting of gas volumes transited has been further segmented, isolating internal consumption only for the plants of city gate units where the preheating apparatus is in operation. In light of this further segmentation, the figure resulting from the ratio of gas consumed to gas transited is equal to 0.00118, with a reduction of approximately 4%.

The total amount of energy consumed to ensure the operation of the company vehicle fleet decreased by 0.6%, going from 21,654 MWh to 21,518 MWh, following a slight decrease in the total distance travelled, which went from 29.7 to 29.0 million km.

As in previous years, 2i Rete Gas has weighted its performance using an indicator that, based on the total value of consumption in relation to the distances travelled by the vehicle fleet, makes it possible to evaluate the trend in consumption per kilometre. For 2024, this indicator stood at 0.742 kWh/km, up compared to the year 2023 (0.729 kWh/km).

In line with the method adopted in previous years, 2i Rete Gas S.p.A. has accurately measured the consumption of methane gas used to heat the buildings used as offices and warehouses in 2024, totalling 141,801 standard cubic metres, a decrease of 7% compared to 2023.

In 2024, the total amount of electricity purchased from the grid (excluding the 236 MWh self-produced) is 13,235 MWh, 1% higher than the figure for 2023. This figure includes consumption for the operation of buildings and technological systems.

Following the criteria for consumption segmentation already adopted in previous years, the energy consumption of the cathodic protection systems was reported, isolating the consumption of those systems where there is a single user for city gate units and cathodic protection. The degree of efficiency on the aforementioned consumption is 160.1 kWh per km of steel network, up by 2% compared to the 2023 figure (157.1 kWh/km of steel network).

As far as consumption and the performance of the buildings are concerned, the values recorded with the consumption have made it possible to evaluate the plant efficiency in tep/m² considering the entire surface occupied by offices and related appurtenances including storage rooms and warehouses.

The indicator for properties in use as at 31 December 2024 is equal to 0.0101 [tep/m²x1000], 3% lower than the 2023 figure.

With regard to the **energy efficiency measures** carried out:

- in the first months of the year, there were benefits from the reduction of the set point for regulating the gas exit temperature from the decompression stations carried out during 2023 in the PLC-regulated stations (about 422 systems);
- the number of electric cars available to employees was increased by 28 units. The effects of this intervention will be assessed during 2025 since the introduction took place at the end of the year;
- At different times of the year, two seasonal guides (summer and winter) were distributed to company employees, containing information and advice on seasonal air conditioning, room lighting and other simple measures that can lead to responsible behaviour aimed at reducing waste and saving on consumption;
- energy efficiency works were started at the L'Aquila site and at the entire building where the Cremona site is located, which will lead to a reduction in energy consumption and a greater spread of renewable energies.

Energy production

		2023	2024	% N / N-1
Production of energy from renewable sources	MWh	423	410	-3.1%
Production of energy from on-renewable sources	MWh	0	0	-
Total	**MWh**	**423**	**410**	**-3.1%**

2i Rete Gas S.p.A. owns **two photovoltaic plants** at the offices of Acquaviva delle Fonti (BA) and Perugia (PG).

In 2024, total electricity production was 410 MWh, of which 236 MWh was used directly or through on-site exchange by the buildings for self-consumption, while the remainder was fed into the electricity grid.

All energy data shown refer to the January-December period. The January-November period is based on primary data, while December consumption was estimated using the rolling methodology, assuming that consumption is equal to that recorded in December 2023.

Energy intensity compared to net revenue

	2023	2024	% N / N-1
Total energy consumption of activities in sectors with a high climate impact compared to net revenue from these activities (MWh/€)	0.000105	0.000093	-11.6%

During the 2024 financial year, 2I Rete Gas recorded an energy intensity of 0.000093 MWh/€ (-11.64% compared to 2023).

Reconciliation of net revenue from activities in high climate impact sectors with the relevant item or disclosure in the financial statements

	u.m	2023	2024
Net revenue from activities in sectors with high climate impact used to calculate energy intensity (without IFRIC 12)	Mln €	816.1	896.0
Total net revenue in the financial statements	Mln €	1,152.6	1,245.1

ATMOSPHERIC EMISSIONS (E1-6)

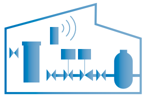
ESRS E1-6; ESRS E1-7

		Baseline year	Retrospective			Milestones and target years				
		2021	2023	2024	N/N-1	2030	2035	2040	2050	Annual % target / Baseline year
Scope 1 GHG emissions	tCO_2									
Gross Scope 1 GHG emissions[1]		533,017	358,268	320,791	-10.46%	220,186	158,235	96,405	40,021	-39.82%
Percentage of Scope 1 GHG emissions covered by regulated emissions trading schemes		0%	0%	0%	0%	0%	0%	0%	0%	
Scope 2 GHG emissions										
Gross location-based Scope 2 GHG emissions[1]		3,559	4,038	3,396	-15.9%	4,205	4,373	5,367	5,105	-5.0%
Gross market-based Scope 2 GHG emissions[2]		6,070	225	0	-100%	19	59	260	0	-100%
Scope 3 GHG emissions										
Total gross indirect Scope 3 GHG emissions		-	57,921	57,848	-0.1%					
1. Goods and services purchased		-	5,629	5,404	-4.0%					
2. Capital goods		-	44,601	44,543	-0.1%					
3. Fuel and energy-related activities (not included in scope 1 or 2)		-	4,475	4,454	-0.5%					
4. Upstream transport and distribution		-	1,045	1,186	13.5%					
5. Waste generated during operations		-	52	51	-1.9%					
6. Business trips		-	166	347	109.2%					
7. Employee commuting		-	1,711	1,693	-1.0%					
8. Upstream leased assets		-	195	107	-45.0%					
9. Downstream transport										
10. Transformation of products sold										
11. Use of products sold										
12. End-of-life treatment of products sold										
13. Downstream leased assets										
14. Franchising										
15. Investments		-	47	62	31.9%					
Total GHG emissions										
Total location-based GHG emissions		**536,576**	**420,227**	**382,035**	**-9.1%**	**-**	**-**	**-**	**-**	**N/A**
Total market-based GHG emissions		**539,087**	**416,414**	**378,639**	**-9.1%**	**-**	**-**	**-**	**-**	**N/A**

(1) Scope 2 location-based emissions have been calculated using the ISPRA factors - Report 404/2024 - Table 1.14.

(2) The calculation of Scope 2 market-based emissions assumes that the emissions share related to renewable sources is zero, and the "Residual mix" emission factor is used for the portion not covered by such contracts (Source AIB - European Residual Mixes 2023 - Table 2).

For the total **CO_2 emissions resulting from the Group's energy consumption**, 2024 ended with a 5% decrease compared to the previous year, driven by reductions in both direct emissions (Scope 1: -3%) and indirect emissions (Scope 2: -100%).



Direct emissions from technological plants

Analysing individually each energy carrier over which 2i Rete Gas has direct control, it is noted that:

- for the **CO_2 produced by the consumption of methane gas used in technological plants**, the figure is down by 4% compared to 2023. Combustion emissions (9,807 tonnes) relative to the gas passing through stations with active preheating amounted to 2.39 gCO_2/Sm^3 (compared to 2.46 gCO_2/Sm^3 in 2023);

Direct emissions from company motor vehicles fleet

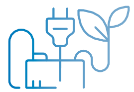
- **emissions due to the operation of the company motor vehicles fleet** totalled approximately 5,217 tonnes of CO_2 equivalent, a slight decrease compared to the 2023 figure. In 2024, company vehicles covered 29.0 million kilometres, with an average emission rate of 180 gCO_2/km, 2% higher than the previous year's 177 gCO_2/km;

Direct emissions from buildings

- **emissions due to natural gas consumed in offices for heating and domestic hot water** totalled approximately 286 tonnes of CO_2 equivalent, down slightly compared to the 2023 figure (307 tonnes of CO_2 equivalent).

Regarding **fugitive methane emissions from managed distribution plants**, since 2021, 2i Rete Gas has been working to establish a quantification method based on field-collected experimental data. The company has intensified efforts to contain these emissions by launching research campaigns using the latest investigative technologies. These initiatives have enabled more effective and timely monitoring, rapid identification of leaks, and faster repairs—ultimately reducing exposure time for fugitive emissions. Additionally, the dataset collected has enabled the Parent Company to further refine the method of measuring the network's emissivity and to define a consequent plan to reduce its fugitive emissions in the medium to long term.
In 2024, this commitment was once again validated and certified, with 2i Rete Gas S.p.A. earning the Gold Standard for the second consecutive year under the Oil & Gas Methane Partnership's OGMP 2.0 Framework (see "Energy Transition").
As part of this effort, the previously developed methane emissions calculation model—based on both measured field data and OGMP 2.0 reporting requirements—was applied again in 2024.
The ongoing refinement of this calculation model, using emission coefficients derived from field measurements, resulted in an emission intensity of 142.2 $kgCH_4/km$ for the year, calculated and reported according to the abovementioned OGMP 2.0 Framework. This represents a 42% reduction compared to the 2021 intensity of 246.9 $kgCH_4/km$, where bibliographic emission factors were initially used. This reduction aligns with the new target of a 45% decrease by 2025 (compared to 2021 levels).
Taking as a reference the average emission factor for the year 2024, calculated based on the plant infrastructure of the managed network for the same period, 2i Rete Gas has then valued its total emission resulting from the fugitive emissions of the networks in tCO_2e, which amounted to approximately 305,480 tCO_2e. This value represents approximately 95% of the total Scope 1 emissions of 2i Rete Gas.

As a result of the investigation into fugitive methane emissions from the managed distribution plants, conducted also with the aim of ensuring increasingly accurate reporting and continuous improvement in monitoring the impacts of its direct emissions, 2i Rete Gas has accounted for a total of 320,791 tCO_2e of Scope 1 in 2024 (-10.46% compared to 2023 and -40% compared to the 2021 baseline year).
2i Rete Gas is committed to further investigating and providing disclosure on its emissions, including fugitive emissions, for future reports while always considering any changes in the scope of managed assets.



Indirect emissions due to consumption of electricity generated from renewable sources

The indirect CO_2 emissions shown in the table were calculated using the market-based methodology since, starting from 2023, 2i Rete Gas began **purchasing electricity generated from certified renewable sources with Guarantees of Origin (GO)**.
The current supply contract ensures electricity with GO until the end of 2025. The purchase of electricity from renewable sources allowed 2i Rete Gas to avoid indirect emissions of 6,618 tCO_2e.
Finally, the biogenic CO_2 emissions related to Scope 1, 2 and 3 are currently not included in the company's emissions report.
The emission values from natural gas consumption were calculated using the ISPRA factors - Report 398/2024 - Table A6.1. Furthermore, for fugitive emissions, the latest version of the GWP of methane, equal to 29.8 (source: Sixth Assessment Report from the IPCC AR6), was used. As regards diesel, gasoline and methane, they were calculated using the UK Government GES Conversion Factors for Company Reporting - Year 2023. The location-based scope 2 emissions were calculated using the ISPRA factors - Report 404/2024 - Table 1.14. The calculation of market-based scope 2 emissions assumes that the emission share of renewable sources is zero and that the 'Residual mix' emission factor is used for the share not covered by such contracts (Source: AIB - European Residual Mixes 2023 - Table 2).

OTHER INDIRECT GHG EMISSIONS

In 2024, 2i Rete Gas continued the analysis and reporting of the categories currently considered most relevant within **Scope 3** of its value chain. For these categories, in line with previous reporting, a calculation methodology was developed that also took into account the **guidelines of the GHG Protocol (Greenhouse Gas Protocol).**

The adopted methodology was implemented through the creation of a matrix for evaluating the significance of the different GHG emission categories within **Scope 3**. In this matrix, various factors were analysed for each category: applicability, level of influence, risk/opportunity, importance for stakeholders, level of related expenses/revenues, alignment with objectives and the company's core business, and the availability and quality of data.

The analysis showed that the applicable categories are as follows: **1, 2, 3, 4, 5, 6, 7, 15**, while categories 8, 9, 10, 11, 12, 13, 14, relating to downstream aspects, are not applicable for the company's business. The approach used to calculate emissions in the applicable categories is as follows:

- **Cat.1-2-4** - Detailed analysis with data collection from suppliers, referring to the company's total expenditure in 2023, determination of the average emission factor in $kgCO_2e/€$ for each commodity category in 2023, and multiplication of these emission factors by the expenditure in 2024 to calculate the emissions associated with the purchases made in 2024;
- **Cat.3** - Analysis based on the company's energy consumption in 2024 (the same used for the calculation of Scope 1-2 emissions) and emission factors from DEFRA and Ecoinvent;
- **Cat.5** - Analysis based on the company's waste production by type and emission factors from DEFRA;
- **Cat.6** - The calculation methodology used information extracted from company data, which was associated with the relevant expenditure items. Emissions from the use of cars by employees on business trips were calculated precisely in relation to the kilometres travelled, while emissions from ferry travel were estimated based on the route. Emissions from air travel, train travel, and the use of rental cars were calculated by the agency responsible for managing employee travel for the entire year 2024;
- **Cat.7** - The calculation methodology was based on the estimated distance travelled by employees between their residence and workplace, along with the frequency of travel, also considering the positive impact of remote working;
- **Cat.8** - Category including emissions from activities that are rented by 2i Rete Gas, owned by third parties, and not already included in the company's Scope 1 and Scope 2 inventories;
- **Cat.15** - Category applicable only to the company 2i Servizi Energetici, 60% owned by 2i Rete Gas. The calculation of Scope 1-2 emissions for the subsidiary was carried out and subsequently multiplied by the ownership percentage.

Specifically, regarding Scope 3 emissions related to purchases made, in 2024, 2i Rete Gas initiated the analysis process, the details of which are provided below. The calculation of Scope 3 GHG emissions related to the supply chain (categories 1-2-4) was performed for 28 product categories out of a total of 33, corresponding to 83% of the expenditure, through an analysis that involved collecting data from suppliers with the highest possible quality. Of the total emissions associated with these selected product categories, 32% were determined with low uncertainty (material data and emission factors from suppliers), 63% with medium uncertainty (data from supplier estimates and emission factors from databases), and only 5% with high uncertainty (spend-based approach due to the inability to gather more accurate data from suppliers). For the product segments not included in the analysis, the calculation was carried out using the spend-based approach.

The application of the new methodology entailed a restatement with respect to the data published in the previous year (2023 non-financial statement). It should be noted that the calculation of emissions for categories 1, 2, and 4 was performed for 83% of the expenditure, as previously described, while the remaining 17% was estimated by assuming that the value calculated using the spend-based approach for the missing portion in the 2024 Fiscal Year was proportional to the 2023 Fiscal Year. Furthermore, it is highlighted that the emission values calculated using the spend-based approach were allocated to categories 1, 2, and 4 using the weights obtained from the more detailed calculation applied to 83% of the expenditure.

Finally, in comparison to what was reported in the previous NFS, 2i Rete Gas has extended the scope of the categories included in the calculation of Scope 3, incorporating categories 3, 5, 8, and 15.

The percentage of Scope 3 GHG emissions calculated from primary data is 33.2%. For categories 1, 2 and 4, only the portion of emissions determined with low uncertainty (material data and emission factors from suppliers) was considered.

GHG intensity compared to net revenue

	2023	2024	% N / N-1
Total location-based GHG emissions compared to net revenue ($tCO_2eq/€$)	0.000515	0.000426	-17.2%
Total market-based GHG emissions compared to net revenue ($tCO_2eq/€$)	0.00051	0.000423	-17.2%

During the 2024 financial year, 2i Rete Gas recorded a location-based emission intensity of 0.000426 tCO_2e/€ (-17.20% compared to 2023). At the same time, the market-based emission intensity is equal to 0.000423 tCO_2e/€ (-17.19% compared to 2023).

Reconciliation of net revenue figures used to calculate GHG intensity with the relevant line item or disclosure on the financial statements

	u.m	2023	2024
Net revenue used to calculate GHG intensity (without IFRIC 12)	Mln €	816.1	896.0
Total net revenue in the financial statements	Mln €	1,152.6	1,245.1

Below is a breakdown of the carbon credits cancelled in the reference year. (E1-7)

Carbon credits cancelled in the reference year

	u.m	2023	2024
Total	tCO_2eq	0	4,240
Portion from absorption projects	%	0	0
Portion from reduction projects	%	0	100
Recognised quality standard – Gold Standard	%	0	50
Recognised quality standard – Verra	%	0	50
Share from projects within the EU	%	0	0
Share of carbon credits that can be considered corresponding adjustments	%	0	0

Lastly, the table underlying shows the credits that 2i Rete Gas expects to cancel in the future, based on existing contractual arrangements.

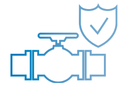
Carbon credits that are expected to be cancelled in the future

	u.m	2025
Total	tCO_2eq	5,300

15.2.1.4 RELIABILITY, EFFICIENCY AND DIGITALISATION OF PLANTS AND PROCESSES

ESRS S3-4

2i Rete Gas is committed to maintaining high standards of service for the communities and territories it serves. The company continuously works to improve the management and oversight of its assets and processes, also by implementing new technologies that make these operations more efficient and effective.

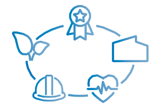


Tools for the management of plants and processes

INTEGRATED MANAGEMENT SYSTEM

The Integrated Management System (IMS) for Quality, Health & Safety, Environment and Asset Management is maintained in order to ensure that the service is provided regularly, reliably and efficiently, respecting the environment and protecting the health and safety of all stakeholders.

The IMS of 2i Rete Gas regulates the processes and methods of service delivery in respect of the health and safety of customers, managing project risks and activities related to design, purchase and supply, control and certification, use and service, installation and delivery of operational services.



Quality, Health and Safety at Work, Environment, and Asset Management certification

The scope of the IMS Certification according to the **UNI EN ISO 9001:2015, UNI EN ISO 14001:2015, UNI ISO 45001:2018, and UNI ISO 55001:2015** standards covers the primary macro-process flows related to the stages of Acquisition of concessions, Service Management and Plant release. Note that the "Asset Management" system according to UNI ISO 55001:2015, which was certified in March, is currently applied to the plant management and maintenance processes (Re.Mi., Bio-Re.Mi., IRI and GRF with a flow rate greater than or equal to 125 Sm3/h).

Integrated Management System (IMS) documents

The methods used to carry out activities, in compliance with Laws and Regulations and pursuing improvement objectives in accordance with the self-regulation codes established for the control of the impacts on health and safety of products and services, are governed by **specific IMS documents** (Operating Instructions, Material Technical Specifications, Operating Technical Specifications, Standardisation Technical Specifications, Guidelines).
The documents are designed by the organisational units responsible for the processes involved, while also consolidating dialogue between the interested parties. They are reviewed and monitored by the IMS Manager within the QSA unit of the Operations Department, issued, and finally stored in a specific section of the company Intranet, accessible to the entire organisation for consultation.

Audit and performance monitoring activities annual planning

With the aim of continuously improving the safety, reliability and efficiency of the systems, **specific control checks** and **audit programmes** are planned and implemented every year to measure IMS-related performance against pre-established indicators.
As required by the reference standards, monitoring is ensured through targeted checks to verify compliance with various parameters that, if not met, could lead to issues and inefficiencies within the system. Through the Management Review Document, the adequacy and effectiveness of the IMS applied are assessed and verified. Based on the data collected over the year, actions for continuous improvement are planned and implemented. The Management Review Document is made available to the organisation by being published on the company's Intranet. The annual results obtained from the IMS are reviewed by top management, which, at scheduled intervals, re-evaluates the effectiveness measurement indicators and objectives to ensure their continued suitability, adequacy and effectiveness, as well as alignment with the organisation's strategic policies.
The IMS's responsibilities also include **scheduled audits to cover control processes deemed strategic for risk management within the scope of the certification** in relation to:

- asset and resource management (VISORV, materials inspection);
- the service provided to end customers of the network (sampling checks on safety events, service continuity and commercial quality performance).

More specifically, the following aspects are monitored:

- **Surveillance visits of internal operational staff (VISORV)**, aimed at confirming and, when necessary, raising awareness about compliance with the correct execution of work activities according to the established rules, adopting the required precautions for health and safety, including the proper management and appropriate use of equipment and tools, in line with company guidelines. These activities are an important opportunity for discussion and a channel for proposals or feedback which, if properly utilised, can provide ideas and opportunities for improving the organisation of work.
- **Checks on the proper execution of factory tests** performed before sending key products to warehouses for the construction of gas distribution systems, ensuring compliance with technical standards and company specifications, agreed upon with the supplier during the tender process and confirmed during product approval (whether standard, non-standard, or parts of plants).

The organisation, through the QSA/IMS structure, ensured supervision of material tests in 2024 by verifying at the production site the proper execution of acceptance tests, along with systematic checks of documentation evidencing the tests conducted and the maintenance of quality standards for the equipment used. Thanks to a streamlined approach to test call scheduling, carried out where possible and sustainable in agreement with key suppliers, the number of test calls in 2024 reached 263, exceeding the equivalent requests made in 2023.

Overall, in line with the targets set at the beginning of the year, 100% of supplier requests were monitored through document checks or on-site inspections to ensure compliance with the submitted certifications, without causing any delays in the delivery of supplies to the region.

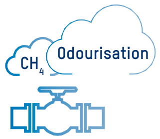
As part of its activities, the QSA department has also ensured:

1. **the supervision of product testing for finished goods using L1 and L2 strategies** (Re.Mi. – Bio Re.Mi. – IRI, GRF), with 17 on-site inspections covering production sourced from 16 supply contracts;
2. **inspections to assess suppliers' ability to** maintain the same quality standards declared during product approval throughout the duration of the supply contract, carried out through five audits of production processes and supplier quality systems.

This activity ensured the correct acquisition of certification and product testing documentation in compliance with applicable standards. Additionally, by sampling documentation provided by suppliers for strategic products (pipes, meters, pressure reduction systems, valves and various components), the reliability of certified testing was verified, considering the knowledge and availability of controlled metrological procedures, equipment and tools. The same activity will continue throughout 2025.

Sampling checks on the methods for managing and recording safety events and service continuity (emergency service, gas emergencies and accidents, gas odourisation and network dispersion) **and commercial quality performance** (estimation time for the execution of works, execution time for simple and complex works, supply activation and deactivation time, punctuality rate for appointments with the end customer, and reasoned response time to written complaints or requests for information), subject to annual communication to ARERA, with the aim of ensuring document consistency with the information recorded in the system and with the methods established by the ARERA document for the Regulation of the quality of gas distribution and metering services (RQDG), which governs the various regulatory periods. Operating in full compliance with ARERA regulations (TUDG) and committed to achieving high performance levels in service delivery to end customers, 2i Rete Gas annually reports to the Authority on key parameters related to commercial quality obligations for the previous year.

All activities within the control process described above are governed by system documents that define responsibilities, operational procedures, and the frequency with which they must be repeated over time. These system documents are fully aligned with applicable regulations and legal requirements concerning gas network maintenance and operations. For some key parts of the network management activities, i.e. those concerning the safety and continuity of the distribution service, 2i Rete Gas operates in compliance with the rules set by ARERA (TUDG). For these activities, the data relating to the safety and continuity metrics with reference to the previous year are communicated to the Authority every year. The monitoring and frequencies are recorded and stored on IT systems.



With a view to constantly monitoring the safety of the systems and the end customers of the network, **proactive gas leak detection campaigns** and **field checks on gas odourisation levels have been carried out**. In this regard, 2i Rete Gas applies higher-than-required standards for network leak detection compared to national regulations. In 2024, a network inspection plan was implemented, and by 31 December, data showed that 70% of the low-pressure network and 80% of the medium- and high-pressure network had been inspected.

In addition to this, with regard to the corrosion of steel pipelines, which account for approximately 7% of the network, the Group continuously monitors the **performance of cathodic protection systems** and conducts **periodic assessments at key points** to evaluate network conditions. The system is fully remotely monitored, and **field surveys are regularly carried out at critical locations**. The reliability and efficiency of infrastructure are further ensured through continuous safety monitoring and swift intervention in potentially hazardous situations. To this end, the Group places increasing emphasis on service continuity, identifying potential weaknesses that may require corrective actions to enhance service quality for end customers. To do this, 2i Rete Gas has been running for years a long-term programme to **replace ageing pipeline sections**. This initiative is based on various parameters, including the year of construction, leak history, and the number of recorded repair interventions. Furthermore, in compliance with CIG guidelines, the company follows established procedures in the event of incidents involving fuel gas distributed through networks.

In 2024, no incidents classified as "gas-related accidents" under CIG guidelines were attributed to the Group's responsibility. However, one such incident was recorded, and investigations are underway to determine the sequence of events and potential liabilities. There were no incidents of this nature attributable to third parties.

Additionally, progress has been made in **refining network inspection methodologies, improving the accuracy of leak detection** across the distribution system. In 2024, an increasing number of municipalities adopted a new technology designed to enhance the volume and quality of data collected during inspection campaigns. This initiative also aims to improve the accuracy of methane fugitive emission quantification.

As in the previous two years, no instances of non-compliance with regulations or self-regulatory codes regarding the health and safety impacts of products and services were identified in 2024 due to confirmed organisational failures.

15.2.1.5 DIGITAL DEVELOPMENT

Advanced Analytics technologies systematic application

More effective assessments of assets' maintenance and modernisation needs

The **application of Advanced Analytics technologies** is becoming increasingly systematic and less experimental, with the aim of continuously analysing the wealth of data and information generated and collected daily. This approach seeks to enhance process oversight, improve asset management, raise quality and safety standards in plant operations, and drive greater operational efficiency.
Initially, these technologies were introduced in the field of **Smart Metering** to support analyses on the reliability of electronic gas meters and their communication with central systems. They were also applied in **Asset Management** to enable more effective assessments of maintenance and modernisation needs for networks and facilities managed.
Project efforts have since focused on conducting increasingly sophisticated analyses of electronic gas meters. These analyses have been crucial in deepening the understanding of performance and potential issues, leading to more informed decision-making at both operational and management levels. They have also helped identify and refine intervention priorities, ensuring higher reachability and communication rates for meters while effectively addressing any detected anomalies.

To keep pace with the adoption of new communication technologies and evolving devices, these analyses have been enhanced with advanced algorithms. These algorithms maximise the value of collected readings and consumption trends, optimising the reliability assessments of devices. Consequently, they help better planning and prioritising potential field maintenance interventions. By correlating multiple internal data sources, the algorithms developed for electronic meter consumption patterns have significantly supported central specialist teams and regional units in their operational actions with a view to maximising compliance with regulatory obligations relating to measurement collection processes. More broadly, Advanced Analytics is playing an increasingly important role in the Internet of Things (IoT), leveraging vast amounts of data gathered not only from electronic meters but also from sensors and devices installed across facilities. Correlation and analytical algorithms enable deeper insights into device behaviour and system performance, guiding intervention priorities in the field and facilitating the identification of operations to be implemented on the central control and monitoring systems.

IoT new platform

In 2024, digital development initiatives in Advanced Analytics have been particularly focused on sensor networks managed by the **new IoT platform**. These efforts have involved studying and analysing possible correlations between field data and the wealth of information on managed assets.

4,91 million smart meter installed accounting for 94,5% of the Parent's Company total meters

SMART METERS

In 2024, 2i Rete Gas continued the **installation and activation of smart meters** (mass market). The meter replacement plan, along with the development and management of the infrastructure for collecting consumption data, remains a top priority for the Group, both in terms of its technological and innovative significance and as a key investment area.
Smart meters also provide end customers with greater awareness of their energy consumption by enabling a higher number of actual readings. This allows for a clearer correlation between consumption and usage behaviour, ultimately helping customers monitor and manage their energy usage more effectively, contributing to a reduction in CO_2 emissions.
By the end of 2024, a total of **4.91 million smart meters had been installed,** covering 94.5% of the Parent Company's total meter stock (compared to 94% in 2023). The installation programme is carried out in compliance with the obligations set out by ARERA resolutions.

INFRASTRUCTURE FOR COLLECTING DATA FROM SMART METERS

In addition to the installation of **point-to-point meters** (data transmission via mobile network SIM cards), the project includes the use of a data transmission infrastructure through concentrators in major cities and areas with high urbanisation or poor mobile network coverage. This infrastructure collects radiofrequency signals from the smart meters using **point-to-multipoint technology**.
As at 31 December 2024, the Group had installed a total of **5,810** concentrators for collecting data from smart gas meters.
Furthermore, in line with the drive to explore market opportunities in areas where 2i Rete Dati's connectivity infrastructure is developed, **22** additional concentrators were activated in 2023 to collect data from meters serving the integrated water cycle, managed by third-party companies.

5.832 concentrators installed by the Group for collecting data from gas smart meters and meters serving the integrated water cycle

15.2.2 European Taxonomy

REGULATORY CONTEXT

The **EU Taxonomy** is a classification system developed by the European Union to identify environmentally sustainable economic activities and direct capital flows towards investments compatible with climate and environmental objectives. It is one of the key tools of the European strategy for sustainable finance, aimed at promoting ecological transition and climate neutrality by 2050, as envisaged by the European Green Deal.

Introduced with **EU Regulation 2020/852**, the Taxonomy defines objective criteria to assess the contribution of economic activities to environmental sustainability, improving market transparency and reducing the risk of greenwashing. To be considered environmentally friendly, an activity must:

- contribute substantially to at least one of the six environmental objectives defined by the European Commission;
- not cause significant harm (Do No Significant Harm - DNSH) to other objectives;
- ensure compliance with minimum social guarantees (Minimum Safeguards), such as human and labour rights.

The six environmental objectives of the Taxonomy are:

- Climate change mitigation
- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and reduction
- Protection and restoration of biodiversity and ecosystems

In support of this, in June 2021 the European Commission adopted **Delegated Regulation EU 2021/2139**, also known as the "Climate Delegated Act" and, in June 2023, **EU Delegated Regulation 2023/2485** and **EU Delegated Regulation 2023/2486** which define the sectors and economic activities eligible according to the taxonomy, together with the technical criteria for assessing their contribution to the six main objectives that the Commission has identified to address the challenges of climate change and guide its ecological transition towards climate neutrality by 2050.

REPORTING AND APPLICATION OBLIGATIONS IN 2I RETE GAS

In line with Article 8 of EU Regulation 2020/852, companies subject to the obligation to publish non-financial information must include in their Sustainability Statement the share of economic activities that are eligible ('Eligible') and aligned ('Aligned') with the Taxonomy, with reference to revenue, capital expenditure (CapEx) and operating expenses (OpEx).

For the reporting of KPIs relating to the year 2024, 2i Rete Gas is *required* to report eligible and aligned economic activities for all six climate and environmental objectives.

To respond adequately to the Taxonomy requirements, 2i Rete Gas has implemented a process divided into three phases:

1. mapping of eligible activities for all climate and environmental objectives of the taxonomy, selecting those consistent with company operations;
2. verification of the technical criteria of substantial contribution and compliance with the DNSH principle;
3. extrapolation of the economic values for revenues, CapEx and OpEx of the eligible and aligned activities.

These steps were carried out together with the verification of the Minimum Safeguards, in line with the approaches proposed in the document "Final Report on Minimum Safeguards" of the Platform on Sustainable Finance published in October 2022 and subsequent interpretations of the European Commission of 16 June 2023. This analysis did not reveal any significant elements.

This process led to the identification and reporting, in the 2024 Sustainability Report, of the following activities in relation to the Climate Change Mitigation objective:

- 4.14 Renewable and low-carbon gas transmission and distribution networks;
- 7.2 Renovation of existing buildings;
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings;
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings;
- 7.6 Installation, maintenance and repair of renewable energy technologies;
- 8.1 Data Processing, hosting and related activities.

MINIMUM SAFEGUARDS

To verify the alignment of the activities of 2i Rete Gas, an analysis was carried out on the adequacy of the measures adopted at Group level with respect to the principles established by Article 18 of the Regulation. In particular, the analysis considered the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, as well as the principles and rights enshrined in the eight fundamental conventions identified in the International Labor Organization's Declaration on principles and fundamental rights at work and in the International Charter of Human Rights.

As part of the analysis, the Group also took into consideration the indications contained in the Final Report on Minimum Safeguards of the Platform on Sustainable Finance, published in October 2022, and in the Communication of the European Commission of June 2023 regarding "indicators of negative effects on sustainability".

The monitoring of issues relating to minimum safeguards is guaranteed by the adoption of prescriptive tools, such as policies, guidelines and regulations, as well as organisational and operational tools, including dedicated structures, procedures, management and control systems. 2i Rete Gas has adequate mechanisms and controls in place to ensure compliance with Article 18 of the Regulation, thanks in particular to the presence of:

- **Code of Ethics**, the principles of which must be respected by all company procedures and policies;
- **Organisation, Management and Control Model** pursuant to Italian Legislative Decree 231/01;
- **Company policies**, including the Sustainability Policy, the DE&I (Diversity, Equity and Inclusion) Policy, the Business Ethics and Anti-Corruption Policy and the Integrated Policy;
- **UNI/PDR 125 certification**, to guarantee the commitment to gender equality;
- **Due Diligence Procedure on respect for human rights**, supported by a dedicated platform and followed by any remedial actions that may be necessary;
- **Supplier qualification process**, which requires compliance with the principles of the Code of Ethics;
- **Complaint mechanisms**, including two IT channels for the management of reports of offenses and irregularities, guaranteeing anonymity (whistleblowing/UNI channel/PDR 125);
- **Procedures for the management of ordinary taxation and local taxes**, ensuring compliance with current tax regulations.

SIGNIFICANT HARM TO ENVIRONMENTAL OBJECTIVES

- **Climate change mitigation:** the activities considered contribute to the climate change mitigation objective. Consequently, it was not necessary to assess the significant harm with respect to this objective.
- **Adaptation to climate change:** 2i Rete Gas, in collaboration with a leading engineering consulting company, has assessed the physical climate-related risks associated with its gas distribution network in Italy, referencing all the climatic hazards listed in Appendix A, Annex I, of the Delegated Act (EU) 2021/2139 of the EU Taxonomy Regulation, in order to meet the Do No Significant Harm (DNSH) criteria, i.e., ensuring no significant harm to the environment in terms of climate change adaptation. The analysis was based on physical scenarios to identify the main climate changes that could impact company activities in the long-term (2040-2059). Physical risks are assessed as low in consideration of the moderate-low probability of these events and the adaptive actions taken. The list of risks considered was compared with that reported in Appendix A Annex I of Delegated Regulation EU 2021/2139. The comparison shows that the activities do not cause significant harm to the ability to adapt to climate change, i.e. they do not lead to a worsening of the negative effects of the current or future climate on themselves, on people, on nature or on assets. Furthermore, as far as newly constructed physical assets are concerned, adaptive solutions that reduce the main climatic risks to which they are exposed are incorporated into the design and construction phases. All other activities considered aligned were assessed as not causing significant harm to the ability to adapt to climate change, i.e. they do not lead to a worsening of the negative effects of the current or future climate on themselves, on people, on nature or on assets.
- **Sustainable use and protection of water and marine resources:** for gas distribution activities, 2i Rete Gas is not required to carry out an environmental impact assessment pursuant to Directive 2011/92/EU. However, the laying of the pipes and related products takes place in full compliance with environmental and water protection regulations, both at national and local level, and with the prior authorisation of the competent authorities. By way of example, in Italy, pipelines are laid with a minimum cover of 1 metre (unless otherwise specified), which, in the case of diameters at the upper limit of the range permitted for use, means a maximum excavation depth of approximately 1.70 metres, thus limiting interference with the water system. Even the installation of cathodic protection, which can involve impacts at greater depths, is carried out with prior authorisation, taking into account the risk of interference with the water table. Since the networks transport gas, there is no risk of polluting substances leaching into the water table. Following the analyses carried out, the activities are not considered to damage the good status and potential of surface water and marine waters.

- **Pollution prevention and control:** as far as distribution is concerned, the equipment considered aligned with the taxonomy falls under the scope of Directive 2009/125/EC, complies with it and represents the best available technology.
- **Protection and restoration of biodiversity and ecosystems:** the Sustainability Policy commits the Group to the protection of environmental aspects and the responsible management of significant environmental impacts associated with its activities, pursuing the protection and care of the natural environment and the fight against climate change, maintaining the balance of the ecosystem and biodiversity. 2i Rete Gas is not required, for gas distribution activities, to carry out an environmental impact assessment pursuant to Directive 2011/92/EU. The laying of the pipelines, the related artefacts and the excavation works are carried out in compliance with environmental regulations, limiting the impacts on biodiversity and ecosystems. During the project activities, the geographical overlap of the works with the map of the sites subject to environmental restrictions is always verified. If such restrictions are present, the necessary studies and investigations are carried out to ensure the adoption of protective measures aimed at preserving the environment and biodiversity, as required by the company's internal guidelines.

CALCULATION OF KPIS

The data obtained are reported in this document using the standard reporting models specified in Annex V of Delegated Regulation (EU) 2023/2486.

These models are an update with respect to those indicated in Annex II of the Delegated Regulation (EU) 2021/2178, in the section on "Key Performance Indicators (KPIs) for non-financial companies in the context of the European Taxonomy".

REVENUE KPI – REVENUE ALIGNED OR ELIGIBLE WITH THE TAXONOMY

The portion of revenue, defined in Article 8, paragraph 2, letter a) of Regulation (EU) 2020/852 as the "Revenue KPI", is calculated as the share of net revenues derived from products or services associated with economic activities compliant with the Taxonomy (numerator), divided by the Group's consolidated revenues (denominator). The denominator is determined by the total revenue generated in 2024, excluding those derived from Intangible Assets, in accordance with IFRIC 12, in order to allow for a more direct comparability of the data with other companies not subject to the same interpretation.

It should be noted that, starting from 2023, 2i Rete Gas has conducted methodological in-depth analyses regarding the main findings from industry studies on the technical feasibility of introducing hydrogen into existing infrastructures. Adopting the technical guidelines currently considered by international bodies, it is estimated that the distribution of hydrogen, even in a blend, can occur without major interventions in the more recently installed pipelines, thanks to both the materials used and the introduction of intelligent and connected elements in the distribution network. However, for the older installations, the current consensus is that specific extraordinary maintenance interventions may be required, and therefore these were not considered as a precaution.

Given this general premise, the 2i Rete Gas Group, regarding the specific activity "4.14 Renewable and low-carbon gas transmission and distribution networks", has decided to use the tariff components, appropriately revised, to reflect the above approach and thus calculate the share of revenue aligned with the taxonomy requirements.

On the other hand, as regards the activity "7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings", also in this case, 2i Rete Gas, in line with the revision of the "Trans-European Networks for Energy" regulation, has confirmed that it considers its smart meters as instrumental in effectively integrating a variety of low-carbon and renewable gas sources into the gas network in future years.

Given the above premises, the percentage of revenue aligned with the Taxonomy for 2024 is 48.87%, of which 33.19% is attributable to activity 4.14 and 15.67% to activity 7.5.

KPI OF CAPITAL EXPENDITURE ALIGNED OR ELIGIBLE WITH THE TAXONOMY

The capital expenditures incurred by 2i Rete Gas related to eligible and environmentally sustainable economic activities include a portion of the costs accounted for by considering the value of the increase in tangible and intangible fixed assets, while the denominator of the associated KPI is equal to the increase in tangible and intangible fixed assets and the right of use (IFRS 16).

During the year, there were no changes to the underlying assumptions for allocating Capitalised Expenditures to taxonomy-relevant activities.

It is noteworthy that the percentage of investments aligned with the Taxonomy is 84.81%, of which 67.44% is attributable to activity 4.14 and 17.37% to activity 7.5.

KPI OF OPERATING EXPENSES

With regard to the operating expenses of 2i Rete Gas deriving from products or services associated with economic activities aligned with the Taxonomy, compared to the previous year, 2i Rete Gas has refined the selection of costs directly related to the activities included in the numerator and denominator.

The denominator reflects the sum of all direct costs not capitalised for research and development expenses, building renovation interventions, short-term leases, maintenance and repair expenses, and any other direct expenses related to routine maintenance of real estate, plants and machinery incurred in 2024.

Additionally, during the reporting period 2i Rete Gas has incurred "other expenses" related to the daily maintenance of property elements, amounting to 594 thousand euro, which have been included in the KPI calculation.

2i Rete Gas has implemented a process to identify these costs in its analytical and/or management accounting.

These expenses mainly include the items in the Consolidated Financial Statements relating to costs for services and personnel costs.

The numerator of the KPI includes the "aligned" portion of the costs incurred by the Company for materials, personnel and services related to processes and services associated with economic activities aligned with the sectors of renewable and low-carbon gas transmission and distribution networks (CCM 4.14) and devices for measuring, regulating and controlling energy performance (CCM 7.5).

During the year, there were no significant changes in the KPI relating to operating expenses.

It should be noted that the percentage of investments aligned with the Taxonomy is 72.97%, of which 60.03% attributable to activity 4.14 and 12.94% to activity 7.5.

DISCLOSURE ON ACTIVITIES RELATED TO NUCLEAR AND FOSSIL GASES

Activities related to nuclear energy	
1. The company carries out, finances or has exposure to the research into, development, demonstration and realisation of innovative systems for the generation of electricity that produce energy from nuclear processes with a minimum amount of waste from the fuel cycle.	NO
2. The company carries out, finances or has exposures to the construction and safe operation of new nuclear plants for the generation of electricity or process heat, including for the purposes of district heating or for processes such as the production of industrial hydrogen, and improvements in their safety, with the help of the best technologies available.	NO
3. The company carries out, finances or has exposure to the safe operation of existing nuclear plants that generate electricity or process energy, including for district heating or industrial processes such as the production of hydrogen from nuclear energy, and improvements to their safety.	NO

Activities related to fossil gases	
4. The company carries out, finances or has exposure to the construction or management of plants for the production of electricity using fossil gaseous fuels.	NO
5. The company carries out, finances or has exposure to the construction, recovery and management of combined heat/cold and electricity generation plants that use fossil gaseous fuels.	NO
6. The company carries out, finances or has exposure to the construction, recovery and management of heat generation plants that produce heat/cold using fossil gas fuels.	NO

Share of turnover from products or services associated with economic activities aligned with the taxonomy – Disclosure relating to the year 2024

Financial year 2024	2024			Substantial contribution criteria						"Do No Significant Harm" criteria									
Economic activities (1)	Code (2)	Absolute turnover (3)	Share of turnover, year 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Share of turnover aligned (A.1.) or eligible (A.2) with the Taxonomy year 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€/mln	%	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (taxonomy aligned)																			
Renewable and low-carbon gas transmission and distribution networks	CCM 4.14	413.31	33.19%	Yes	N/E	N/E	N/E	N/E	N/E	Yes	Yes	Yes	Yes	Yes	Yes	Yes	20.18%		
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	195.12	15.67%	Yes	N/E	N/E	N/E	N/E	N/E	Yes	Yes	Yes	Yes	Yes	Yes	Yes	9.45%	E	
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		**608.43**	**48.87%**	**48.87%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**29.65%**		
of which enabling		**195.12**	**15.67%**	**15.67%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**9.45%**		
of which transitional			**0.00%**	**0.00%**						Yes	Yes	Yes	Yes	Yes	Yes	Yes	**0.00%**		
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
				E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	Optional							%		
Renewable and low-carbon gas transmission and distribution networks	CCM 4.14	33.53	2.69%	E	N/E	N/E	N/E	N/E	N/E								0.00%		
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.13	0.01%	Yes	N/E	N/E	N/E	N/E	N/E								0.02%		
Data Processing, hosting and related activities	CCM 8.1	8.40	0.67%	E	N/E	N/E	N/E	N/E	N/E								0.00%		
Turnover of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		**42.05**	**3.38%**	**3.38%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
Total (A.1 + A.2)			**52.24%**	**52.24%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**29.65%**		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Turnover of activities not eligible for the taxonomy (B)		**594.62**	**47.76%**																
Total (A + B)			**100.00%**																

Share of capital expenditure (CapEx) deriving from products or services associated with economic activities aligned with the taxonomy — Disclosure relating to the year 2024

Financial year 2024	2024			Substantial contribution criteria						"Do No Significant Harm" criteria									
Economic activities (1)	Code (a) (2)	Absolute capital expenditure (3)	Share of capital expenditure, year 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Portion of CapEx aligned (A.1) or eligible (A.2) with the taxonomy, Year 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		€/mln	%	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (taxonomy aligned)																			
Renewable and low-carbon gas transmission and distribution networks	CCM 4.14	253.46	67.44%	Yes	N/E	N/E	N/E	N/E	N/E	Yes	Yes	Yes	Yes	Yes	Yes	Yes	65.99%		
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	65.27	17.37%	Yes	N/E	N/E	N/E	N/E	N/E	Yes	Yes	Yes	Yes	Yes	Yes	Yes	18.61%	E	
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		**318.74**	**84.81%**	**84.81%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**84.60%**		
of which enabling		65.27	17.37%	17.37	0.00%	0.00%	0.00%	0.00%	0.00%	Yes	Yes	Yes	Yes	Yes	Yes	Yes	18.61%		
of which transitional			0.00%	0.00%						Yes	Yes	Yes	Yes	Yes	Yes	Yes	0.00%		
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
				E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	Optional							%		
Renewable and low-carbon gas transmission and distribution networks	CCM 4.14	29.05	7.73%	E	N/E	N/E	N/E	N/E	N/E								0.00%		
Renovation of existing buildings	CCM 7.2	0.63	0.17%	E	N/E	N/E	N/E	N/E	N/E								0.00%		
Installation, maintenance and repair of charging stations for electric vehicles in buildings	CCM 7.4	0.14	0.04%	Yes	N/E	N/E	N/E	N/E	N/E								0.00%		
Data Processing, hosting and related activities	CCM 8.1	1.48	0.39%	E	N/E	N/E	N/E	N/E	N/E								0.47%		
Capital expenditure of taxonomy-eligible but not environmentally sustainable activities (activities not aligned with the taxonomy) (A.2)		**31.30**	**8.33%**	**8.33%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**0.00%**		
Total (A.1 + A.2)			**93.14%**	**93.14%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**85.07%**		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Capital expenditure of activities not eligible for the taxonomy (B)		**25.80**	**6.86%**																
Total (A + B)			**100.00%**																

Share of operating expenditure (OpEx) deriving from products or services associated with economic activities aligned with the taxonomy — Disclosure relating to the year 2024

Financial year 2024	2024			Substantial contribution criteria						"Do No Significant Harm" criteria									
Economic activities (1)	Code (a) (2)	Absolute operating expenses (3)	Portion of operating expenses, year 2024 (4)	Climate change mitigation (5)	Adaptation to climate change (6)	Water and marine resources (7)	Pollution (8)	Circular economy (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Adaptation to climate change (12)	Water and marine resources (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Portion of OpEx aligned (A.1) or eligible (A.2) with the taxonomy, Year 2023 (18)	Category (enabling activity) (20)	Category (transitional activity) (21)
		€/mln	%	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes; No; N/E	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No	%	E	T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (taxonomy aligned)																			
Renewable and low-carbon gas transmission and distribution networks	CCM 4.14	7.36	60.03%	Yes	N/E	N/E	N/E	N/E	N/E	Yes	Yes	Yes	Yes	Yes	Yes	Yes	36.20%		
Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings	CCM 7.5	1.59	12.94%	Yes	N/E	N/E	N/E	N/E	N/E	Yes	Yes	Yes	Yes	Yes	Yes	Yes	18.36%	E	
Operating expenses of environmentally sustainable activities (taxonomy-aligned) (A.1)		**8.95**	**72.97%**	**72.97%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**54.56%**		
of which enabling		**1.59**	**12.94%**	**12.94%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	Yes	Yes	Yes	Yes	Yes	Yes	Yes	**18.36%**		
of which transitional			**0.00%**	**0.00%**						Yes	Yes	Yes	Yes	Yes	Yes	Yes	**0.00%**		
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
				E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	E; N/E	Optional							%		
Renewable and low-carbon gas transmission and distribution networks	CCM 4.14	0.92	7.53%	E	N/E	N/E	N/E	N/E	N/E								0.00%		
Renovation of existing buildings	CCM 7.2	0.59	4.84%	E	N/E	N/E	N/E	N/E	N/E								0.00%		
Data Processing, hosting and related activities	CCM 8.1	0.21	1.72%	E	N/E	N/E	N/E	N/E	N/E								13.90%		
Operating expenditure of taxonomy-eligible but not environmentally sustainable activities (activities not aligned with the taxonomy) (A.2)		**1.73**	**14.09%**	**14.09%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**13.90%**		
Total (A.1 + A.2)			**87.07%**	**87.07%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**								**68.46%**		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOM																			
Operating expenditure of activities not eligible for the taxonomy (B)		**1.59**	**12.93%**																
Total (A + B)			**100.00%**																

Taxonomy objectives		Share of turnover/Total turnover	
		Aligned to the taxonomy by objective (%)	Eligible for taxonomy by objective (%)
CCM	Climate change mitigation	48.87%	52.24%
CCA	Climate change adaptation	0%	0%
WTR	Protection of water and marine resources	0%	0%
CE	Transition to a circular economy	0%	0%
PPC	Pollution prevention and reduction	0%	0%
BIO	Protection and restoration of biodiversity	0%	0%

Taxonomy objectives		Share of CapEx/total CapEx	
		Aligned to the taxonomy by objective (%)	Eligible for taxonomy by objective (%)
CCM	Climate change mitigation	84.81%	93.14%
CCA	Climate change adaptation	0%	92.54%
WTR	Protection of water and marine resources	0%	0%
CE	Transition to a circular economy	0%	0.17%
PPC	Pollution prevention and reduction	0%	0%
BIO	Protection and restoration of biodiversity	0%	0%

Taxonomy objectives		Share of OpEx/total OpEx	
		Aligned to the taxonomy by objective (%)	Eligible for taxonomy by objective (%)
CCM	Climate change mitigation	72.97%	87.06%
CCA	Climate change adaptation	0%	80.50%
WTR	Protection of water and marine resources	0%	0%
CE	Transition to a circular economy	0%	4.84%
PPC	Pollution prevention and reduction	0%	0%
BIO	Protection and restoration of biodiversity	0%	0%

In order to better appreciate the impact of Eligible and Aligned activities on total revenue net of those deriving from the IFRIC 12 interpretation, a table net of this item is shown below:

Activity Code	Revenue net of IFRIC 12 €/mln	Portion of revenue net of IFRIC 12
Environmentally sustainable activities (taxonomy aligned)		
CCM 4.14	159.99	17.85%
CCM 7.5	128.46	14.34%
Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)		
CCM 4.14	4.79	0.53%
CCM 7.6	0.13	0.01%
CCM 8.1	8.40	0.94%
Total Eligible Assets (aligned and non-aligned)	**301.76**	**33.68%**
Total activities not eligible for the taxonomy	**594.29**	**66.32%**
Total	**896.05**	**100.00%**

15.3 Social information

S

15.3 Social information

15.3.1 Own workforce

SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IROS)

S1 ESRS 2 SBM-3

Impacts	
Actual negative	Lack, inadequacy or insufficient adoption of measures to safeguard employees' physical and mental health and safety in the workplace, resulting in an increase in workplace accidents and occupational diseases
Potential negative	Lack of employment opportunities for younger workers due to the failure to remove cultural and organisational barriers
	Worsening of work-life balance, leading to employee dissatisfaction due to perceived ineffective welfare plans
	Increased turnover rate and employee dissatisfaction due to the lack or inadequacy of employee development and training plans, poor employee management practices, and resistance to cultural and professional change
	Worsening of the well-being of workers due to potential discrimination incidents.

Risks and opportunities	
Risks	Risks arising from employee and/or customer legal disputes for privacy violations or data loss

15.3.1.2 SIZING

ESRS S1-1; ESRS S1-6

Gender

	2023	2024
Men	1,796	1,766
Women	381	392
Other	0	0
Not stated	0	0
Number of employees	**2,177**	**2,158**

Over the years, 2i Rete Gas has developed a flexible **organisational model**, capable of exploiting synergies in terms of market presence, costs and efficiency, while maintaining a focus on continuous innovation and evolution and recognising sustainability as the guiding principle and one of the founding pillars of its business strategy.

The Group considers **People** a fundamental strategic resource for its organisation and for facing future challenges, including those related to the energy transition. It does so by valuing their unique qualities and fostering the development of their skills and competencies; facilitating the alignment between personal aspirations, motivations and professional growth; recognising merit, promoting a balance between private and professional life, encouraging cross-functional coordination, sharing best practices through regular exchange moments, and fully leveraging the tools and opportunities offered by progressive digitalisation.
At the end of 2024, the Group had 2,158 personnel[14]. The number of resources and the calculation methodology are the same as those used in the financial statements.
Throughout 2024, 2i Rete Gas engaged an external professional for communication and media relations. Additionally, starting in September, the company collaborated with another consultant for advisory and support in extraordinary and corporate activities. The Group continues to consider it strategic to retain in-house non-delegable expertise, also initiating the hiring of experienced professionals in the technical-operational field to replace outgoing staff or those approaching retirement age. Therefore, as part of a renewal and growth project aimed at strengthening key professional skills essential for the development of the company's strategy, as well as facilitating generational turnover, 2i Rete Gas has embarked on a significant **multi-year hiring plan**, which in 2024 led to the recruitment of 125 new employees. The average age of the company population is 50.71 years.
In 2024, there were 144 departures, including 70 due to retirement, 45 voluntary resignations, 9 consensual terminations aimed at facilitating the transition of employees nearing retirement, and 20 for other reasons (such as failure to pass the probation period or terminations for disciplinary reasons). The turnover rate in the reference year was 6.67%[15].
Of all departures, 50% related to high school graduates, 14% to university graduates, and women accounted for 12% of the total terminations. The average age of all those leaving was 55.18 years old.
As at 31 December 2024, permanent employment relationships represented approximately 99.86% of the total.
In 2024, direct hiring continued to be the preferred method of recruitment; 96.80% of new employment contracts were permanent, while 3.20% were

2.158 current employees

125 people hired in the last year

2.075 full-time employees

2.155 permanent contracts

[14] Head count.

[15] For the purpose of calculating the employee turnover rate, 2i Rete Gas calculated the numerator as the total number of employees who left the company (voluntary resignation, dismissals, retirements or deaths in service). The denominator is the total company population in the reference year.

temporary. The preference for permanent contracts was also aligned with the need to secure profiles requiring greater specialised and managerial experience in the sector.

Contract type

	Men		Women		Other		Not stated		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Number of employees	1,796	1,766	381	392	-	-	-	-	2,177	2,158
Number of permanent employees	1,783	1,756	380	390	-	-	-	-	2,163	2,155
Number of fixed-term employees	13	1	1	2	-	-	-	-	14	3
Number of employees with variable hours	0	0	0	0	-	-	-	-	0	0
Number of full-time employees	1,786	1,758	307	317	-	-	-	-	2,093	2,075
Number of part-time employees	10	8	74	75	-	-	-	-	84	83

15.3.1.3 MANAGEMENT, DEVELOPMENT AND ENGAGEMENT OF HUMAN CAPITAL

2i Rete Gas promotes a corporate culture based on listening, respect and inclusion. It supports the enhancement of diversity and participation based on dialogue and open and constructive feedback. It promotes the generation of ideas and encourages the contribution of innovative proposals. It conveys the value of sustainable behaviours and solutions, fostering a sense of responsibility in each employee, who thus becomes an agent and protagonist of the organisation's continuous improvement and business development.

The Group continues its commitment to fostering the development of its people through cross-functional paths to identify their full potential and enhance their professionalism, valuing talent, supporting teamwork, knowledge exchange, sharing of experiences, and collaboration across generations through ongoing training, aimed at combining technical specialisation, a flexible approach, and managerial skills.

As part of its Human Resources management, 2i Rete Gas implements specific action plans aimed at consolidating a positive and proactive work environment, focused on embracing new challenges for continuous evolution and innovation.

Moreover, through the first level controls (Code of Ethics; Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001; Charter of Values; Sustainability Policy and Integrated Policy for Quality, Health and Safety at Work, Environment and Asset Management and the Diversity, Equity, Inclusion and Gender Equality Policy), 2i Rete Gas ensures that all personnel management and development processes are conducted in compliance with the ethics principles that the Group undertakes to respect, starting from respect for Human Rights and equal opportunities, without discrimination of any kind.

The development of distinctive, specialised, managerial and leadership skills is fostered through the definition of **targeted training programmes** and the implementation of **job rotation plans** and succession planning. A **behavioural culture based on open and constructive feedback** and **dialogue** is promoted, in which managers support their employees in a path of growth. Learning and improvement are supported and encouraged by:

- **a performance assessment** capable of stimulating awareness and self-empowerment;
- **targeted training paths**, also with the aim of ensuring continuity of expertise in a resource turnover process within the same role;
- **development plans** that allow the migration of skills between the expert resource and the junior resource;
- **remuneration and incentive systems** that guarantee clarity and impartiality, based on merit and on the measurement of results and on the evaluation of behaviour.

In 2024, the Group consolidated its commitment to implementing a new paradigm within its activities and processes that enhances the contribution of all resources, supporting the development of the best skills, aware that a fair and inclusive work environment is a fundamental condition for the well-being of its people and for the growth and competitiveness of the company. Following an important series of training activities and the involvement of People, in December 2024 the Management System was certified in accordance with the UNI PdR 125:2022 standard on gender equality.

Lastly, although the transition to a greener and climate-neutral economy is a material issue for 2i Rete Gas, no significant impacts on the workforce have been identified that would require specific professional recovery measures, employment guarantees or support for relocation. The company continues to monitor regulatory and sector developments to assess any future impacts and adopt, if necessary, appropriate mitigation actions.

Selection principles, procedure and tools

SELECTION

The search and selection process in 2i Rete Gas, in line with the above, is based on respect for Human Rights and the dignity of the Person; it is based on transparency and impartiality. It offers equal opportunities to any individual, regardless of gender, religion, personal beliefs, ethnic origin, disabilities, age, sexual or political orientation, and it does not tolerate any form of discrimination.

In order to ensure compliance with these principles, the search and selection process is overseen by a dedicated **internal procedure** that ensures the correct exercise of responsibilities by all the players involved.

Impartiality and objectivity in the research and selection phase are also supported by the now consolidated use of a specific **management tool** that guarantees the precise and accurate traceability of all the phases of the process, the timing and the various steps of validation and evaluation. The system also provides for the preliminary identification of any potential conflicts of interest or violations of the provisions set forth in the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001.

In 2024, the partnership with the Politecnico di Milano was confirmed for initiatives related to attracting young engineers and employer branding. A total of 125 people were hired following the completion of 125 recruitment processes initiated through external search, carried out throughout the year.

2i Rete Gas continues to support **job posting** and **job rotation** tools, not only as mechanisms to meet organisational needs but also as preferred methods to create opportunities for the exchange of skills and knowledge, as well as opportunities for professional and role growth within the organisation.

15.3.1.4 DEVELOPMENT AND TRAINING

S1-13

The Group believes that to increase the quality and efficiency of performance and ensure the success of its choices and actions, it is essential to nurture motivation and invest in the professional development of its People, through methods of comparison, sharing and continuous open feedback, encouraging new experiences and offering support tools for updating and evolving skills.

For this reason, after completing and consolidating the **Job Evaluation** project across the entire organisation, which aimed at making the competency assessment process more effective and targeted, 2i Rete Gas continued to extend the performance evaluation process. This process assesses the level of competency of each employee in relation to the role they hold and the behaviours they exhibit, in order to define a personalised and appropriate training and development plan.

In 2024, the performance evaluation included more technical-operational roles. Overall, the 2024 evaluation plan involved 940 colleagues, of which 719 were office workers and 221 were operational workers.

	Men		Women		Other		Not stated		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Percentage of employees who participated in periodic performance and development reviews	43.6%	42.6%	41.7%	47.7%	-	-	-	-	43.3%	43.6%
Average number of training hours per employee	36.11	34.56	22.4	20.74	-	-	-	-	33.71	32.05

In 2024, the overall percentage of employees who participated in periodic performance and career development reviews was 43.56%, in line with the previous year.

Specifically, 47.70% of women participated (compared to 41.73% in 2023), while the percentage for men was 42.64% (compared to 43.6% in 2023).

In 2024, the average number of training hours per employee was 32.05, as shown in the previous table. Analysing the data by gender, there is an average of 20.74 hours for women and 34.56 hours for men.

Over 69,165 training hours provided

Training is a strategic element for the Group, playing a fundamental role as a driver of growth and value creation. It is configured as an integrated system that includes differentiated paths, advanced methodologies and innovative approaches, aimed at enhancing the skills and attitudes of each employee. This approach uses a variety of tools and content, inspired by the best market practices and the experiences of those already part of the workforce, aimed at expanding individual knowledge and enhancing the talents within the company.

The multi-year training plan, revised annually where necessary, was also defined in 2024 on the basis of 6 relevant training areas:

- **Managerial**: aimed at developing soft skills and strengthening specific individual skills of the People involved in role and/or organisational growth;
- **Specialist, IT and Linguistics**: focused on acquiring, maintaining and developing specialist, IT and linguistic knowledge relevant to their professional field and business area;
- **Technical-operational**: aimed at developing technical-operational skills. This is delivered through participation in both external and internal courses to share distinctive competencies and encourage the exchange of ideas. It includes tools and methodologies focused on operational improvement, technological and IT updates, and continuous regulatory updates;
- **Quality and Safety**: including courses developed both in compliance with Decree 81/08, as well as courses aimed at raising awareness among staff on these topics.

The entire workforce was involved in over 69,165 training hours, through the delivery of courses designed not only to address existing skill gaps but also, and most importantly, to promote innovation, collaboration and adaptability in the constantly evolving business context.

Greater attention was given to feedback management through tools and methods used to assess the satisfaction and effectiveness of the training opportunities delivered.

Managerial training

In the managerial field, **two advanced training programmes were implemented, involving company managers and middle management**. These programmes included classroom lessons, coaching sessions and group coaching, totalling 74 hours per participant. The training covered innovative topics and methodologies, including the evolutionary leadership model, the value of generational, role-based and gender differences, as well as themes of personal effectiveness, growth mindset, delegation skills and the concept of accountability.

Additionally, for 12 individuals who assumed resource management roles during the year, **training on performance evaluation** was provided to better support them in delivering feedback to their team members.

An **intensive training programme on human resource management** was also organised, with the aim of helping two employees consolidate the skills required for their new role in the Human Resources Department. The course had a total duration of 69 hours, spread over a period of 5 months.

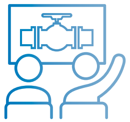
This year, the **"Master Futuri" IT Leader** programme was again offered for two mid-level managers within the IT Systems structure.

Specialist, IT and Linguistics training

In the specialised field, **training programmes** were conducted on updates to the new procurement code, involving 20 participants, as well as on the various functionalities of the new Internet platform, tailored to different user profiles, which engaged 66 people. To obtain the ITIL 4 Foundation certification (in the IT Services field) and PRINCE2 7 Foundation certification (in the Project Management field), with durations of 16 and 24 hours, respectively, for 3 participants.

As part of the certification process under UNI PdR 125:2022, aimed at promoting a new paradigm and increasing awareness of gender equality issues, several training initiatives were organised. These included: a **webinar on Gender Equality, Diversity & Inclusion** for managers and resource supervisors, an **e-learning course** for all employees on **gender equality policies** and **principles**, including content on stereotypes, unconscious bias (implicit prejudices), workplace harassment, **reporting channels** and **Whistleblowing**. The individuals directly and actively involved in the certification process, within the Human Resources Department and the Quality, Safety and Environment structure, who deal with the integrated system, have undergone a **highly specialised training on the practices and relevant regulations**.

With reference to **reputational risk**, a **training programme**, including experiential learning, was organised, which for the moment has involved the heads of the various Departments and the managers of the central and local Offices. The English language courses continued – delivered through individual or group e-learning (FAD) formats – and in 2024, approximately 40/50 people participated.



Technical-operational training

In terms of technical-operational training, many initiatives were implemented in 2024. In continuity with the activities promoted by the members of one of the internal groups called Network Time — working groups established in 2019 with the task of analysing areas for improvement in business processes according to innovation and simplification logic, composed of internal representatives known as company ambassadors — **the practical training on Emergency Response and Leak Classification** continued. This training, which involved field exercises, was conducted for a portion of the internal population (about 270 employees) and for external contractors (about 100 employees).It is expected that the training will continue to be provided in 2025. With regard to **training on User Management**, the working group released the entire training course, both theoretical and practical. In 2024, the theoretical course was assigned to 250 internal resources (carried out by about 190 colleagues; in 2025 the course will be completed); and to about 130 resources from external companies; in the last months of 2024, the practical course was provided to about 30 resources including internal and external companies. Several training sessions have been planned in 2025.

A **new training programme** was created **for certain area roles (work user management and sales technicians)**, involving about 30 resources from the South-East department, with the aim of providing knowledge to support the promotion of new activations in the area.
Approximately 120 qualified resources out of the approximately 1,000 qualified company resources were updated on UNI PDR 11632 and 39:2018 standards in a 30-hour course. In addition to this training provided for the purpose of updating the qualification, about 130 resources were trained to be qualified on the various types envisaged by the **UNI 11632 – UNI PdR 39:2018 standard**.

With a view to having a complete overview, also from an economic point of view, of the assignment of work to contractors and thus improving the management and control of work entrusted to Third Parties in the event of substantial variations in contracts, 70 resources received **basic training on Technical Specifications and a list of fees** and, to convey the new features introduced, an update was also provided to 84 resources who had already been trained on the same topics.

With the aim of making our workers increasingly efficient and effective in interventions involving different operational areas, several **technical training sessions** were organised on our most important **equipment in cabins** and **reduction units**.
This training involved around 140 resources for a total of around 3,200 hours.

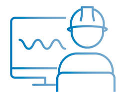
During 2024, a new **training course on Bio-methane** was created, in collaboration with a reference supplier, and subsequently some training sessions were organised involving 55 local resources.

As in previous years, and with constant attention to the quality of the service provided, **training in Operation and Maintenance** was organised for about 70 resources.

Regarding the personnel assigned to cathodic protection, 28 resources were enrolled in training with the aim of qualifying them at the different levels required by regulations (levels 1-2-3-4). Additionally, 13 resources were trained for the maintenance of certification according to UNI EN ISO 15257:2017 and for the re-certification exams for various levels.

A **new training module on railway crossings** and **parallels** was created, and a new training cycle was launched, involving 20 people in 2024 and continuing into 2025.

More than 30 staff took part in **training sessions in order to share knowledge on the rules of concession agreements**.



Quality and Safety training

In collaboration with QSE (Quality, Safety and Environment) and the RSPP (Head of the Prevention and Protection Service), several training initiatives were organised and delivered, including the following:

- **Fire safety** training involved 170 resources in the basic course and 244 in the periodic update course;
- **First aid** training involved 108 resources in the basic course and 238 in the periodic update course;
- the training on **PPE Category III** and **face masks** involved 393 resources in the basic course;
- the training for the **role of the Supervisor** involved 366 people, including both the refresher course and the basic course;

- the training on **load handling with the use of a forklift** (man on top) involved 17 field personnel;
- the training renewal for **Safety Managers** involved 14 people; additionally, training with an instructor on **specific risks** was initiated for approximately 200 resources, particularly employees with high-risk activities in the field and operational personnel. The **"Workplace Safety and Office Risks" update** course was assigned to 274 resources.

COMPENSATION SYSTEM

The Group is mindful of implementing and updating remuneration policies that are consistent with business strategies, market logic and organisational structures, without ever losing sight of the possible evolution of a **modern Total Reward system**, within the scope of which an **important package of company benefits** is already included.

The objective of the company's Total Reward policies is to stimulate and direct work performance and make the **remuneration systems fair internally and competitive on the market**; in fact, the company's approach to defining the remuneration system is not limited to strictly monetary aspects but is developed according to a coordinated vision of **functional reward systems to ensure staff satisfaction and engagement**. The model takes into account the relationship between position held and growth potential in order to identify the best development opportunities.

In 2024, the criteria for evaluating meritocratic interventions continued to focus on the application of **logic that is increasingly attentive to the different types of roles and skills**, also taking into account the **cross-functional complexities underlying the position held, the levels of experience and knowledge acquired, which are highly specialised and strategic for the business**.

15.3.1.5 ENGAGEMENT

S1 ESRS 2 SBM-2; S1-2; S1-3

2i Rete Gas believes that the involvement of its People, their constant development, growth and satisfaction are fundamental objectives to continue to guarantee the virtuous functioning of the organisation and to consolidate an increasingly responsible and aware vision of the contributions that each person can make on a daily basis in a system of profitable and collaborative relationships.

With a view to encouraging staff engagement, numerous initiatives were implemented in 2024.

With reference to the initiative concerning the **employee satisfaction survey and work-related stress assessment** launched in October 2023, which involved the entire company population, in the first half of 2024, the main insights that emerged were shared during specific meetings organised at the offices of all Departments.

Work-related stress assessment and climate survey

The work-related stress assessment, together with the climate survey, is normally conducted every 3 years or when significant events occur (e.g. company mergers); the action plan resulting from the evaluations of the survey is one of the initiatives included in the Sustainability Plan, the progress of which is monitored on a quarterly basis, in the presence of the CEO.

The survey is structured into specific phases, which include an initial design, the administration of a test to assess climate/work-related stress risk to the entire company population, and finally, a report on the results of the survey, along with the presentation of the findings.

The Quality, Safety and Environment department is responsible for structuring, launching and monitoring the survey; once completed, the results are discussed and analysed by the QSE department and the Human Resources department with the aim of implementing an action plan to follow up on the findings.

The multi-year action plan designed and structured to respond to the findings of the survey, with the aim of making the performance of work activities even easier and more sustainable, guaranteeing ever greater protection of health and safety, has again this year been presented and shared during formal meetings with all Departments and Central Staff.

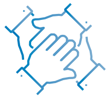
In addition, in 2024, the action plan saw the completion of the planned improvement initiatives.

Charity sporting events

The company participated in two important **charity sporting events**:

- on 7 April 2024, the **Milan Marathon** took place, a relay race covering a distance of 42 kilometres and 195 metres, divided into 4 stages. 2i Rete Gas participated with 3 teams. The proceeds from our participation supported the "A CASA CON CURA" (at home with care) project, a home assistance service for vulnerable elderly people through the Fondazione Amici del Trivulzio – Martinitt e Stelline.

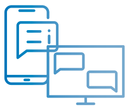
- in October, around a hundred colleagues from all over Italy took part in the **PittaRosso Pink Parade**, a charity walk in support of the Veronesi Foundation, aimed at promoting the culture of female cancer prevention.



Engagement activities and working groups setting up

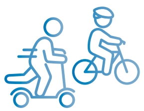
In order to strengthen working and interpersonal relationships and thus facilitate listening and discussion on professional aspects, various initiatives have been organised involving large groups of colleagues; in particular:

- **team building** events have been organised with the aim of consolidating team spirit and exploring issues related to proactivity and self-empowerment.
- in early July, the launch event for the **new Network Time programme** was organised, involving the seven working groups in a new edition with the aim of enhancing skills development, knowledge sharing, business process innovation and the consolidation of internal best practices; the role of ambassador was introduced in the groups, in order to spread the results, shared best practices and the value of teamwork within the organisation. After months of work, all the groups came together in December 2024 for a final event that shared the results achieved.



Communication campaigns, participation and raising-awareness initiatives

In order to share moments of **reflection and attention on relevant messages with the entire company population, communication campaigns and participation initiatives were launched in connection with several global days celebrated by the UN**. These initiatives focused on topics such as energy conservation and waste reduction, health and safety, discrimination, and violence against women. On 25 November 2024, the International Day for the Elimination of Violence Against Women was celebrated. In line with its commitment to promoting inclusion and gender equality, the Group renewed its firm rejection of any form of violence against women through a new communication campaign. This campaign involved all 2i Rete Gas colleagues, and included the creation and display of messages and thoughts on office walls, expressing solidarity with this delicate issue and promoting opposition to violence.



In addition, in May 2024, a **CO_2e emission reduction awareness initiative** was launched, in compliance with the requirements for Companies with more than 100 employees within Metropolitan Areas. The project, Green to Win, focused on home-to-work commutes and aimed to promote a more sustainable lifestyle. The initiative encouraged virtuous and flexible urban mobility, while simultaneously reducing the use of cars and, consequently, the emission of pollutants.

All employees at the Milan office were given the opportunity to install the Mobility Company app on their mobile phones. Through this app, home-to-work journeys made on foot, by bicycle, or using public transport were "rewarded" with points, which could be redeemed for shopping vouchers to be used in stores across the city or for other prizes. The initiative concluded on 30 November 2024, and rewards were distributed to 159 employees at the Milan office.

Sharing, discussion and gatherings moments

In December, finally, continuing the positive experiences of recent years, there were moments of sharing and discussion with all employees during **department and area institutional meetings**, as well as gatherings with family members, in conjunction with **the Christmas toast** and the related **family day**.

In order to strengthen the engagement of new resources, the **"Welcome to you!" project** was introduced, which allows new colleagues to be introduced to the entire existing workforce. Every month, the dedicated section of the company Intranet is updated with photos of the newly hired employees, a brief description of their previous experiences, and the indication of their department or function.

Activities aimed at assessing sensitivity on gender equality issue

Finally, as another listening tool, in addition to performance assessment, a **survey on gender equality** was launched in December 2024 to assess sensitivity on the issue. In 2025, the evidence will be assessed and initiatives will be launched, also consistent with the strategic plan already defined.

Personnel engagement is guided by the Human Resources Department, which has structured a dedicated area within Personnel Management and Development.

DIVERSITY, INCLUSION AND WELFARE

S1-9; S1-11; S1-12; S1-15; S1-16; S1-17

Gender equality certification

In 2024, 2i Rete Gas achieved an important milestone: **the certification of its Management System according to the UNI PdR 125:2022 standard on gender equality**. This certification represents a key achievement in the company's ongoing efforts to strengthen a culture focused on recognising and valuing diversity, enabling all employees to express their potential and skills in a respectful and increasingly inclusive work environment, one that rejects any form of discrimination or harassment.

A new section, called Diversity & Inclusion, has been created on the company Intranet. This section hosts documentation and communications related to gender equality and, more broadly, to the themes of Diversity, Equity and Inclusion. Examples include the Diversity, Equity, Inclusion and Gender Equality Policy.

The Group continues its commitment to ensuring equal conditions of respect and equal opportunities, with a priority focus on the physical, psychological and social well-being of employees, also fostering harmony between professional and personal/family life.

In 2024, there were no incidents of violations regarding human rights, discrimination, including harassment, nor any concerns related to working conditions.

Distribution of employees by age group

	2023	2024
Under 30 years of age	52	63
Percentage of employees under 30 years of age	*2%*	*3%*
Between 30 and 50 years old	822	839
Percentage of employees aged between 30 and 50	*38%*	*39%*
Over 50 years of age	1,303	1,256
Percentage of employees over 50 years of age	*60%*	*58%*

In 2024, in line with the previous year, the highest concentration of employees was confirmed in the age bracket over 50, which represents approximately 58% of the company population. The group of employees under 30 years old stands at 3% and those between 30 and 50 years old at 39%.

At 2i Rete Gas, in accordance with the principles expressed in the Code of Ethics, the Sustainability Policy, and the Diversity, Equity, Inclusion and Gender Equality Policy, actions are carried out in the absolute and non-negotiable respect for the **dignity of the individual**, recognising the importance of **diversity** as a valuable asset for the development of the organisation and the achievement of results.

Over the years, tools and solutions have been implemented that increasingly support inclusive approaches. Training programmes have been launched in emergency response to enhance the skills of employees from external companies. Emphasis is placed on generational change, facilitating the transfer of knowledge from more experienced employees to younger ones through dedicated training and informational sessions. Managerial development paths have been introduced to promote empowerment and evolutionary leadership.

Female employees represent 25.61% of the total workforce (excluding manual workers).

Agreements have been made with local authorities, and in compliance with current regulations, a multi-year plan for the recruitment of people with disabilities has been implemented.

The Italian regulations, in accordance with Law 68/1999, distinguish various types of protected categories for employment purposes. In line with the requirements of standard S1-12, the company reports only information related to employees with disabilities, both in total and disaggregated by gender. As at 31 December 2024, 2i Rete Gas employees 159 employees with disabilities, equal to 7.37% of the total, of which 120 men (6.80% of the total male workforce) and 39 women (9.95% of the total female workforce).

In the context of incentive systems, specific performance goals have been assigned to promote gender equality during the research and development phase for specific job roles. 2i Rete Gas encourages the increase of female representation, including in positions of responsibility, and is committed to supporting the professional growth of women.

In 2024, the Group's commitment to increasing the female presence in leadership/coordination roles was confirmed, with improvements also made in terms of salary adjustments.

Gender distribution at senior management level

	2023	2024
Men	3	2
percentage at senior management level	*75%*	*67%*
Women	1	1
percentage at senior management level	*25%*	*33%*
Other	0	0
percentage at senior management level	*0%*	*0%*
Not stated	0	0
percentage at senior management level	*0%*	*0%*
Total	**4**	**3**

In 2024, the number of women holding positions in senior management[16] is 1, representing 33.3% of the total.

Regarding the Gender Pay Gap, in 2024, the average **base salaries** showed an improvement compared to the previous year across the professional categories of Executives, Middle Managers and White-collar workers.

Gender pay gap

	2023	2024
Gender pay gap percentage	5.3%	4.5%

In 2024, the overall gender pay gap (including both base salary and additional variable components) stood at 4.5%, reflecting a 15.10% reduction compared to 2023. This figure represents the percentage difference between the average pay levels of female and male employees, expressed as a proportion of the average male salary.

	Men		Women		Other		Not stated		Total	
	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024
Percentage of employees entitled to leave for family reasons	100.0%	100.0%	100.0%	100.0%	-	-	-	-	100.0%	100.0%
Percentage of eligible employees who took leave for family reasons	2.51%	3.34%	14.17%	14.54%	-	-	-	-	4.55%	5.38%

As in previous years, 100% of employees were entitled to **family-related leave** in 2024. Of these, 3.34% of men took advantage of this entitlement (compared to 2.51% in 2023), while 14.54% of women did so (compared to 14.17% in 2023).

The return-to-work phase includes measures designed to facilitate work-life balance, ensuring a smooth reintegration into professional activities.

[16] The term "senior management" refers to the Managers (Heads of Departments) who report directly to the top leadership of the company.

Employees also have the option of switching to part-time contracts, renewable annually, subject to business needs. In addition to **standard maternity, paternity and parental leave**, second-level company agreements introduced further **flexible work arrangements** in 2024. These include enhanced provisions for "post-new-parent" situations, granting an additional five days of remote work per year for parents of children up to six years old. Remote work days per month were also increased for employees in certain departments, and a system was introduced to allow employees to reschedule remote work days within the same month.

The company remains committed to exploring additional flexible work arrangements, particularly for employees facing greater challenges. This commitment was reaffirmed by the **extension of special measures for vulnerable employees until 30 June 2024**, despite the discontinuation of the preferential regime under the 2024 Budget Law (see "Relations with Unions").

Efforts to strengthen corporate commitment on Diversity & Inclusion

To strengthen its commitment to promoting and implementing best practices in Diversity & Inclusion — particularly **in gender equality and female empowerment** — 2i Rete Gas renewed its membership with "Valore D" in 2024.

Valore D is the first business association in Italy dedicated to advancing gender balance and fostering an inclusive culture to support innovation, progress, and organisational growth.

Through this membership, 2i Rete Gas has engaged in collaborative initiatives, training programmes and the exchange of best practices. In particular, the company provided all employees with access to two Valore D training modules focused on *Gender Equality: Unconscious Bias and Gender-Based Harassment in the Workplace*.

Activities aimed at devolponig the Welfare programme

Since 2018, 2i Rete Gas has pursued a corporate welfare programme to address the diverse needs of its People.

In 2024, as in previous years, the corporate **Welfare Plan** was funded through two main sources: the **conversion of performance bonuses** (with an additional 15% contribution from the company) and the **"2Insieme a Te" welfare package**.

For this package, the 2024 allowance was confirmed at 650 euro, made available to all employees (excluding Executives) who were on the payroll as of 31 May 2024. The platform was launched on 17 June 2024, with a spending deadline set for 30 November 2024. This year's programme incorporated feedback and requests from employees in previous years, expanding the range of eligible spending. In addition to existing categories such as healthcare, wellness, education and elderly care, new services — including travel and entertainment — were introduced, along with all existing fringe benefit-related services.

In the second half of 2024, a **new app called Euty** was introduced. Available on mobile, PC and tablet, this platform provides employees with a wide range of training and informational content, as well as access to a welfare coach who can offer tailored solutions in key life areas (e.g., parenting, bureaucratic processes, caregiving, children's education, well-being, etc.), serving as a valuable resource for a broad user base.

The corporate welfare plan has also incorporated the changes introduced by the 2024 Budget Law regarding the tax exemption thresholds for employees with dependent children, as per Article 12 of the T.U.I.R. (Consolidated Income Tax Act).

As was the case in the previous year, with reference to any family needs, staff were able to access **forms of microcredit** capable of supporting the family/individual financial budget, thus making it possible to defer certain expenses linked to children's education, family care services and medical expenses.

Lastly, **telemedicine services** remained available to all employees, with particular focus on providing healthcare support for children.

15.3.1.7 RELATIONS WITH UNIONS

The Group remains committed to fostering constructive and fair Industrial Relations at all levels, ensuring **transparency and meaningful dialogue** while **promoting active participation from social partners**. Through the Industrial **Relations Protocol** signed with trade unions, 2i Rete Gas has established an Industrial Relations framework based on employee participation and recognition, which are key to achieving corporate objectives through regular open and transparent communication.

During collective bargaining, the Group upholds the principles of freedom of association and open dialogue at all levels, facilitated by the widespread presence of trade union representatives across the organisation.

As part of ongoing engagement with trade unions, regular meetings are held at different levels — local union representatives (RSU), regional secretariats, and national secretariats — depending on the specific negotiations or discussions required for managing matters related to the National Collective Labour Agreement (CCNL) and the Industrial Relations Protocol.

At the beginning of the year, in compliance with legal and contractual obligations, trade union representatives were informed in advance about the terms and operational procedures of the **corporate reorganisation of the North-West Department**. Effective from 29 January 2024, this restructuring involved merging the Castellazzo Bormida and Albenga areas, with the latter being phased out.

As part of ongoing company initiatives to manage holiday entitlements, a **specific trade union agreement** was signed to establish collective closures for the Head Office, as well as regional offices in Verona, Frosinone, Acquaviva delle Fonti, Selvazzano Dentro and Naples, along with territorial staff functions. These closures were set for the long weekend around 25 April, the two central weeks of August, and 24 and 31 December.
A key change from previous years was the introduction of more flexibility in scheduling company closures during June, July and August.

Agreement on collective closures for the Head Office, as well as regional offices

In the first half of the year, **trade union agreements** were signed with the National Secretariats **regarding funded training**, addressing the needs and suggestions raised by the relevant functions.

On 22 March 2024, following successful discussions with trade unions, an **agreement on remote working** was signed. Building on the provisions of the previous agreement from 27 January 2022, the new agreement introduced enhanced work-life balance measures, also considering sustainability, such as increased remote working days for area-based roles and additional benefits for employees returning from parental leave, as well as greater flexibility on a monthly basis. The agreement takes effect from 1 July 2024 and remains valid until 31 March 2027.

Agreement on remote working

Emergency remote working

At the same time, a **temporary agreement** was introduced mainly to **support "vulnerable employees"**, following the discontinuation of special provisions under the 2024 Budget Law. As an exceptional measure, 2i Rete Gas extended "emergency remote working" until 30 June 2024.

Performance bonus settlement agreement

On 29 May 2024, the results relating to the 2023 Performance Bonus indicators were finalised in a report signed by the parties concerned, confirming the achievement of the target objectives and the option for employees to choose between converting the monetary component into benefits/services. In fact, the provisions concerning the possibility of converting the bonus into welfare services, as well as the manner and timing of payment as regulated by the Agreement of 22 June 2023, remain unchanged. With specific reference to the family, health, assistance and wellness area, the possibility of accessing Welfare Services through a mixed credit, i.e. Performance Bonus ("credito PDR") credit and "Credito 2insieme a Te" credit, was offered again and encouraged. **Pursuant to the Performance Bonus settlement agreement**, the percentages (up to 100% of the accrued bonus) and the reasons for converting the performance bonus were confirmed, including additional measures, benefits and services. In order to promote greater usage and dissemination of the unilateral welfare system among employees, the unified composition of the "2insieme a Te" Credit packages has been reintroduced.

Given the ongoing organisational and managerial developments, and in response to specific technical and operational requirements arising from regulatory changes and the need to streamline internal processes and procedures, updates have been made to the metering function within the Network Customer Services structure. Effective from 1 June 2024, the Metering Unit has incorporated activities previously carried out within individual departments for the same function, along with the associated resources. Trade union representatives (RSU) were informed in advance, followed by dedicated local meetings to provide further details.

Finally, as part of the **periodic information sessions**, specific local area meetings were held on the topic of availability in the Padua-Venice area and the evolution of organisational/management structure in the Naples area.

Initiative related to equal opportunity issue

In the second half of 2024, the **report on the gender composition of the workforce for the two-year period 2022-2023** was published through the ClicLavoro portal and also sent to the trade union representatives (internal RSUs).

In line with gender equality efforts and in pursuit of the Gender Equality Certification (UNI PDR 125:22), and in reference to the provisions of Article 47 of the Gas and Water National Collective Labour Agreement (CCNL), a protocol was signed with the trade unions. This agreement supplements the Industrial Relations Protocol of 2i Rete Gas and establishes a **"Gender Equality, Diversity and Inclusion" Technical Committee**. The committee, composed of members from the company's management and 6 RSU representatives, aims to foster discussions on gender equality issues within the group. The goal is to promote positive actions, such as monitoring and/or proposing training and awareness-raising interventions, as well as specific projects.

Local area meetings

Further discussions were held at a local level regarding knowledge-sharing initiatives (specialist pool) in the South-East Department, along with continued monitoring of availability issues in the Padua-Venice area and organisational/management changes in the Naples Area.

Within the evolution of the management structure of the South West Department, a **consultation process was carried out with the internal RSUs** (trade union representatives) for the formalisation, effective from 1 November 2024, of the transfer of the Integration Support unit of the Naples Area (following the standardisation of the business processes within the relevant scope) to the Plant Development function of the South West Department. This transfer includes the resources assigned to the unit, who will retain their current workplace, addressing specific technical-organisational needs of the company while ensuring the alignment of subsequent regulations (e.g., working hours, etc.).

At the close of the year, **two trade union agreements were signed** with the national trade union secretariats on the topic of funded **technical training**. The aim was to update and train staff to maintain qualifications in accordance with UNI 11632:2016 and UNI/PDR 39:2018 standards, as well as on gas regulations related to railways and other transport networks.

National collective labour agreements

All 2i Rete Gas personnel are covered by national collective labour agreements, i.e. executives by the **CCNL for Executives in the Industrial Sector**, and middle managers, white collars and blue collars by the **Gas and Water CCNL**.

Since 2i Rete Gas operates exclusively in Italy, all employees receive salaries in line with National Collective Labour Agreement benchmarks, ensuring **compliance with statutory minimum wage requirements**.

Furthermore, the protections provided under collective bargaining agreements guarantee **mandatory social security coverage for all employees**, offering protection against loss of income in the event of illness, unemployment, workplace accidents, or other adverse circumstances.

15.3.1.8 PROTECTION OF OCCUPATIONAL HEALTH AND SAFETY

ESRS S2-2; ESRS S2-3; ESRS S2-4; S1-14

Occupational health and safety principles, tools and activities

2i Rete Gas is committed to protecting the health and safety of its **employees** and **external contractors** by ensuring **a safe and healthy working environment**. The company actively promotes **initiatives aimed at raising awareness among workers and stakeholders about effective risk management solutions, helping to prevent and reduce potential accidents and injuries**.

Since 2014, 2i Rete Gas has voluntarily implemented a **Health and Safety Management System** (HSMS) in line with widely recognised standards (initially OHSAS 18001:2007, now replaced by UNI ISO 45001:2018). Over the years, this system has helped to build a collective awareness of Health and Safety issues, based on a proactive approach to risk assessment, open dialogue with employees, and the involvement of Senior Management.

This approach, applied across the entire organisation and infrastructure, aims to minimise workplace accidents and incidents while fostering a strong safety culture both internally and externally, by adhering to even higher standards than those required by national regulations, The Group not only strives to improve workplace health and safety for its employees but also invests in the safety of the communities and environments in which it operates, extending this commitment to its collaborators and external contractors.

Across all Group companies, safety management is structured within a **dedicated organisational framework**, where assigned personnel operate with specific powers granted through official mandates. This framework is operationally supported by the Prevention and Protection Service (SPP), which includes a Head of Prevention and Protection Services (RSPP) appointed by the Employers (DL).

The structure organises its safety management model across eight production units.

	Employees		Non-employees	
	2023	2024	2023	2024
Percentage of own workers covered by the company's health and safety management system based on recognised legal requirements and/or standards or guidelines	100.0%	100.0%	100.0%	100.0%
Percentage of own workers covered by the company's health and safety management system on the basis of legal requirements and/or recognised standards or guidelines and that have been subject to internal audit and/or audit or certification by an external party	100.0%	100.0%	100.0%	100.0%
Number of deaths due to work-related injuries and illnesses	-	-	-	-
Number of cases concerning recordable work-related illnesses	-	-	-	-
Number of recordable work-related injuries	10	10	-	-
Rate of recordable work-related injuries	2.81	2.84	-	-
the number of days lost due to work-related injuries and deaths due to work-related injuries, work-related illnesses and deaths as a result of illnesses	481	326	-	0

Senior Management and Employers actively contribute to maintaining the principles set out in 2i Rete Gas's Integrated Policy for Quality, Health and Safety at Work, Environment and Asset Management. They support the Health and Safety Management System by ensuring compliance with all applicable legal requirements, overseeing the continuous updating of **risk assessments**, and carrying out activities aimed at analysing, preventing and mitigating risks associated with the company's operations.

The Health and Safety Management System covers all business processes and promptly assesses risks and opportunities. This process involves the entire organisation on a daily basis, with a structured plan of various types of inspections, summarised below, scheduled for high-risk activities. The findings form the basis for analysis and the progressive implementation of improvement actions, which in turn define monitoring plans.

- **Safety checks (VISORV)**
  Controls aimed at ensuring the correct execution of activities and carried out on personnel employed by those responsible for control (2024 target: control of 60% of the operational resources in force at the end of the year prior to the reference year);

- **Work-in-progress safety checks (RV)**
  Inspections conducted to ensure the proper execution of activities assigned to third-party contractors at locations where the company operates. Activity monitored by the Works Control Officers (ACO);

- **Construction site safety checks**
  Inspections conducted by Health and Safety Coordinators during the execution phase (CSE) to safeguard health and safety at construction sites. These inspections apply to both internal and external personnel holding the necessary qualifications to perform the role, in accordance with Title IV of Italian Legislative Decree 81/08.

In addition to implementing these planned and measurable annual control actions, a new **periodic monitoring tool** was introduced in 2022 as part of the Health and Safety Management System (HSMS). This tool tracks key safety indicators, which are reported and communicated across the safety organisation through a report known as GASS (Corporate Health and Safety Management Report).

0. Staff overview	1. Injuries	2. Security checks (VISORV)	3. Health Surveillance	4. PPEs
• White collars • Operations staff • Officers • Staff in charge of emergency	• 1.1. 2iRG staff • 1.2. Firms • 1.3. Near miss	• 2.1. Trend • 2.2. Qualitative analysis	• Trend • Fitness assessments	• Outcome of checks • Critical issues and suggestions

5. Risk evaluation and risk assessment document (DVR)	6. Visits and inspections Supervisory Bodies	7. Emergencies and evacuation	8. Workers' safety representatives (RLS) and further information
• DVR status • On-site inspections Physician • Assessment of specific risks • Improvement actions	• Local Health Service (ASL) inspections, Certification Body, ... • Critical issues identified • Corrective actions	• Emergency plans • Evacuation drills • Critical issues and corrective actions	• Engagement • ...

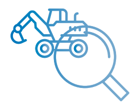
These indicators, monitored throughout 2024 in continuity with previous years and in alignment with the action lines set out in the Sustainability Plan, supplement the results outlined below.

As previously mentioned, the Group, in its efforts to reduce workplace accidents, conducts **internal health and safety inspections at its regional facilities and carries out on-site checks at construction sites managed by contractors**. The findings from these activities are continuously analysed, and actions are defined to improve health and safety performance.

The Group closely monitors compliance with health and safety standards to ensure accident prevention, also adopting an inclusive approach that extends to suppliers of works and services. The commitment to raising supplier awareness of high health and safety standards has continued through **continuous site oversight** by internal personnel, ensuring proper work practices are upheld.

Since 2019, this activity has also been consolidated for its subsidiary Cilento Reti Gas S.r.l., where site inspections, under Title IV of Italian Legislative Decree 81/08, are conducted daily by Safety Coordinators appointed by the construction partner, mirroring the approach adopted by the Parent Company. These inspections cover contractors and their subcontractors.

The findings and any critical issues identified during inspections are shared through **reports distributed to all stakeholders in the safety chain**, including Clients and Works Supervisors.


Site oversight

In 2024, a total of 6,161 inspections (compared to 6,786 in 2023) were carried out by Safety Coordinators during the Execution Phase (CSE), with a strong focus on ensuring compliance with health and safety legislation at construction sites.

Additionally, 5,332 work-in-progress safety checks (4,764 in 2023) were conducted by Works Control Officers (ACO), along with 544 technical inspection checks (compared to 451 in 2023).

The ongoing oversight and analysis of inspection results have fostered continuous engagement with Works Supervisors and Safety Coordinators (CSE), leading to scheduled meetings and the issuance of updated documentation. Suppliers have been actively involved in alignment meetings to address issues identified during inspections. This process has also led to training initiatives aimed at increasing awareness of safety aspects at construction sites and within affected communities.

In keeping with the Sustainability Policy principles, the Group also monitors accident rates among its suppliers, recording any workplace accidents/incidents occurring at sites managed for 2i Rete Gas. Both Clients and suppliers are monitored to identify potential risks that may require mitigation or containment measures and to assess incidents involving supplier personnel in relation to those affecting Group employees.

The 2024 accident record for Group personnel reports 10 incidents (unchanged from 2023), resulting in 326 lost workdays (down from 481 in 2023).

The accident trend is monitored through standard indicators calculated in accordance with UNI 7249/2007, namely:

- **Frequency Index (FI)**, which evaluates the frequency with which accidents occurred;
- **Severity Index (SI)**, which evaluates the severity of the events in terms of days not worked due to the accident.

Compared to 2023, 2024 showed a reduction in accident rates, with an FI of 2.84 and an SI of 0.09 (compared to FI 2.81 and SI 0.13 in 2023) As in previous years, no serious workplace accidents occurred in 2024, meaning no cases of fatalities or permanent disabilities were reported among employees.

To further enhance performance monitoring and analysis in health and safety, the Group has adopted three key indicators: **Frequency Index** (FI) and **Severity Index** (SI), used to assess improvement effectiveness over time, and **near-miss** recording and analysis, taking a preventive approach to reduce future risks.

To ensure a more stable Frequency Index (FI) value over the medium term, accounting for variations in workplace accidents and mitigating the effects of operational limitations caused by the pandemic, the target has been set at 4.80 for 2024. This figure is calculated based on a three-year rolling average of the Frequency Index.

Similarly, to effectively monitor the severity of workplace incidents and implement all necessary preventive measures, the Group also tracks the Severity Index (SI). This is calculated as the number of lost workdays due to non-commuting accidents in relation to total hours worked. Maintaining a medium-term assessment approach, the target has been confirmed at 0.15 (value calculated based on a three-year rolling average of the Severity Index).

A further key measure to safeguard employee health and safety is **Occupational Health Surveillance**, which at the Group level is managed by two qualified external providers. These providers cover the North, Central and South regions and oversee occupational health services, ensuring full medical surveillance for all employees and workplaces. The service includes two Coordinating Occupational Physicians and 30 Occupational Physicians, responsible for overseeing personnel and sites within the eight Production Units that make up the Group.

Occupational Health Surveillance organisation and activities

There is ongoing communication between the occupational health service, Employers, and the Prevention and Protection Service to ensure the proper application of Health Protocols, monitoring employees' fitness for their roles, and delivering training on occupational health and well-being.

In 2024, a total of 1,464 medical examinations were conducted to confirm employees' fitness for their job roles, ensuring full completion of Health Surveillance for all administrative and operational staff due for review. Additionally, extraordinary medical examinations were carried out to support Employers in managing workforce-related concerns, bringing the total number of medical checks to 1,626 as at 31 December 2024. Some of these examinations required specialist tests and targeted investigations to assess reported medical conditions and determine whether any work restrictions or limitations were necessary. The Group also monitors potential work-related illnesses, and as in 2023, no cases of occupational disease were recorded in 2024.

During the year, INAIL (National Institute for Insurance against Workplace Accidents) received three claims regarding potential occupational diseases. However, following investigations by the relevant authority, all claims were rejected, confirming that no cases of recognised occupational illness were identified.
The Group maintains continuous monitoring of employees with medical restrictions or limitations, ensuring a high level of care and attention to worker well-being.

As in previous years, workplace safety monitoring also extended to suppliers operating at sites and construction areas under 2i Rete Gas' responsibility. An in-depth analysis of the different types of incidents affecting both employees and non-employees working under the organisation's control revealed that most recorded incidents during the reporting period were not directly related to work-related activities.

The incidents contributing to workplace injuries in 2024 mainly occurred before or after actual work activities. Throughout the year, both for Parent Company employees and suppliers working under contracts with 2i Rete Gas S.p.A, there were no incidents that resulted in:

- serious and permanent injuries or death;
- the imposition of financial penalties or warnings.

Training and updating initiatives on health and safety issue

In terms of training, health and safety initiatives are developed with an approach aimed at covering aspects increasingly relevant to the areas of interest and practical for the specific worker groups they target. They also address key issues identified through incident analysis and statistical data. As part of this approach, the 2024 **training plan** focused on preventive measures and workplace safety, ensuring that employees received targeted training to support the implementation of new safety rules introduced by the organisation and in response to regulatory changes. In particular, new employees received specific training in 2024 in accordance with the State-Region Agreement. The courses were delivered by QSA/ASPP trainers, with 80 employees attending in-person sessions, and 110 employees participating in e-learning modules.

Throughout the year, refresher and new courses were held on the following topics: fire safety, first aid, face masks and PPE Category 3, safety supervisors, safety managers, aggression risk, and general and specific training for new hires. Approximately 18,000 hours of training were provided.

15.3.1.9 DATA AND INFORMATION SECURITY

ESRS S4-4

Information security defence and protection

In light of the growing volume and increasing sophistication of cyber threats, with data showing a rise in attacks targeting businesses, 2i Rete Gas has continued its commitment to strengthening IT security infrastructure — both centralised and distributed — throughout 2024. The company has pursued a dual objective: enhancing compliance with mandatory regulations for network and information system security, and increasing the maturity of processes and technologies to address emerging cybersecurity challenges.

The advancement of technology and accelerated digital transformation are creating new business opportunities across industries. However, this is accompanied by a sharp rise in cyberattacks both nationally and internationally. This growing concern is further underscored by the evolution of the regulatory context in the Cyber Security area that has been witnessed in recent years in Italy and Europe.

The organisational structure of 2i Rete Gas overseeing Security & Network therefore continues its **Cyber Security Advisory programme** which, working alongside specialised partners, implements technological and organisational controls. These make it possible to identify, mitigate and reinforce countermeasures for more resilient management of security risks.

With the aim of raising awareness of cyberattacks among the company's employees, the company continues its **Security Risk Management initiatives**, which include: phishing campaigns and targeted tests for all employees to assess their cybersecurity maturity, and providing further security awareness training to the entire workforce, to raise awareness of the risks of data loss and infrastructure vulnerabilities, particularly in the event that access credentials to company services are illegally stolen.

To further counteract the increasingly frequent Social Engineering attacks, the company has added an **extra layer of protection by deploying a Business Email Compromise** (BEC) filtering solution, which helps detect and block potentially malicious emails.

Considering the increasingly important role of the user in protecting against cyber attacks, the Company has strengthened the user verification process in case of support requests for password reset operations and multi-factor authentication (MFA) for access to company resources. Furthermore, the monitoring of the handling of company information has been strengthened in consideration of the relative level of confidentiality.

The Company has completed an assessment of its digital identity management model (Identity and Access Management), paying particular attention to the management of privileged users. These users, by their nature, hold elevated permissions for system modifications and management. The findings from this assessment will inform the identification and adoption of a centralised Privileged Access Management (PAM) system for the management of these users during the course of 2024. The increasingly frequent collaboration with Third Parties for the performance of operational activities has highlighted the need for a verification of safety levels in line with the standards adopted by 2i Rete Gas. In this context, the Company has carried out additional security measures in Third Parties with the aim of assessing their degree of maturity.

As part of the activities to detect unauthorised access to the company's IT perimeter, the tools supporting the Security Operation Centre (SOC) have been strengthened through the integration of additional monitoring sources within the Security Information & Event Management (SIEM) platform. This upgrade improves event correlation and allows for the proactive identification of potential cyber intrusions.

Effectiveness in mitigating attack attempts

The Cyber Security Advisory programme involves regular **Vulnerability Assessments** and Penetration Tests, conducted by Third Parties with the aim of identifying and directing the main mitigation and remediation actions to be taken, in the face of the vulnerabilities highlighted during these sessions. This is due to the evolution of systems and the sophistication of cyber risks, which increasingly render some application or infrastructure components of services obsolete. Overall, the measures implemented in the field of Cyber Security have made it possible to effectively counter attack attempts, preventing **data breaches, data leaks and, in general, any form of data theft or loss**.

15.3.2 Workers in the value chain

ESRS 2 SBM-3

15.3.2.1 SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IROS)

Impacts	
Actual negative	Lack, inadequacy or insufficient adoption of measures to safeguard the health and safety of workers along the supply chain, resulting in an increase in accidents and negative effects on their physical and mental well-being.

Risks and opportunities	
Risk	Economic risk for 2i Rete Gas deriving from violations of working conditions in the supply chain, which could damage the company's perception by stakeholders, generate mistrust from customers and business partners, and attract criticism from non-governmental organisations and civil society.

As already reported, 2i Rete Gas suppliers operate mainly in the Works, Services and Supplies sectors, with a strong focus on gas distribution and are mainly located in Italy. The impact on the health and safety of workers along the supply chain is linked to individual incidents, related to the type of activity carried out by suppliers. However, 2i Rete Gas is not significantly dependent on this impact, as the management of the activities involves a wide network of operators, guaranteeing operational continuity even in the case of isolated events.
2i Rete Gas recognises that some types of work involve a greater risk of accidents. However, at present no specific analysis has been conducted to assess the exposure to risks of workers with particular characteristics, in specific contexts or engaged in certain activities. In the coming years, the Company will evaluate the possibility of formalising this analysis and integrating it into the assessment of the impacts on the supply chain workforce.

15.3.2.2. ASSESSMENT OF SOCIAL ASPECTS IN THE SUPPLY CHAIN

ESRS 2 SBM-3; ESRS S2-1; ESRS S2-2; ESRS S2-4

Green procurement new platform

In line with the goal of integrating sustainability and green procurement aspects into the evaluation and monitoring system of the supply chain, 2i Rete Gas, in partnership with EcoVadis, has, over the course of the year and as part of the target set for 2024, first defined the **ethical and environmental criteria to be activated within the Green Procurement platform**. This platform has been adopted to more accurately and objectively monitor the performance and sustainability impacts of its business partners.

The **EcoVadis Scorecard** is structured around **four thematic areas**: **Environment, Labour Practices and Human Rights, Ethics, and Sustainable Procurement**, which encompass 21 sustainability criteria.

Specifically, in the area of Labour Practices and Human Rights, the main criteria considered by EcoVadis focus on the following aspects:

- **employee health and safety;**
- **working conditions;**
- **social dialogue;**
- **career management and training;**
- **child labour, forced labour and human trafficking;**
- **diversity, equity and inclusion;**
- **human rights of external stakeholders.**

At the end of the assessment, a score is assigned to each thematic area, which contributes to the overall score formulation. In addition to the aforementioned topics, a performance assessment is included regarding the **management of CO_2 emissions** for all companies considered sensitive in terms of emissions, based on the criteria applied by EcoVadis.

Secondly, 2i Rete Gas, through its Procurement function, also sent an information notice to the cluster of suppliers identified with high ESG risk, regarding the partnership established with EcoVadis to assess the sustainability performance of its supply chain. The suppliers were invited to register on the dedicated platform and actively participate in the evaluation process. In 2024, following the evaluation campaigns conducted and the activities initiated in 2023, a result was obtained from 175 suppliers assessed and provided with Scorecards. This involved modelling and mapping the environmental performance of suppliers most sensitive in terms of CO_2 emissions.

In 2024, the **EcoVadis IQ Plus form** was also implemented, which allowed for mapping the sustainability risks within the supply chain. This provided a **segmentation of the supply chain based on the calculated sustainability risk level, both in aggregate form and by individual thematic area**: environment, labour practices and human rights, ethics, and sustainable procurement.

The aforementioned form made it possible to identify the geographical areas for which there is a significant risk of impacts on human rights. The analysis, based on a cluster of 290 suppliers identified by 2i Rete Gas, shows that the risk of impact on human rights is low or very low, as almost all the suppliers are located in Italy and only a small percentage of them are geographically located in EU and non-EU countries.

In order to assess the sustainability risk profile of 2i Rete Gas' supply chain, the total value of purchases for each contracted supplier in 2023 was analysed, prioritising core business categories with a medium/high level of criticality, and extending to cover some non-core business categories.

By applying this methodology, the assessment of the sustainability risk profile of the supply chain covered approximately 97.4% of the purchase volume made in 2023, completing the assessment of 290 analysed partners.

Based on the results obtained from the assessment of the sustainability risk profile of the supply chain, the IQ Plus form highlighted the priority action lines for each evaluated supplier, with the aim of improving their respective sustainability performance.

For the definition of acceptable performance thresholds within the EcoVadis Scorecard, the **primary objective of reducing CO_2e emissions (Scope 3)** was taken into consideration.

In this regard, two acceptable threshold levels were identified based on the results of the EcoVadis assessment campaigns initiated from 2023 to date:

- **Overall Sustainability Scorecard score > 50;**
- **CO_2 emission management level on the Carbon Scorecard > 'Beginner'.**

The application of these thresholds led to identifying the share of suppliers assessed, to whom a request for the implementation of a **corrective action plan** was made, with a focus on the following themes:

- Environment, Sustainable Procurement, Labour Practices and Human Rights from the sustainability scorecard;
- Carbon Scorecard.

Based on the analysis of the published Scorecards relating to the 175 partners assessed, 64 companies were identified with a score below the acceptability thresholds defined by 2i Rete Gas. During 2024, the identified entities were therefore requested to implement a corrective action plan aimed at improving their sustainability performance, focusing on the proposed action lines classified as "High" priority.

Lastly, it should be noted that 2i Rete Gas has no evidence of significant incidents related to human rights in its supply chain.

15.3.3 Affected communities

15.3.3.1 SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IROS)

ESRS 2 SBM-3

Impacts	
Actual negative	Compromise of the safety and resilience of local communities due to the failure to implement a plan for the development of company networks.

Risks and opportunities	
Risk	Risk of negative impacts on the health and safety of affected communities.

15.3.3.2 RELATIONS WITH INSTITUTIONS AND AUTHORITIES AND CONTRIBUTION TO LOCAL DEVELOPMENT

ESRS S3-1; ESRS S3-2; ESRS S3-3; ESRS S3-4; ESRS S3-5

In line with the principles and criteria of conduct established by the Code of Ethics and by acting with transparency, fairness and traceability, the Group interacts with Public Institutions, Authorities and Trade Associations, putting its know-how at the service of the Community in order to provide the best service in the areas in which it operates.

Relations with regulatory bodies and supervisory authorities are managed through dedicated corporate structures and personnel responsible for handling communications, either directly or by coordinating the relevant departments depending on the specific topic.

The Regulatory Affairs and Institutional Relations function ensures continuous monitoring of regulatory and institutional matters, supporting the relevant departments in interpreting key regulatory provisions and managing communications with the Institutions and Authorities concerned.

In relation to this topic, requests are monitored and directed internally to the relevant corporate functions, which then define the appropriate responses. Regarding regulatory bodies and supervisory authorities, there is ongoing monitoring of the measures they issue, as well as active participation in the development of these measures through the relevant consultation processes.

Additionally, 2i Rete Gas is a member of **Proxigas**, an association that not only protects the interests of its member companies but also facilitates dialogue with institutions, fosters exchanges with other industry players, and strengthens 2i Rete Gas's position as a key reference point in the sector for stakeholders.

In 2024, 2i Rete Gas participated — both directly and through Proxigas — in all consultation processes initiated by ARERA that had a direct or indirect impact on the regulation of gas distribution services and infrastructure. This included 14 consultations conducted during the year, as well as two launched at the end of the previous year and completed in 2024.

Active involvement in all consultation processes of interest initiated by ARERA

Finally, 2i Rete Gas S.p.A. makes its operational expertise available to support the **Civil Protection Authority**. For several years, the Parent Company has been represented in the "Extended Operations Committee", a network of entities that, depending on the nature of a particular emergency, may be invited to participate in committee meetings at the discretion of the Head of the Civil Protection Department or upon recommendation from the Operational Director for Emergency Coordination. In recent years, 2i Rete Gas has actively participated in numerous meetings of the Operations Committee, providing direct support during natural disasters such as those in L'Aquila and Amatrice. Additionally, it has contributed to discussions and updates on specific issues.

Recognising its role in creating shared value for all stakeholders who interact with or are impacted by the Group, 2i Rete Gas is committed to carrying out its activities using continuous improvement **methodologies, operational efficiency, and cost-effectiveness, with a particular focus on generating positive impacts for the communities it serves**. To achieve this, 2i Rete Gas S.p.A. has identified and implemented key strategic actions aimed at fostering **territorial development** and enhancing community growth in the areas where it operates, including:

- **responsible development of the gas distribution network across the territory,** ensuring ongoing dialogue with local authorities to identify expansion areas that address both current and future community needs. This process involves systematically analysing and evaluating projects in alignment with regional urban planning tools.
  In 2024, the Group maintained continuous engagement with local governments in the municipalities where it operates as the concessionaire for natural gas distribution. It conducted approximately 230 meetings to discuss topics aimed at enhancing service accessibility, efficiency and expansion for the benefit of local communities. To assess the potential impacts of its investments more effectively — particularly in response to requests and needs identified through discussions with municipalities — 2i Rete Gas continued to utilise a cost-benefit evaluation model. This model goes beyond considering the direct cost of interventions; it incorporates factors such as the replacement of more polluting energy sources, the re-

duction of energy costs for the community, and the specific geographic and climatic conditions of different areas. These elements help measure the sustainability of initiatives. As a result, investment decisions in 2024 were assessed not only from a technical and financial perspective but also in terms of environmental and social impact, estimating the potential benefits or drawbacks of an investment and assessing its impact on social well-being, ensuring that investment opportunities are transparently shared with local communities and authorities.

- **sustainable planning of gas infrastructure expansion and enhancement**, prioritising developments in areas where natural gas remains competitive compared to alternative energy carriers. This strategy considers both economic benefits for end users and the contribution to decarbonisation and air pollution reduction. In the pursuit of ever greater attention and sensitivity to the impact on the community and the local area, and with a view to **supporting the energy transition through its business, 2i Rete Gas** has been **monitoring the energy sources being replaced by new connections and the alternatives chosen to natural gas**. In 2024, its operators and contracting companies carried out 124,324 activations and deactivations of natural gas services across the municipalities it manages. Out of the 25,777 services performed for the initial activation of the supply, 10,653 interviews were conducted. Additionally, 11,531 interviews were collected from those who cancelled their supply to switch to another energy source (out of a total of 98,547 cancellations made).
Finally, further insights/focuses were carried out with the information collected based on the latest ISTAT data available on the energy sources used by Italians.
Following the analysis and based on the evidence gathered by the Company regarding the deactivation of gas accounts and the switch to alternative energy sources, particular attention was given to areas where the most polluting energy sources, particularly LPG and Diesel, are more widespread. These communities may be more inclined to transition, depending on the existing building infrastructure. To address this, the Company first identified regions, and then provinces, where the initiatives to increase gas infrastructure usage would be most impactful, focusing on areas with higher-than-average regional or national presence of such energy sources. As part of the planning for these initiatives, consistent communication actions were carried out, and the involvement of construction companies and installers in the territories was encouraged and promoted. The goal was to raise greater awareness about the role that gas, particularly renewable gas, can play in the energy transition.

- **use of technologies and operational methods that minimise intervention costs and allow for the installation of underground pipelines or the functional recovery** (partial, total or replacement) of existing underground pipelines without resorting to open excavation (no-dig) reduces processing times and construction work, limiting the impact on traffic, closure of public areas, and consequently, the community.

- **identification of suppliers**, where permitted by current regulations and in accordance with the Public Procurement Code, who are **geographically located as close as possible to the intervention areas**, promoting the return of the contract value to the local level and, as much as possible, activating a virtuous cycle of material procurement locally.

- **dialogue with the supply chain of the internal system installation sector**, specifically focusing on activities aimed at involving and training local installers, activating a synergy that promotes the simultaneous transformation of installations alongside the development of the gas network infrastructure.

In this regard, 2i Rete Gas seeks incremental levels of technical and commercial quality while, at the same time, pursuing the constant and progressive reduction of manageable operating costs. This is done in order to deliver value to the community and key stakeholders (municipalities and granting authorities, customers, and end-users of the network), by both ensuring a safe, continuous, reliable and timely service, and achieving a lower impact of the distribution service cost reflected in the bill, in accordance with the sector's regulation. The Group believes that this approach is a key factor in **creating widespread value**, as well as a **tangible contribution to improving the quality of life of the communities served.**

The Company's policy regarding the provision of the service it holds is based on the utmost respect, not only for safety regulations aimed at protecting public safety but also for principles and standards aimed at safeguarding the contexts in which it operates and the environment. This ensures, both directly and indirectly, the overall respect for the rights of individuals, whether they are people or businesses.

The local communities involved in the development or maintenance programmes of the managed infrastructure are all those where the Company provides the gas distribution service. The positive results of these programmes are communicated through periodic reports on service outcomes, where applicable, or through specific communication activities carried out in this regard.

In case of any negative impact on the communities affected by the service provided, the general approach adopted by the company is focused on the promptness of interventions to remedy the situation and transparency in communication.

RELATIONS WITH LOCAL BODIES

Meetings held with Public Administrations

In 2024, a total of **230 meetings** held by 2i Rete Gas S.p.A. with **208 Public Administrations** were mapped out within the processes and operating instructions developed based on the principles of the Organisational, Management and Control Model pursuant to Italian Legislative Decree 231/2001, dedicated to managing relationships with Public Administration. Additionally, 204 meetings were held by 2i Servizi Energetici with 73 Public Administrations.

For this purpose, the central function dedicated to supporting the local and head office structures in interpreting contracts and properly identifying and fulfilling concession obligations is equipped with territorial points of contact across departments. These points of contact serve as an effective link between the headquarters and the territory for the flow of information and operational processes within their responsibility.

Application to manage concession agreements

To manage concessions, a **specific software application is used that contains the key contract information**, with particular attention to the ownership degrees of the plants and their treatment, whether at natural expiry or in reversion. This is integrated with other dedicated applications. In order to record the information in a unique and certified way, 2i Rete Gas's IT platform supports the entire investment finalisation process.

The function also coordinates internal activities within the Group, interfacing with the Contracting Authority and Local Authorities during the phase of identifying the reimbursement value for the plants, which is preparatory to the publication of the tender notices, in compliance with and fulfilment of the regulatory provisions of Italian Ministerial Decree 226/11 ("Regulation for the tender criteria and the evaluation of offers for the assignment of the natural gas distribution service, in implementation of Article 46-bis of Italian Decree-Law No. 159 of 1 October 2007, converted into law, with amendments, by Italian Law No. 222 of 29 November 2007, Published in the Official Gazette on 27 January 2012, No. 22, S.O.").

In 2024, a total of **479 "Article 4 Italian Ministerial Decree 226/11 – 'System status'"** and **326 "Article 5 Italian Ministerial Decree 226/11 – 'System optimisation'"** reports were sent, which, together with other complementary tasks (such as revisions, data integration, etc.), resulted in a total of **1,471 files submitted**.

As at 31 December 2024 and at consolidated level, the valuations shared with the Public Administration amounted to 898.

In its relationship with the local communities involved in 2i Rete Gas's activities, the Group adopts an open and dialogue-oriented approach. The Municipal Administration, as the holder of the concession contract, is involved at every stage of the project, from planning activities to the authorisation and finalisation phases (inspection).

Listening and engagement initiatives

The primary channel for engaging with the local communities is through Customer Satisfaction **interviews and surveys directed at the relevant local administrations**. These provide a means for the communities to express their opinions regarding the company's operations.

The responses from the interviews and completed questionnaires are analysed to define subsequent corrective actions and continuous improvement initiatives. The opinions, interests and rights of the communities affected by 2i Rete Gas's services are always taken into account when shaping the company's strategies and business model. Moreover, the results are critically analysed and compared to previous editions of the same survey.

The involvement of local communities is also realised during the definition and implementation phases of service development programmes through the **service assignment contracts**, when they include specific plans related to this matter.

The specific channels provided by the company for the communities to express their concerns or needs also include **participation in third-party mechanisms**. Among third-party mechanisms, it is important to distinguish between those related to government, which the company can rarely access, and sector-specific trade associations, which the company has access to. For the mechanisms that the company can more or less directly engage with, the company ensures that the outcomes of these mechanisms are communicated to the affected communities.

15.3.4 Consumers

15.3.4.1 SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IROS)

ESRS 2 SBM-3

Impacts	
Actual negative	Compromise of the safety and resilience of local communities due to the failure to implement a plan for the development of company networks
Potential negative	Compromise of service quality due to the incidence of cybersecurity threats

Risks and opportunities	
Risks	Risks arising from employee and/or customer legal disputes for privacy violations or data loss

2i Rete Gas is committed to promoting and implementing initiatives to ensure the sustainable evolution of the gas infrastructure over the medium and long term. The company aims to support the establishment of a new energy paradigm pursuing excellence in the management of service. To this end, the **communication and listening activities** detailed in chapter 1.3.4.2 "Relation with Customers" more clearly outline the mechanisms that lead 2i Rete Gas to acknowledge the perception of its stakeholders regarding the issue and, if necessary, understand how to improve the service provided. Additionally, in order to ensure the best usability of its services and promote accessibility for customers, 2i Rete Gas provides **communication channels that are accessible to all stakeholders** (Sales Companies, End Municipalities and Local Authorities, Network Customers, Communities). These channels are publicised through the company website and appropriate safety signage accompanying the facilities.

- GAS EMERGENCY RESPONSE CALL CENTRE
- COMMERCIAL CALL CENTRE
- NETWORK END CUSTOMER PORTAL

Furthermore, in line with the principles and criteria of conduct established by the Code of Ethics and by acting with transparency, fairness and traceability, the Group interacts with Public Institutions, Authorities and Trade Associations, putting its know-how at the service of the Community in order to provide the best service in the areas in which it operates.
Specifically, as already explained, the Group's Local Entities Relations function handles all activities aimed at effectively overseeing the relationship with the granting entities, in accordance with the provisions of the concession contracts, acting as a competent local point of reference.

15.3.4.2 RELATIONS WITH CUSTOMERS

ESRS SBM-2; ESRS S4-1; ESRS S4-2; ESRS S4-3M; ESRS S4-4; ESRS S4-5

2i Rete Gas engages with various types of customers and, believing that continuous improvement of the services offered to them is based not only on solid expertise but also on listening and dialogue, monitors their level of satisfaction.

The customers with whom the Group interacts, due to the nature of its business, typically consist of three categories:

MUNICIPALITIES AND LOCAL BODIES
by virtue of the concession agreements/contracts for the operation of the gas distribution service;

SALES COMPANIES
in relation to the distribution service provided to the network user;

NETWORK END CUSTOMERS
for the emergency service related to issues with the gas distribution service; for the estimation activities concerning requests for new connections and/or modifications to existing systems, and for the maintenance and replacement of meters.

Dialogue
In addition to implementing the communication channels provided by the Regulator, 2i Rete Gas offers various **tools and opportunities for contact with the different types of customers it interacts with, aiming to respond to their requests in an increasingly effective, thorough and responsible manner.** It is specified that there are no significant differences regarding specific types of customers/end-users, as potential incidents could have significant effects on all of its stakeholders without distinction.

328,630 calls handled during the year

COMMERCIAL CALL CENTRE

The Group provides a free call centre service, available on business days, through two dedicated toll-free numbers for the end customers of the network.
This service, in addition to what is required by current regulations, serves as an extra benefit for the end customers of the network and allows them to request more information related to:

- **commercial aspects**, with a toll-free number dedicated to activation requests in accordance with ARERA resolution 40/2014/R/gas and subsequent amendments, commercial estimates, reactivation of supply previously suspended due to emergency interventions/internal installation failures, last-resort services, the end customer portal, and ongoing commercial campaigns;
- **smart meter**, with a toll-free number dedicated to information requests and to schedule a personalised appointment for the replacement of traditional meters with smart ones, if the replacement could not be carried out during the scheduled intervention.

During 2024, the 2i Rete Gas commercial call centre handled 328,630 calls (289,462 in 2023).
For 2025, the objective remains to continue with the excellent level of service provided, maintaining the percentages above the contractually envisaged service standard. This objective will be pursued, in line with what was done in 2024, by continuing the constant dialogue and implementing significant training activities for call centre operators.

Portal aimed at managing the documentation related to the activation of a new supply

NETWORK END CUSTOMER PORTAL

Since 2017, an **Internet portal** has been operational, with access to a reserved area dedicated to the end customers of the network and installers of the systems. Through this portal, it is possible to submit the documentation related to the activation of a new supply in accordance with ARERA Resolution 40/2014/R/gas and its subsequent amendments, as well as monitor the progress of the requests. In addition to the dematerialisation of paper documentation, leading to a reduction in environmental impacts and the time required for submitting the documentation to/from the end customer, this portal also optimises the activation time for supplies.

MEETING WITH SALES COMPANIES

In 2024, 2i Rete Gas held its annual conference for discussion and sharing with representatives of the sales companies operating on the gas distribution networks of the Group's companies. The topics addressed in the two meetings, held respectively on 27 November in Milan and 5 December in Rome, included: "Corporate developments, commercial initiatives and innovative projects in the energy transition", "Common issues in customer management", "SINAPSI: The 2i Rete Gas Portal", "Remote management", and "Resolution 333/2024/R/gas, performance and measurement highlights".
The meetings were attended by **77 sales companies** and **166 contact persons**.

MANAGEMENT OF COMPLAINTS

The Group handles complaints received from end customers in accordance with the ARERA rules and within the times and according to the methods defined by its internal procedures and instructions.
The main issues for which information requests and/or complaints have been received from end customers concern the **verification of metering data and the reconstruction of consumption**, particularly regarding the replacement of meters, continuing from the previous year. Additional complaints relate to the **execution of works** and **requests for information regarding commercial practices such as switches and transfers**.
The regulations require compliance with a minimum annual percentage of 95%, applicable to each type of dossier, where a response is provided within the maximum time of 30 days.
With regard to settlement practices, as a means of resolving disputes between end customers and electricity and gas operators, the overall data processed by ARERA confirms the increased use of this tool by consumers, with 2i Rete Gas primarily involved as technical support to the sales company, and only in a smaller part directly called as a party to the dispute.

Information requests, complaints and reconciliation practices

CUSTOMER SATISFACTION SURVEY

2i Rete Gas S.p.A., through the Network Commercial Services function, has been conducting an annual **customer satisfaction** survey for some time aimed at the different types of clients it relates with. This survey serves as an opportunity for listening and encouraging performance improvement. The goals of the survey are:

- measuring the perceived quality level with respect to specific aspects of the service provided;
- enhancing the results with a view to monitoring the fulfilment of expectations;
- defining and implementing specific action plans to maintain the performance levels recognised as already high over time and ensure optimal management of the ideas for improvement identified.

Each year the Parent Company carries out a customer satisfaction survey

The most recent edition of the customer satisfaction survey was completed in 2024, covering the 2023 period.

With regard to the **Municipalities**, the analysis was carried out using a twofold survey methodology: a qualitative approach conducted with 10 selected public administrations, considered the most representative, and a quantitative approach, conducted via CAWI (Computer Assisted Web Interviewing), which involved the remaining municipalities managed by 2i Rete Gas at the time of the survey. This involved 2,224 municipalities (including 15 fractions) in three different areas:

- a specific questionnaire, introduced for the first time in this edition, addressing important issues for the territories, was directed to the 10 Municipalities served by Cilento Reti Gas S.r.l.;
- a second questionnaire, addressed to 400 Municipalities visited in 2023 as part of the Incontri Project;
- a third questionnaire, dedicated to the remaining 1,799 Municipalities managed by the Parent Company 2i Rete Gas, addressed, respectively, to 894 Mayors/Municipal Secretaries and 905 Technicians.

With regard to the **Sales Companies**, the analysis used a twofold survey methodology: one qualitative, aimed at assessing the efficiency of the service offered to top clients (5 companies active in the sale of natural gas, which supply gas to 74% of the active PDRs managed by the Group's companies); the other quantitative, targeting the remaining traders (287 sales companies that provide gas to an additional 26% of the active PDRs managed by the Group), operating on the Group's distribution networks.
The results of the survey, which covered 84% of the PDRs managed, expressed a **fully positive opinion** regarding the operations of 2i Rete Gas, based on both operational and relational aspects.

Finally, regarding the satisfaction of the **end customers** of the network for the **emergency service**, which is provided in compliance with the regulatory obligations concerning the safety and continuity of the gas distribution service, in 2024 the survey was conducted on a sample of 2,500 citizens who contacted the emergency service. It was carried out via CATI (Computer Aided Telephone Interviewing).
As in previous years, the service has proven to be particularly effective and, therefore, beneficial for the Group, which, with its continuous performance improvement strategy towards the end customers of the network, continually strives to raise its standards beyond those set by the Regulator.

15.4 Corporate governance information

15.4 Corporate governance information

15.4.1 Business Conduct

15.4.1.1 SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES (IROS)

Impacts	
Potential negative	Failure to contribute to the spread of a responsible corporate culture, with potential negative effects on external people and communities, such as violations of principles of fairness, impartiality and respect for personal integrity.
	Lack of or incorrect application of anti-corruption and ethical principles, with a potential increase in cases of corruption and incorrect management of risks and business ethics.

Risks and opportunities	
Risks	Legal risk for 2i Rete Gas as a result of corruption incidents, which could result in economic sanctions, legal proceedings, disqualifications from public contracts and damage to regulatory compliance, as well as potential damage to reputation deriving from actual failure to comply with the principles of legality and fairness.

15.4.1.2 CORPORATE GOVERNANCE

ESRS 2 GOV-1

The Group's governance model is based on the principles of integrity, fairness and business ethics. The system of corporate governance rules and the set of decision-making processes guide the Group towards the creation of value for the shareholders, the protection of the interests of the stakeholders and the transparency towards them, as well as the control of business risks.

OWNERSHIP STRUCTURE AND LEGAL FORM

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

2i Rete Gas SpA is a joint-stock company with share capital distributed as follows:

- **F2i SGR S.p.A.**, the largest independent asset management company in Italy, with assets under management of approximately 8.2 billion euro, is dedicated to collecting and managing investment funds in the infrastructure sector. As the management company of "F2i - Terzo Fondo per le Infrastrutture", F2i SGR holds **a majority stake** in 2i Rete Gas S.p.A. (with 63.90% of the capital);
- **APG Asset Management**, one of the world's largest pension fund managers, investing in the global infrastructure and energy sectors, with total assets under management worth approximately 573 billion euro, as the second largest shareholder, with 22.42% of the share capital (through 62.20% of Finavias S.à r. l., which directly holds 36.04% of 2i Rete Gas S.p.A.);
- **Ardian**, an independent international investment company that manages investments of around 90 billion euro in the infrastructure sector in Europe, North America and Asia, as the third major shareholder with 13.62% of the share capital (through 37.80% of Finavias S.à r.l., which, as mentioned above, directly holds 36.04% of 2i Rete Gas S.p.A.).

GOVERNANCE STRUCTURE, SYSTEM OF DELEGATIONS AND COMMITTEES

ESRS 2 GOV-1M

2i Rete Gas S.p.A. adopts a so-called traditional management and control system pursuant to the applicable regulatory provisions, which provide for:

- the **Shareholders' Meeting**
- the **Board of Directors**
- the **Board of Statutory Auditors**

with the audit of the Group entrusted by the Shareholders' Meeting, following an invitation to tender procedure and after hearing the opinion of the Board of Statutory Auditors, to the independent auditors **Ernst & Young S.p.A.**.

The functions and activities of these corporate bodies are governed by the law and the articles of association. With specific reference to the Parent Company, the decision-making body is the Shareholders' Meeting, which is responsible for appointing the Board of Directors and the Board of Statutory Auditors, as well as the independent auditors.

The Board of Directors is responsible for the ordinary and extraordinary management of the Company and has the power to perform all acts deemed necessary for the implementation and achievement of the corporate purpose, with the exception of those acts which, in accordance with applicable regulations and the Articles of Association, are the prerogative of the Shareholders' Meeting.

The current Board of Directors is made up of 8 members, including one executive director and one independent director (12.5% of the total); the percentage of women on the Board of Directors is 37.5%. There is no representation of employees or other workers on the Board of Directors.

The Board of Directors was appointed by the Shareholders' Meeting of 24 April 2024 for three financial years, expiring on the date of the Shareholders' Meeting called to approve the financial statements for the year ending 31 December 2026. On the Board, in its current composition of 8 members, there are high-profile managers and professionals from the management of F2i SGR S.p.A., APG and Ardian or indicated by the sponsors of the infrastructure funds they manage. The members of the Board of Directors are selected by the Shareholders in such a way as to ensure an adequate combination of professional experience and individual skills, with particular reference to the significant expertise acquired in the energy and infrastructure, finance, sustainability and management sectors, also ensuring adequate gender representation. Candidates are selected by the Shareholders on the basis of internal procedures that govern the definition of candidate proposals, taking into consideration the different experiences gained by the candidates in the sector, their professional skills, their standing and their ability to relate to institutions and stakeholders and, where deemed appropriate, also through the use of headhunting companies. The aspects that are preliminarily verified by the Shareholders' compliance functions are the existence and permanence of the requirements of integrity, the absence of conflicts of interest, the commitment to comply with regulations (including those regarding market abuse) and independence in the performance of the assignment. Gender diversity is also taken into consideration in the selection process, which is organised according to predefined phases and timelines and which requires the express approval of candidates based on the ESG governance rules and policies of each Shareholder.

Board Member Rosaria Calabrese is a Partner of F2i SGR S.p.A. and Head of the ESG Sustainability Operating Unit, and therefore contributes significantly to the work of the Board by providing specific skills and experience gained in the field of corporate sustainability, including in the broader context of the companies managed by F2i SGR on behalf of investment funds.

Also on the Board is Stefano Gatti, Professor of Infrastructure Finance in the Department of Finance at Bocconi University and director of the Full Time MBA and the International Teachers' Programme, who has managed research, consultancy and training projects at numerous financial and non-financial institutions, researcher and essayist, who does not hold any management positions in the Shareholders' companies and who, although the company does not issue shares listed on regulated markets and is not subject to any obligations in this regard, therefore ensures an independent view of the company's activities.

The Board of Directors meets ordinarily at least once a month during each financial year, with a schedule of activities that ensures the participation of the delegated officers as much as possible, favouring remote video-linking and with the preliminary investigation managed in digitalised form by means of a modern software interface that guarantees consultation of the supporting documentation on-line, eliminating the need to resort to printing and ensuring the confidentiality and traceability of all activities.

Upon appointment, 2i Rete Gas S.p.A. also verifies that the Directors meet the necessary requirements of integrity and absence of conflicts of interest with the Company, including by obtaining a list of positions held in other companies and supporting statements issued by the appointed Directors upon acceptance of the position.

The existence of the integrity requirements of the members of the Board with powers of representation, of the members of the Board of Statutory Auditors and of the Supervisory Body is also subject to periodic verification, also in relation to the participation of 2i Rete Gas S.p.A. in tender procedures on an area basis for the assignment of the gas distribution service.

Every six months, in order to verify the identification of any related parties for the valuation of the related transactions in the financial reports, a list is obtained of the positions held in other companies by the Directors, by the members of the Board of Directors and by each member of the Board of Statutory Auditors.

The Chief Executive Officer from 2023 is Francesco Forleo, manager of the Parent Company with consolidated experience in the energy and infrastructure sector. The Board of Directors also appointed Forleo as **Managing Director** from 24 April 2024.

On average once a month, the Chief Executive Officer provides the Board of Directors with detailed information on the progress of operations and the exercise of his powers, and periodically reports on relevant aspects and activities, with particular reference to **business sustainability**, **regulatory developments** with a focus on **energy transition** issues, the organisation and top management's **management** of the Company's impact on the **economy**, the **environment** and **people**, the most **significant initiatives** implemented for this purpose and the progress of the main **ESG project streams.** The Chief Executive Officer also reports to the Board of Directors on the **progress of activities with respect to the objectives of the Sustainability Plan**, generally every six months.

The Chief Executive Officer also presents the **consolidated report** to be prepared in accordance with non-financial reporting obligations and updates to the **Sustainability Policy** and **Sustainability Plan** to the Board of Directors annually for formal analysis and approval.

The constant involvement of the Board of Directors ensures that all members of the Board are constantly updated and trained on sustainability issues. Moreover, the composition of the Board is substantially confirmed by the appointment in office of almost all members also from previous mandates.

The Board of Directors also participated in the updating phases of the Double Materiality Analysis of 2i Rete Gas, assessing the significance of the impacts, risks and opportunities associated with the social, environmental and governance issues most relevant to the Group (see "The Double Materiality Analysis").

Within the scope of the ESG performance evaluations of the companies (rating and governance) of the Board of Directors, it is important to emphasise the Company's **active participation in the evaluation process conducted by the 'Global ESG Benchmark for Real Assets' (GRESB).** This commitment has led to a constant improvement in performance in the ranking over the years. In fact, 2023 had already seen significant progress, reaching a score of 93 out of 100, while 2024, despite the change in some evaluation parameters compared to previous editions, ended with a reference score of 94.

The Board of Directors of 2i Rete Gas S.p.A. has also set up a **Tender Executive Committee**, with the aim of supporting the Company in the phase aimed at evaluating and deciding on its participation in tenders of significant importance, the settlement of which has been postponed, in order to preliminarily consolidate the evaluation and resolution process of the Board of Directors and in general the shared standard in terms of evaluation path and criteria.

The system of powers and the distribution of delegated powers implemented by the Group is based on the following structure:

- a system of general powers of attorney, which distributes the powers of company representation according to a pre-established format for each power and formalised in an official book of powers and their attribution according to the role in the company organisation covered by each attorney;
- a system of delegated functions, consistent with the organisation and subject to periodic updating based on its evolution, also issued in order to guarantee the effectiveness of the health and safety system pursuant to Italian Legislative Decree 81/08, to the responsibilities assigned in compliance with the Organisation, Management and Control Model approved pursuant to Italian Legislative Decree 231/2001 (hereinafter also the 'Model') and the Privacy Manual implemented to ensure compliance with the regulations on the protection of personal data provided for by Regulation (EU) 2016/679.

The system of powers and delegations is therefore aimed at guaranteeing the company's operations in terms of effectiveness and efficiency and the correct allocation of responsibilities in regulatory and managerial terms.

BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors supervises compliance with the law, the articles of association and the bylaws, and verifies that the principles of proper administration are respected in the exercise of corporate activities.

It also verifies the adequacy of the organisational, administrative and accounting structure adopted by the Company and its actual functioning. The Board of Statutory Auditors is composed of 3 standing auditors (one of whom is female) and 2 alternate auditors, appointed by the Shareholders' Meeting of 24 April 2024 for three financial years and therefore expiring on the date of the Shareholders' Meeting that will be called to approve the financial statements for the year ended 31 December 2026.

The Board of Statutory Auditors, in accordance with the provisions of art. 19 of Italian Legislative Decree 39/2010 for control bodies in Public Interest Entities, also holds the position of **Internal Control and Audit Committee**.

It also supervises the financial reporting process, the effectiveness of the internal control and risk management systems, and the independence of the statutory auditor or statutory auditing firm, in particular with regard to the provision of non-audit services to the entity subject to the statutory audit.

SUPERVISORY BODY

The Supervisory Body (hereinafter referred to as the SB) is responsible for supervising the functioning of and compliance with the Company's Organisation, Management and Control Model and for updating it.

2i Rete Gas S.p.A. and the companies of the Group have all set up an SB pursuant to Italian Legislative Decree 231/2001; in the case of the Parent Company, the current SB, appointed by the Board of Directors and with the same term of office, is represented by a board of 3 members, who, also in light of the requirements of the law and with the aim of balancing the integration of different professional skills and experiences, have been identified as Daniela Manini, criminal lawyer with proven experience also in the field of liability pursuant to Italian Legislative Decree 231/2001, with the position of Chair; the Chair of the Board of Statutory Auditors, Giovanna Conca, as standing member, and Simone Agulini, Head of the Governance and Legal Affairs function, as standing member.

This composition allows for continuous dialogue with the Board of Statutory Auditors and coordination with the Company's Governance and Legal Affairs department.

Board of Directors of 2i Rete Gas S.p.A. as at 31.12.2024

Ugo De Carolis - 1965
Chairman of the Board of Directors (does not hold an executive position in the Company)

Mauro Miglio - 1961
Deputy Chairman

Francesco Forleo - 1970
Chief Executive Officer and Senior Manager
in office since 27/04/2023 confirmed by the Shareholders' Meeting of 27/04/2023

Rosaria Calabrese - 1978
Director

Federica Rita Vasquez - 1984
Director

Carlo Maddalena - 1987
Director

Prof. Stefano Gatti - 1967
Director

Alessandra Polerà - 1978
Director

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

Giovanna Conca - 1958
Chair

Marco Giuliani - 1959
Standing Auditor

Giovanni Cappa - 1959
Standing Auditor

Cecilia Garattini - 1986
Alternate Auditor

Ercole Fano - 1986
Alternate Auditor

THE ROLE OF MANAGEMENT IN ESG GOVERNANCE PROCESSES
ESRS 2 GOV-2

The role played by management in ESG governance processes and in control activities aimed at monitoring, managing and supervising the impacts, risks and opportunities emerging from the Double Materiality Analysis is also formalised in specific procedures adopted by the Company, the main requirements of which can be summarised as follows:

- the Board of Directors is presented annually, for its formal analysis and approval, with (i) the Double Materiality Analysis; (ii) the Consolidated Report made by the Company in compliance with non-financial reporting duties (referred to in accordance with the CSRD and the subsequent implementation decree, Italian Legislative Decree no. 125 of 6 September 2024, 'Sustainability Reporting'); (iii) if applicable, the update of the Sustainability Policy and other relevant ESG policies; and (iv) the proposal to update the Sustainability Plan, with a three-year time horizon on a rolling basis;
- the Board of Directors is provided with a report, generally on a six-monthly basis, on the progress of activities with respect to the objectives of the Company's Sustainability Plan;
- the Board of Directors is periodically presented, for sharing and discussion, and in accordance with the timing of the individual specific processes and according to need, information and resolutions concerning (i) projects with ESG relevance; (ii) the results of the reporting processes to ESG rating companies; (iii) the definition of specific ESG objectives within the scope of the attribution of the Management's MBOs; and (iv) if necessary, the updating of the Organisational Model aimed at implementing additional ESG-relevant processes and controls, implemented from time to time by the Company;
- Finally, the Board of Statutory Auditors is periodically presented, in accordance with the timing of the individual specific processes and according to need, with information on the reporting activities necessary for the fulfilment of (i) its control duties, as provided for by Italian Legislative Decree no. 125 of 6 September 2024 as the Control Body; (ii) as well as the additional duties identified by Art. 19 of Italian Legislative Decree no. 39 of 27 January 2010, as the body acting as the Company's Internal Control and Audit Committee.

These procedures therefore ensure that the Corporate Bodies receive **clear, precise and up-to-date reports on the Company's ESG performance**, functional to i) their active involvement in defining the Company's sustainability objectives and the consequent corporate strategies; ii) full and complete fulfilment of all reporting duties required by current legislation; iii) as well as ensuring that all parties involved in this process are adequately informed on these issues.

SUSTAINABILITY GOVERNANCE

In order to identify and manage the organisation's impact on the economy, people and the environment, transferring the commitments made and updated annually on sustainability to the entire company organisation, and therefore to ensure the maintenance of what is set out in the Sustainability Policy and to achieve the objectives established in the Plan, 2i Rete Gas has identified several people responsible for the implementation and monitoring of the Sustainability Plan, according to different levels of responsibility. These are:

- **Sponsors**, identified as the managers of all the Departments and some Structures, who are entrusted with the coordination of the projects that make up the Plan;
- **Project and Process Owner**, in charge of planning the actions necessary to achieve the objectives defined in the Plan;
- **Data Providers**, who monitor and record the progress of project activities in support of the Project and Process Owners.

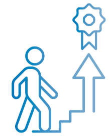
Furthermore, in order to strengthen corporate integration in terms of sustainability, the organisational structure aimed at overseeing and coordinating ESG initiatives has been updated in recent years, with the establishment of the following structures and working groups:

- the **Sustainability Office**, set up as part of the **Administration and Integrated Reporting** function, which has been assigned the responsibility of illustrating the activities of the ESG Working Group; handling the disclosure of decisions and monitoring their implementation; overseeing issues of compliance with international principles and the emerging regulations on sustainability; assessing the risks associated with the failure to implement best practices and to implement company plans, including through specific reporting; pursuing the improvement of the Group's positioning in sector indices and the refinement of communication flows on the subject to internal and external stakeholders, periodically reporting to the ESG Steering Committee on emerging activities and opportunities;
- the **ESG Steering Committee**, which is responsible for overseeing the integration of material issues into the company's strategy and operations, playing an active role in the transition to a more sustainable economy and ensuring the achievement of the objectives set by the Board of Directors in this area;
- the **ESG Working Group,** a cross-functional operational team responsible for identifying sustainability initiatives to be submitted for approval to the ESG Steering Committee, also with the collaboration of all the heads of company departments.

INCENTIVE SYSTEMS AND REMUNERATION POLICIES RELATED TO SUSTAINABILITY ISSUES

ESRS 2 GOV-3P

An incentive system is envisaged, defined annually by the Board of Directors, in favour of the Company's Chief Executive Officer and General Manager, related to ESG issues and which provides for the attribution of specific bonuses in proportion to the achievement of the objectives assigned for the reference year. In 2024, ESG-related targets accounted for 25% of the total MBO.
Specifically, with reference to the year 2024, the Company's Board of Directors has decided to link the incentives in question to the following ESG-relevant issues: i) progress of projects to reduce fugitive emissions (communicated in accordance with the E1-4 reporting obligation); ii) development of innovative projects to improve the efficiency of infrastructure related to reverse flow; iii) development of technologies related to the use of hydrogen; iv) use of renewable energy for gas preheating activities in the station; v) definition of a transition plan aligned with the Paris Agreement; vi) mapping of potential environmental and social risks attributable to the Company's main suppliers and development of an integrated action plan with the identification of actions to be implemented in order to prevent and mitigate these risks in the value chain; vii) substantial achievement of the objectives set out in the ESG plan for the current year; viii) maintenance of the sustainability rating issued by GRESB for the previous year.
The Chief Executive Officer and Managing Director of the Company, in turn, defines, with the support of the Human Resources Department, management objectives consistent with the ESG guidelines and objectives received from the Board of Directors.



ESG related topics indicated for the incentive system definition of the year

15.4.1.3 ETHICS, TRANSPARENCY AND COMPLIANCE

ESRS G1-1; ESRS G1-3; ESRS G1-4

COMPLIANCE WITH LAWS AND REGULATIONS

The Group companies conduct their business in compliance with the primary and secondary provisions of the law as applicable from time to time (in particular the rules of the Italian Civil Code; the Code of Public Contracts; Italian Legislative Decree 164/2000 and secondary implementing regulations; the GDPR and regulations on personal data protection; regulations on transparency and market abuse; Italian Legislative Decree 231/2001, Italian Legislative Decree 254/2016 and regulations on sustainability; competition law; anti-money laundering regulations; the legislation on whistleblowing referred to in Italian Legislative Decree no. 24/2023, etc.) as well as, since

Compliance with the primary and secondary provisions of the law they operate in the highly regulated energy infrastructure sector, the specific provisions issued by the Regulatory Authority for Energy, Networks and the Environment (ARERA).

Furthermore, the company organisation, through dedicated functions, carefully and constantly monitors the **compliance** of company activities with primary and secondary regulations as well as with the specific sector of natural gas distribution.

Function	Description
LEGAL AFFAIRS	The Legal Affairs department is responsible for ensuring that the Company's actions comply with the law and monitors the regulations applicable to the Company's activities, as well as relevant developments in case law, reporting them to the structures to ensure constant compliance with these regulations and providing assistance in updating organisational documents. If necessary, the same department also provides training to other company departments to ensure that all employees share and respect the behavioural principles that must be followed to ensure compliance with the regulations.
REGULATORY AFFAIRS	The Regulatory Affairs department ensures constant monitoring of regulatory and institutional issues, supporting the structures concerned in the interpretation of relevant regulatory provisions and in the activity of adapting organisational documents to these provisions over time. In particular, a report is issued on a monthly basis, which outlines the regulatory measures of interest for the company's activities and for the sector.
CORPORATE AFFAIRS AND CORPORATE GOVERNANCE	The Corporate Affairs and Corporate Governance department provides information to the Board of Directors on management, regulatory and integrated compliance aspects; it oversees the updating of the system of powers and delegations; it acts as a support to ensure compliance with company and financial law, competition and industrial property law, GDPR, ESG regulations, also through participation in the ESG Working Group. With regard to Italian Legislative Decree 231/2001, it ensures the flow of information to Management and the Board of Directors and coordinates initiatives, also on the basis of reports from the SB, for compliance with related rules and principles.
ADMINISTRATION AND INTEGRATED REPORTING	The Administration and Integrated Reporting function of the Administration, Finance, Control and Sustainability Department is responsible for ensuring the company's compliance and the correct interpretation of all the obligations and purposes imposed by statutory regulations and accounting standards regarding the preparation of financial statements and financial information, as well as tax regulations. In fact, through the Sustainability Office, it also oversees issues of compliance with international principles and the upcoming regulations on sustainability (See "Sustainability Governance").
ENGINEERING	The Engineering department of the Operations Division is responsible for ensuring, by monitoring the national and international technical and regulatory frameworks in the gas sector, that the gas distribution system complies with the law and the technical provisions issued by the competent bodies, also through the adoption and dissemination within the company by means of publication on the company Intranet of technical guidelines for the design, maintenance and management of the plants, as well as technical specifications of materials, equipment, instrumentation and plant components.
QUALITY, SAFETY AND ENVIRONMENT	The Quality, Safety and Environment department of the Operations Division is responsible for ensuring that the company's organisational documentation complies with the provisions of Italian Legislative Decree no. 81/2008 Consolidated Law on Safety, constantly updating the Risk Assessment Document and the company organisation for the protection of workers' health and safety.
INDUSTRIAL RELATIONS	The Industrial Relations department of the Human Resources Division is responsible for ensuring the correct interpretation of labour law, in coordination with Legal Affairs, of contractual law and updates on the subject, as well as regulatory updates to the Management for social security and remuneration aspects and, in coordination with the Administration, Finance, Control and Sustainability Department, tax aspects; the department is also responsible for ensuring the company's compliance and the correct interpretation of all the obligations and purposes imposed by tax law. The department also ensures, in coordination with Corporate Affairs and Corporate Governance, compliance with privacy protection regulations and internal coordination with the Human Resources Department in relation to issues connected to the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01.
PROCUREMENT AND SERVICES	The Procurement and Services Department oversees compliance with applicable laws in relations with the supply chain and, in the case of contracts for works, services and supplies relating to core business activities, guarantees compliance with the specific rules set out in Italian Legislative Decree 36/2003 as amended and supplemented – with regard to the part of the special sectors – as well as the Regulations for sub-threshold tenders pursuant to Article 14, paragraph 2, of Italian Legislative Decree 36/2023 applicable for works, services and supplies, referable to the activities referred to in Article 146 of Italian Legislative Decree 36/2023 for amounts below the established EU thresholds. The organisation also verifies the ethical reliability of suppliers on the Register of qualified and to-be-qualified suppliers, in order to manage the risk of starting and/or maintaining commercial relations with subjects belonging to organisations involved in the commission of crimes that could have significance, also pursuant to articles 94, 95, 96, 97 and 98 of Italian Legislative Decree 36/2023 (general requirements), anti-mafia legislation and of Italian Legislative Decree 231/2001 as amended.

The Group, which operates entirely within Italy, complies with current tax regulations, fulfilling its tax obligations correctly, acting in formal and substantial compliance with all tax laws, regulations and practices, and always collaborating with the utmost transparency with the national tax authorities. To ensure compliance with tax obligations, both for the parent company and its subsidiaries, the management and fulfilment of tax responsibilities are entrusted to the Integrated Administration and Reporting structure of 2i Rete Gas S.p.A., in close collaboration with leading Italian tax firms. The operational directives adopted in tax matters aim to guarantee the correct calculation of direct and indirect taxes and the relative obligations, clearly outlining the processes, actions and responsibilities in order to ensure the efficient and effective processing of the tax calculation for the annual Financial Report and for all tax declarations concerning direct and indirect taxes.

The Group's tax strategy, which is reviewed every year at the same time as the Group budget is drawn up, is examined and approved by the Administration, Finance, Control and Sustainability Director and by the CEO, taking into account the principle of prudence, absolute compliance with the relevant regulations and the sustainable development of the organisation.

The operational directives regarding various aspects of tax management, such as the preparation of periodic tax returns, the control and management of pending tax charges and the treatment of so-called 'minor' and local taxes, are published on the company Intranet and are available to all employees.

The most significant tax issues are promptly communicated to shareholders and the public through timely disclosure in the Group's annual Financial Report, as well as through timely information, in the appropriate forums, to the directors and company departments affected from time to time.

The internal control system and the SB, following specific audits and the mapping of risks including tax risks, carry out a follow-up every two years on all relevant aspects that may lead to errors or omissions in tax returns. Furthermore, every four months the SB receives an informative report on administrative issues, with a particular focus on those related to tax compliance.

According to a key principle of its tax strategy, the Group only takes advantage of tax breaks when an actual action or operational business need can satisfy the tax requirements.

The issue of taxation is also the subject of a specifically dedicated part of the **Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001** (hereinafter also referred to as the 'Model'), which is constantly updated. In the special part of the Model, in addition to the tax offences introduced into the legislative framework by **Italian Legislative Decree 74/2000** and listed in letter B, the offence of smuggling referred to in art. 25-sexiesdecies of Italian Legislative Decree 231/2001 is also present in letter A. The text identifies the sensitive processes relating to tax offences, the general principles of conduct and implementation ("do" or "not do" obligations, monitoring and prevention measures), as well as the need to establish and update instructions based on the Model itself and the verification tasks of the SB.

Also with regard to the **2024** financial year, no monetary or non-monetary sanctions have been imposed on the Group that are significant in amount and nature with respect to the business. For internal monitoring and organisational controls, please refer to the relevant chapter in the Consolidated Financial Statements, as well as for the quantification of direct taxes allocated in the Group's financial statements.

BUSINESS ETHICS AND ANTI-CORRUPTION

2i Rete Gas, as an essential prerequisite to ensure responsible business management, orients and conducts its activities according to ethical principles and is committed to promoting a corporate culture based on **honesty**, **integrity** and **fairness**, as well as respect for the principles of **legality**, **impartiality** and **transparency**, as well as **current laws**, **industry regulations and institutions**.

TOOLS

The Group prevents the risks of active and passive corruption through the implementation and application of its top-level policy documents, the Charter of Values, the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001, the Code of Ethics, the Sustainability Policy, the Ethics in Business and Anti-Corruption Policy and the Integrated Policy for Quality, Health and Safety at Work, the Environment and Asset Management, whose systems, principles and values are detailed in the relevant organisational documents (provisions, procedures, operating instructions, quality manual) that oversee the activities of the company departments and through updating and/or training interventions on anti-corruption regulations and policies and on liability pursuant to Italian Legislative Decree 231/2001.

The current **Organisation, Management and Control Model** of 2i Rete Gas S.p.A. was approved in 2011 and is continuously updated over time (most recently in September 2024). Approved with due harmonisation also by all subsidiaries, the objective is to trace sensitive or at-risk company processes and the related organisational, precautionary and control measures in place, aimed at eliminating the so-called **'risk of crime'** and administrative liability for the Group pursuant to Italian Legislative Decree no. 231/2001. The Model aims to ensure that the Group is managed in accordance with the principles of legality, fairness, transparency and traceability, according to efficient working practices that comply with regulations.

The Model is available for consultation online in the corporate Intranet and in the Group's websites

The Code of Ethics, which is part of the Model, defines in detail the ethical and behavioural principles to which the Parent Company, its subsidiaries and their respective employees and collaborators (as well as all other recipients, including members of corporate bodies, suppliers and consultants) are required to follow when carrying out their activities, including the principle of legality, correctness, impartiality and personal integrity. The Code of Ethics also sets out the same principles in the context of the Company's relations with its main stakeholders, including employees, shareholders, customers, public administrations, etc., providing precise criteria of conduct that must be followed. In particular, **the Model and the Code of Ethics are disseminated through publication on the Internet and Intranet sites of the Group**.

The Code of Ethics is available for consultation online in the corporate Intranet and in the Group's websites

In accordance with the **Ethics in Business and Anti-Corruption Policy**, the Model is also the subject of periodic training for employees; in particular, also in **2024 the online course on 231** was made available to new hires, thus giving continuity to the process of disseminating knowledge and regulatory principles which in 2019 involved the entire population who were obliged to take part within the deadlines indicated by the Human Resources Department. As part of the aforementioned course, employees are the recipients of a widespread information and training activity on the specific topic of crimes of corruption between private individuals and the topic of whistleblowing. This activity also involved the local offices, as well as the head office. The details of the training provided during the year are as follows:

	Executives	Other own workers
Extension of training	2.94%	11.86%
Total	34	2,124
Total training recipients	1	252
Method of provision and duration		
Classroom training		
Computer training	2	504
Voluntary computer training		
Frequency		
How often is training required?	Annually	Annually
Topics covered		
Definition of corruption	X	X
Policy	X	X
Procedures for suspicion/detection	X	X
231 Course; The administrative liability of legal persons and entities; Unlawful agreements; The organisational model; The SB;	X	X

Finally, in addition to **training** on the **Policy of Business Ethics and Anti-Corruption** and on the **administrative responsibility of companies**, in previous years further **training** was provided on **tax offences** and in general on **Italian Legislative Decree 231/2001**, on the Model adopted by the Company and its updating, as also requested by the SB following the tax assessment carried out by a leading tax law firm in 2020. This activity was also organised by the Human Resources Department and provided by Legal Affairs and the Administration, Finance, Control and Sustainability Department, involving all company resources affected by sensitive processes with respect to the possible commission of tax offences relevant for the purposes of **Italian Legislative Decree no. 231/2001**, both those working at the head office and in the local offices, and Department and Area managers.

The Model is the subject of **periodic training, also for the members of the Board of Directors**, to whom a report on the activities carried out by the SB is presented every year, and who approve the updates to the Model from time to time, as necessary, to adapt to regulatory developments. During the meeting of 19 February 2021, the SB also provided the Board of Directors with a specific training activity on the Liability of entities for administrative offences pursuant to Italian Legislative Decree 231/2001, with a specific focus on the aims of the regulation and its scope, on the strategic importance of the approval and implementation of the Organisation, Management and Control Model, on the role of the SB and the flow of information to the latter, with a focus also on **Italian Law no. 179 of 30 November 2017**, which introduced a system of protection for workers who report crimes or irregularities of which they are aware in the context of their work activities.

The Model includes a special section identifying the activities at greatest risk of offence and a list of the offences covered by **Italian Legislative Decree 231/2001** as a possible source of administrative liability for the company. In particular, given the dual nature of the company, which on the one hand is a private entity and on the other performs a public service in the performance of its core business activities, the Company is subject both to the corruption regulations provided for by the penal code for persons in charge of public services, and to the civil code regulations on corruption between private individuals.

The Model therefore identifies as activities with a higher risk of corruption both those concerning relations with institutions and public bodies (concessionaires, public authorities authorised to manage and finance methane gas projects, public authorities owning connection systems with methane gas systems and distribution networks, sector authorities, etc.) and those concerning relations with banks, suppliers (including selection) and customers, as well as preparatory activities for hiring personnel.

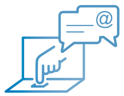
In relation to the primary objective set out in the Plan to oversee the governance of ESG aspects through the identification, drafting and issuance of additional policies and procedures following the assessment of any gaps that may have emerged in the ESG Rating Agencies' assessments, the Ethics in Business and Anti-Corruption Policy was updated in 2023 to incorporate the issuance of new controls to govern the company's actions according to ethical principles, thus avoiding any potential corruption. In particular, the Policy has been updated to incorporate the update of the existing regulations in the Code of Ethics in relation to relations with entities, the implementation of the 'Continuous Audit' model in Internal Audit activities, the introduction of the Vendor Rating process, the implementation of application software for the reporting of all activities with the Public Administration, the issue of new company policies and procedures on cyber security including the new procedure called 'Incident Response Plan', concerning potential cyber security incidents.

The aforementioned Ethics in Business and Anti-Corruption Policy is updated annually in order to incorporate any necessary changes, as well as any additional safeguards adopted by the Company.

Once again, in 2024 there were no cases of active or passive corruption.

WHISTLEBLOWING AND REPORTING
S1-3 (paragraph 32 (c))

Governance relating to the management of reports



System for the collection and management of reports of any offences or violations

A system has been adopted for 2i Rete Gas S.p.A. and for the other Group companies for the collection and management of reports of any offences concerning the operations of the company, as well as violations, through conduct, acts or omissions, of national regulatory provisions or of the European Union that harm the public interest or the integrity of the entity, of which the whistleblower has become aware in a working context.

These reporting channels have recently been updated to comply with the provisions of **Italian Legislative Decree no. 24 of 10 March 2023**, approved in implementation of Directive (EU) 2019/1937, while confirming the competence of the Supervisory Bodies of the respective companies to manage the procedures for handling such reports, as described in detail in the Code of Ethics, which forms an integral part of the Organisation, Management and Control Model.

The internal reporting channels activated, in accordance with the provisions of the aforementioned Decree, have been designed and are managed in such a way as to guarantee the confidentiality of the identity of the reporting person, the person involved and the persons mentioned in the report, as well as the content of the report and related documentation.

With regard to the process of communicating the results of reports, the Supervisory Body (SB) informs the Board of Directors of the findings on an annual basis and also provides immediate communications in the event of significant events.

The 2i Rete Gas group, given the adjustments made in accordance with the provisions of the aforementioned Decree, has also updated, both for the parent company and for the rest of the companies, the relevant information pursuant to **art. 13 of EU Regulation 2016/679**, aimed at providing a detailed description of the methods of processing and storage of the personal data of the whistleblower and of the personal data included in the reports in question.

The only persons authorised and qualified to view and process the aforementioned reports, using specific electronic systems that guarantee the segregation of information, are the members of the Supervisory Body of the Companies, appointed pursuant to Italian Legislative Decree no. 231/2001, who process the personal data and that of any third parties acquired as a result of the report in compliance with the principles established by the GDPR and according to the purposes set forth in Italian Legislative Decree no. 24 of 23 March 2023.

The **Supervisory Body**, which has the task of supervising the functioning of and compliance with the company's Organisation, Management and Control Model and of updating it, has been set up at each Group company in accordance with Italian Legislative Decree 231/2001; in the case of the Parent Company, the current SB, appointed by the Board of Directors and whose term of office expires together with the Board, is represented by a board of 3 members who, also in light of the requirements of the law and with the aim of benefiting from the integration of different professional skills and experiences, have been identified as figures of proven experience also in the sector of responsibility pursuant to Italian Legislative Decree 231/2001, one of whom is external with the role of Chair, one coincides with the Chair of the Board of Statutory Auditors and one internal coincides with the head of the Governance and Legal Affairs department. This ensures the independence of the Body, as well as continuous dialogue with the Board of Statutory Auditors and coordination with the Company's Legal Affairs department.

The information regarding Whistleblowing and the relative communication channels are published on the company Intranet and on the institutional Internet sites of each company of the Group, and specific training has been provided through dedicated on-line courses for all employees.

As provided for in the Model and the Code of Ethics, the Parent Company and its subsidiaries provide stakeholders, including their employees, with **specific methods of communication** (including special certified email addresses) that allow them to **report violations or suspected violations of the Code of Ethics and the Model** directly to the Supervisory Body of the individual companies. In this regard, the Company has also promptly adapted its Model to the rules on **whistleblowing**, setting up specific communication channels (including telephone and electronic, always operational) and updating the relevant company policies, also providing for specific **sanctions** against managers, directors and auditors who violate the confidentiality of the whistleblower or adopt discriminatory or harmful measures against them because of the reports made.

For each report received, whether relating to issues pertaining to the OMM 231 or to issues concerning working conditions along the value chain, including on the basis of input from Internal Audit or the directors, the SB collects, examines and stores all information, evaluates it with care and impartiality, establishing its truthfulness and validity and guaranteeing anonymity with regard to the name of the person making the report. To this end, it shall adopt measures to guarantee the confidentiality of the identity of the whistleblower and to protect them from any form of retaliation or discrimination.

The companies of the Group specifically have dedicated mailboxes for submitting reports, which are clearly indicated on the website and Intranet of the Parent Company.

	Supervisory Body	Code of Ethics	Whisteblowing
2i Rete Gas S.p.A.	Odv231@2iretegas.it	2iReteGas.CodiceEtico@2iretegas.it	WB.2irg@2iretegas.it
Cilento Reti Gas S.r.l.	CilentoRetiGas.Odv231@2iretegas.it	CilentoRetiGas.CodiceEtico@2iretegas.it	WB.cilento@2iretegas.it
2i Rete Dati S.r.l.	Odv231@2iretegas.it	2iReteGas.CodiceEtico@2iretegas.it	WB.dati@2iretegas.it

During 2024, seven reports were received, three of which related to requests for intervention regarding technical activities and emergency response on the networks and a complaint from an employee, not relevant for the purposes of the Company's 231 liability and promptly forwarded to the offices for the relative management; another two, of an anonymous nature, relating respectively to the reporting of an alleged tampering of some meters and to a report related to pipe laying activities, already subject to analysis and management without any profiles of relevance for the purposes of the Company's 231 liability emerging; and finally, a last report, received from a sales company and relating to a feared permeability of the distributor's systems and data, analysed and found to be actually linked to the possible weakness of the IT infrastructure of the Integrated Information System reported in 2023 by industry associations to the Guarantor, ARERA and the authorities, which was followed by the implementation by the Single Buyer of security and portal access measures.

With respect to the reports sent every four months by each company department to the SB (see "Policies"), the latter evaluates each individual document, requests clarifications and additions where necessary and, unless specific reports are required, draws up a summary of the information acquired which is then shared with the directors of the company concerned.

In relation to internal reports received through periodic reporting or specific evidence, for example relating to requests from judicial police officers or audits of contractors, the SB carries out a precise analysis of the information received, adopting the necessary measures each time, for example by arranging checks and investigations, also carried out by the Internal Audit department, or sending requests for clarification to the competent offices. None of the information contained in these reports in 2024 was relevant for the purposes of any administrative liability of the Company pursuant to Italian Legislative Decree 231/2001.

Finally, it should be noted that, also in 2024, the Company took disciplinary action against employees who behaved in a potentially relevant manner with regard to the violation of the Group's Code of Ethics and the Model, and imposed the relevant sanctions where appropriate.

The Model in fact establishes that, in the event of its violation (and therefore also of the company procedures that form an integral part of it) committed by employees, 2i Rete Gas S.p.A. shall adopt the sanctions provided for in the Model itself which refer in this regard to the Disciplinary Code (defined in the Gas Water National Collective Labour Agreement). During 2024, 32 disciplinary penalties were imposed, thirteen of which were non-conservative (for violation of the Code of Ethics).

Furthermore, as part of the gender equality certification in accordance with UNI PdR 125, since 2024 the company has had a **specific channel for reporting illegal behaviour, such as physical, verbal and digital abuse**.

FURTHER ACTIONS

As part of the policies aimed at combating corruption, and in general the policies of compliance of company behaviour with the law, the principles of business ethics and the rules of conduct established in the company's Code of Ethics, in 2024 the **update of the mapping regarding the existence of real or potential conflicts of interest, as declared by employees, continued**. The process, in continuity with what was started in 2019 and 2021, is now implemented within a computer platform which, in compliance with current privacy regulations, allows the processing of complete reports, which can be periodically updated in real time, functional to the preparation of an action plan aimed at the prevention and monitoring of sensitive cases.

Update of the mapping regarding conflicts of interest at work

This report, together with the measures taken by the Company as a result, with a specific action plan, has been shared with the CEO and also incorporated into a specific internal procedure. The verification is expected to be updated normally every two years, without prejudice to the possibility for employees to report and/or update their declarations by means of any new declarations.

Checks on persons operating on behalf of the Company

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, **a periodic and constant check is carried out on pending criminal proceedings or the presence of criminal records of all natural persons operating on behalf of the Company**, whether as directors with representative powers, as members of the Board of Statutory Auditors and the Supervisory Body, or as mere representatives. These checks ensure that the Company operates through natural persons who have not committed crimes of such a nature and severity as to affect the reliability of the Company as a public service provider (a requirement identified by art. 94 of Italian Legislative Decree 36/2023, also with reference to compliance with anti-mafia regulations).

TRANSPARENCY, CLARITY AND COMPLETENESS OF INFORMATION

The Group believes that transparency towards the market and towards investors is an essential value to be protected.

Periodical updating, lastly on June, of the EMTN Programme

2i Rete Gas S.p.A. periodically renews the **Euro Medium Term Notes** (EMTN) **Programme** by preparing the related base prospectus, which is submitted to the Central Bank of Ireland for approval. The Programme represents an important moment of transparency towards investors and of representation of the Company's activities and allows the Company to diversify its sources of financing, benefiting from the opportunities offered by the capital market through the issue of bonds. Since, within the framework of the EMTN Programme, last updated in June 2024, the Parent Company is the issuer of bonds admitted to trading on the regulated market managed by the Irish Stock Exchange, 2i Rete Gas S.p.A. has implemented governance measures and ensured compliance with the obligations regarding the "Market Abuse Regulation" imposed by EU Regulation no. 596/2014 and, insofar as applicable, transparency.

Set up, maintenance and periodic updating of a Register of persons with access to inside information

The Parent Company is subject to the oversight obligations of the Central Bank of Ireland which, through the documents "Guidance on Transparency Regulatory Framework" and "Guidance on Market Abuse Regulatory" published by the supervisory body itself, provides guidelines on transparency and disclosure required of market participants, including interpretation of statutory instruments 277 and 349 of the Irish Ministry of Trade and Labour applicable in this area. 2i Rete Gas S.p.A. has therefore set up a **Register of persons with access to inside information** and has established procedures for its maintenance and periodic updating in accordance with the applicable detailed and secondary legislation and best practices, in particular European Regulation EU 347/2016 of the European Commission.

The Company, also in order to comply with the best national and international standards in terms of market transparency, has secondly approved and updated **internal procedures for the dissemination of information to the public**, which define the criteria adopted, the actions and responsibilities aimed at guaranteeing effective communication to the public and to the competent institutions of company information in compliance with market transparency and regulatory provisions, with particular reference to the disclosure of privileged information for which there is no legitimate interest in confidentiality, to information corresponding to the Company's financial documents and to the methods of publication of the Sustainability Report.

Adoption of a Procedural Code on Internal Dealing

The Parent Company has also adopted a **Procedural Code on Internal Dealing** that governs the obligations to communicate any transactions conducted by or on behalf of those who perform administration, control or management functions in the Group, as well as those of persons closely associated with them, concerning bonds issued by 2i Rete Gas. The Code also regulates the prohibition of transactions during black-out periods.

15.4.1.4 RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Supply chain raising-awareness initiatives and inclusive management

In order to make suppliers even more aware of the importance of managing social and environmental factors in the course of their activities, in 2024 2i Rete Gas continued the process undertaken with the chosen business partner to provide **support and training on ESG issues through dedicated communication channels and online courses provided through the Green Procurement platform.**
In order to further strengthen the inclusion of social factors in the management of its supply chain, the Parent Company's Procurement department also deepened its knowledge of sustainable procurement best practices during the year by taking training courses accessible through the Green Procurement platform.

Given the high number of industrial partners, suppliers and contractors involved in the supply chain, and in order to manage and mitigate any risks, 2i Rete Gas has developed well-defined procedures and tools to regulate these interactions, always in full compliance with current legislation.
Furthermore, over the last few years and as part of its stakeholder engagement practices, 2i Rete Gas has involved its suppliers in a series of **initiatives aimed at implementing an increasingly sustainable and inclusive management of its supply chain.**

In this regard, in December 2024, following the active involvement of suppliers that are qualified for high risk activities in relation to ESG issues, actions aimed at increasing the number of certified business partners (ISO 9001, ISO 14001 and ISO 45001) have led to the following results:

- **100%** of suppliers are **ISO 9001 certified**;
- **88.08%** of suppliers are **ISO 14001 certified**;
- **88.08%** of suppliers are **ISO 45001 certified**.

QUALIFICATION REQUIREMENTS AND SELECTION PROCESS

Suppliers who begin the Group's qualification process must demonstrate that they meet and subsequently maintain **general requirements and specific reputational** aspects relating to **environmental protection, social responsibility**, **Italian Legislative Decree 231/01** and the **protection of human rights**. In fact, the following evidence is required from them:

- the declaration on the corporate structure;
- declarations on the absence of conflicts of interest;
- the adoption of organisational management models;
- the presence or absence of a Supervisory Body;
- declarations on relations with the Public Administration, indicating the type of relations, the shareholding and the holders;
- possession of a Code of Ethics;
- the Corporate Social Responsibility SA 8000 certification declaration;
- compliance with environmental, safety and occupational health regulations - ISO 45001 and ISO 14001 certifications.

2i Rete Gas monitors the compliance and subsequent maintenance of the most sensitive requirements by its supply chain, using automated systems capable of extracting and analysing administrative documents and certifications, as well as reporting any non-conformities detected through specific alert systems.
The possession of the evidence requested by 2i Rete Gas from potential suppliers as part of the qualification process is tracked through the use of **the e-procurement portal**, which constitutes the repository of this information. Furthermore, again through the e-procurement portal, 2i Rete Gas automatically monitors the validity of the documents shared by suppliers during the qualification phase, (DURC [single document of contribution regularity], Chamber of Commerce and CCIAA [Chamber of Commerce, Industry, Craftsmanship and Agriculture] registration certificate, financial statements, criminal record certificate, certificate issued by the Revenue Agency, white list, ISO 9001, ISO 14001, ISO 45001 and SA 8000) indicating their proximity to expiry and requesting their update.

To monitor the ethical reliability of its suppliers, in order to mitigate the risk of starting or maintaining commercial relations with subjects belonging to organisations involved in the commission of crimes, the Group also makes use of a series of tools, such as **databases**, the **web** and **press reviews**.

The **Qualification Regulation** governs the procedures for remaining on the **Supplier List** and envisages, in the event that a supplier loses one or more requirements, also related to ethical issues referred to in Italian Legislative Decree 231/01, the adoption of measures of various kinds, such as suspension or cancellation from the Supplier List, up to and including, if deemed necessary, termination of active contracts.

In 2024, the Parent Company also published the **Qualification Notice**, which lists the product categories for which suppliers can initiate and support the qualification process. With the aim of ensuring maximum transparency and participation, any economic operator can activate the qualification process for one or more product categories of interest at any time.

All applications are completed and managed through an e-procurement portal, which ensures transparency, fairness and equal treatment for all suppliers. In addition to the qualification processes, the portal also manages other activities such as tenders, Vendor Management processes, interactions with the EcoVadis platform adopted, scoring processes, management of electronic catalogues and contract management. There is also a section dedicated to the purchase of distribution network materials.

The product categories are classified according to three levels of criticality. The level of each category is defined by the Parent Company through a prior analysis of the same, carried out by a dedicated cross-functional team that evaluates the nature of the activity according to criteria of quality, safety, environment, reputational rating and operability.

For activities classified as having a high risk potential, the supplier must undergo an audit. However, the Parent Company, regardless of the level of criticality, may decide to carry out an inspection, which can also be carried out during the execution phase of the activities. The audit is carried out by an internal team made up of resources from the Procurement and Services, Engineering, Operation and Quality, Safety and Environment functions, as well as in some cases also by local representatives, and its purpose is to ascertain the fundamental requirements regarding proven adequacy, experience in the sector, technical competence, specialised know-how and industrial operational capacity, as well as the possession of suitable means and specialised labour.

2i Rete Gas monitors that qualified suppliers meet the ISO certification requirements in accordance with the qualification regulations and the individual category-specific regulations, requesting any alternative procedures if they have been adopted, and urging non-compliant suppliers to undertake the required certification process.

In order to achieve greater organisational efficiency, the procurement process has been centralised for supplies and services covering the entire Group and the entire country. Almost all the companies in the Group use qualified suppliers and services; those excluded from the current qualification process are mostly related to the leasing of properties or the purchase of Energy Efficiency Certificates.

In 2024, the percentage value of purchases assigned to qualified suppliers, equal to 99.16%, was in line with the average of the last three years**.**

SUPPLIER MAPPING

Relations between the Group and its suppliers are based on **respect** for the **principles and criteria of conduct established in the Code of Ethics** and the **commitments and implementation principles established in the Sustainability Policy**. These relations are constantly monitored through the use of **databases** and the **e-procurement portal**, which also guarantees the evaluation and selection of potential suppliers to whom assignments and orders are awarded.

99.16% of the value of contracts stipulated centrally during 2024 (99.64% in 2023) was awarded to suppliers who had undergone a formal qualification process through this portal.

As at 31 December 2024, the Group had 917 qualified suppliers (817 in 2023) in its Supplier List, corresponding to a total of 1,337 qualifications in one or more Product Categories on the basis of the existing Qualification System (1,222 in 2023).

The growing trend reflects a consistent and effective management of the **scouting activity** and the **product catalogue**, which is periodically updated based on the company's needs.

The product register is divided into categories relating to **Works, Services** and **Supplies**. Almost all the services that fall under the individual product category of Works are related to the activity carried out as a gas distributor, while for Supplies and Services the percentages are 81% and 39% respectively; the remainder is attributable to Information Technology activities and services dedicated to organisational and support structures for the management of company properties.

The Group works to guarantee its suppliers not only **fair remuneration**, but also **substantial compliance with agreed payment terms**, which in 2024 were **within 60 days** in 85.61% of cases (90.46% in 2023).

As for the impacts on related industries and communities, the Group, although attentive to the use of local suppliers, has no formal evidence of such impacts.

Bearing in mind that the Group's operational presence is in fact extended to the whole of Italy, and as such the definition of 'local' applies to all those suppliers who are based and operate in Italy, in 2024 the Group procured 98.91% of its supplies through local entities and the remaining 1.09% through foreign entities.

15.4.1.5 IDENTIFICATION AND MITIGATION OF SUPPLY CHAIN RISKS

Among the possible risks associated with supply chain management, particular attention is paid to active and passive corruption and the protection of Human Rights.

In order to mitigate as much as possible the risks related to the aforementioned issues, specific **clauses on ethical and anti-corruption aspects** are envisaged on each individual contract, in addition to what has already been highlighted with regard to the qualification process.

The Group also adopts procedures and certifications that guarantee compliance with environmental and social policies (ISO Certifications, Code of Ethics) and **has also required all qualified suppliers to comply with the same principles both in the qualification phase and in the subsequent contractual phase**.

For 2i Rete Gas, a management of the supply chain based on ethics, transparency and the creation of reciprocal value, in addition to the mitigation of the risks mentioned above, envisages, in line with the provisions of the Sustainability Policy and reaffirmed by the Integrated Policy for Quality, Health and Safety at Work, Environment and Asset Management, the introduction of the fundamentals of its principles also with the aim of stimulating progress towards greater collaboration and sharing of performance levels from a qualitative, social and environmental point of view.

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
ESRS E1 CLIMATE CHANGE			
ESRS 2 GOV-3 – Integration of sustainability performance into incentive systems			pag. 132
ESRS E1-1 Transition plan for climate change mitigation			pagg. 83-85
ESRS E1-1 Transition plan to achieve climate neutrality by 2050, paragraph 14	Par. 14 – EU Climate Law		pagg. 83-85
ESRS E1-1 Companies excluded from the benchmarks aligned with the Paris Agreement, paragraph 16 (g)	Par. 16 (g) – Pillar 3; Benchmark Regulation	Over 50% of 2i Rete Gas's revenues derive from the distribution of fuel gases and for this reason the company does not meet the requirements of the EU Paris-aligned benchmark	See what is reported in the cell on the left.
ESRS 2 SBM-3 – Key impacts, risks and opportunities and how they align with the company's strategy and business model.		PHASE-IN only for paragraph 48 (e) (expected financial effects)	pagg. 78-83
ESRS 2 IRO-1 – Description of the process to identify and assess the relevant impacts, risks and opportunities			pagg. 62-66
E1-2 – Policies relating to climate change mitigation and adaptation			pagg. 68-72, 78-98
E1-3 – Actions and resources relating to climate change policies			pagg. 72-76, 78-98
E1-4 – Objectives relating to climate change mitigation and adaptation			pagg. 72-76, 78-98
ESRS E1-4 GHG emission reduction targets, paragraph 34	Par. 34 – Sustainable Finance Disclosure Regulation; Pillar 3; Benchmark Regulation		pagg. 72-76, 78-98
E1-5 – Energy consumption and energy mix			pagg. 86-87
ESRS E1-5 Energy consumption from fossil fuels broken down by source (high climate impact sectors only), paragraph 38	Par. 38 – Sustainable Finance Disclosure Regulation		pagg. 86-87
ESRS E1-5 Energy consumption and energy mix, paragraph 37	Par. 37 – Sustainable Finance Disclosure Regulation		pagg. 86-87
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	Par. 40 to 43 – Sustainable Finance Disclosure Regulation		pagg. 86-87
E1-6 – Gross GHG emissions of scope 1, 2, 3 and total GHG emissions			pagg. 88-91
ESRS E1-6 Scope 1, 2, 3 gross emissions and total GHG emissions, paragraph 44	Par. 44 – Sustainable Finance Disclosure Regulation; Pillar 3; Benchmark Regulation		pagg. 88-91
ESRS E1-6 GHG Gross Emission Intensity, paragraphs 53 to 55	Par. 53 to 55 – Sustainable Finance Disclosure Regulation; Pillar 3; Benchmark Regulation		pagg. 88-91
E1-7 – GHG absorption and GHG emission mitigation projects financed with carbon credits			pag. 91
ESRS E1-7 GHG absorption and carbon credits, paragraph 56	Par. 56 – EU Climate Law		pag. 91

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
E1-8 – Internal carbon price fixing		2i Rete Gas does not use internal carbon pricing systems	See what is reported in the cell on the left.
E1-9 – Expected financial effects of significant physical and transition risks and potential climate-related opportunities		2i Rete Gas has adopted a gradual approach to reporting (PHASE-IN), in line with what is permitted by the ESRSs.	-
ESRS E1-9 Exposure of the benchmark index portfolio to physical climate-related risks, paragraph 66	Par. 66 –Benchmark Regulation		-
ESRS E1-9 Breakdown of monetary amounts by acute and chronic physical risk, paragraph 66 (a) ESRS E1-9 Position of significant assets at material physical risk, paragraph 66 (c)	Par. 66 (a) – Pillar 3 Par. 66 (c) – Pillar 3		-
ESRS E1-9 Breakdown of the carrying amount of its property assets by energy efficiency class, paragraph 67 (c)	Par. 67 (c) – Pillar 3		-
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69	Par. 69 –Benchmark Regulation		-
ESRS E2 POLLUTION			
ESRS 2 IRO-1 – Description of the process to identify and assess the relevant impacts, risks and opportunities		From the double materiality analysis conducted by 2i Rete Gas, no significant IROs in relation to pollution emerged.	-
E2-1 – Pollution policies			-
E2-2 – Pollution-related actions and resources			-
E2-3 – Objectives related to pollution			-
E2-4 – Air, water and soil pollution			-
ESRS E2-4 Amount of each pollutant listed in annex II of the E-PRTR (European Pollutant Release and Transfer Register) released into the air, water and soil, paragraph 28	Par. 28 – Sustainable Finance Disclosure Regulation		-
E2-5 – Substances of concern and substances of very high concern			-
E2-6 – Expected finan-cial effects of impacts, risks and opportunities related to pollution			-

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
ESRS E3 WATER AND MARINE RESOURCES			
ESRS 2 IRO-1 – Description of the process to identify and assess the relevant impacts, risks and opportunities		From the double materiality analysis conducted by 2i Rete Gas, no significant IROs in relation to water and marine resources emerged.	-
E3-1 – Policies related to water and marine resources			-
ESRS E3-1 Water and marine resources, paragraph 9	Par. 9 – Sustainable Finance Disclosure Regulation		-
ESRS E3-1 Dedicated policy, paragraph 13	Par. 13 – Sustainable Finance Disclosure Regulation		-
ESRS E3-1 Sustainability of the oceans and seas paragraph 14	Par. 14 – Sustainable Finance Disclosure Regulation		-
E3-2 – Actions and resources related to water and marine resources			-
E3-3 – Objectives related to water and marine resources			-
E3-4 – Water consumption			-
ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	Par. 28 (c) – Sustainable Finance Disclosure Regulation		-
ESRS E3-4 Total water consumption in m3 compared to net revenues from own operations, paragraph 29	Par. 29 – Sustainable Finance Disclosure Regulation		-
E3-5 – Expected financial effects deriving from impacts, risks and opportunities related to water and marine resources			-
ESRS E4 BIODIVERSITY AND ECOSYSTEMS			
E4-1 – Transition plan and attention to biodiversity and ecosystems in the strategy and business model		From the double materiality analysis conducted by 2i Rete Gas, no significant IROs in relation to biodiversity emerged.	-
SBM-3 – Key impacts, risks and opportunities and how they align with the company's strategy and business model.			-
ESRS 2 IRO-1 — Description of processes to identify and assess the relevant impacts, risks and opportunities related to biodiversity and ecosystems			-
ESRS 2 IRO-1 — E4 paragraph 16 (a) i	Par. 16 (a) i – Sustainable Finance Disclosure Regulation		-
ESRS 2 IRO-1 — E4 paragraph 16 (b)	Par. 16 (b) – Sustainable Finance Disclosure Regulation		-
ESRS 2 IRO-1 — E4 paragraph 16 (c)	Par. 16 (c) – Sustainable Finance Disclosure Regulation		-
E4-2 — Policies relating to biodiversity and ecosystems			-
ESRS E4-2 Sustainable agricultural/land use policies or practices, paragraph 24 (b)	Par. 24 (b) – Sustainable Finance Disclosure Regulation		-
ESRS E4-2 Sustainable sea/ocean use practices or policies, paragraph 24 (c)	Par. 24 (c) — Sustainable Finance Disclosure Regulation		-
ESRS E4-2 Policies to tackle deforestation, paragraph 24 (d)	Par. 24 (d) – Sustainable Finance Disclosure Regulation		-
E4-3 — Actions and resources relating to biodiversity and ecosystems			-
E4-4 — Biodiversity and ecosystem targets			-
E4-5 — Impact metrics related to changes in biodiversity and ecosystems			-
E4-6 — Expected financial effects deriving from risks and opportunities related to biodiversity			-

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
USE OF RESOURCES AND CIRCULAR ECONOMY			
ESRS 2 IRO-1 — Description of processes to identify and assess the significant impacts, risks and opportunities related to the use of resources and the circular economy		From the double materiality analysis conducted by 2i Rete Gas, in relation to its own transactions, no significant IROs in relation to the use of resources and the circular economy emerged. On the contrary, significant IROs have emerged in relation to the use of resources and the circular economy with regard to the value chain. 2i Rete Gas has launched an in-depth analysis on the issue, which will be evaluated in the coming years. The company will determine the need to adopt a dedicated policy, defining concrete actions for the management of this aspect and setting monitoring objectives along its value chain.	pagg. 62-66
E5-1 — Policies relating to the use of resources and the circular economy			-
E5-2 — Actions and resources related to the use of resources and the circular economy			-
E5-3 — Objectives relating to the use of resources and the circular economy			-
E5-4 — Inflows of resources		From the double materiality analysis conducted by 2i Rete Gas, in relation to its own transactions, no significant IROs in relation to the use of resources and the circular economy emerged. Consequently, the metrics relating to own operations will not be reported. Due to the materiality found in the supply chain, 2i Rete Gas has adopted a gradual approach to reporting (PHASE-IN), in line with what is permitted by the ESRSs.	-
E5-5 — Outflows of resources			-
ESRS E5-5 Waste not recycled, paragraph 37 (d)	Par. 37 (d) – Sustainable Finance Disclosure Regulation		-
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Par. 39 – Sustainable Finance Disclosure Regulation		-
E5-6 – Expected financial effects deriving from impacts, risks and opportunities related to the use of resources and the circular economy		2i Rete Gas has adopted a gradual approach to reporting (PHASE-IN), in line with what is permitted by the ESRSs.	-

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
ESRS S1 OWN WORK FORCE			
ESRS 2 SBM-2 – Stakeholder interests and opinions			pagg. 109-110
ESRS 2 SBM-3 – Key impacts, risks and opportunities and how they align with the company's strategy and business model.			pag. 104
ESRS 2 – SBM3 – S1 Forced labour risk, paragraph 14 (f)	Par. 14 (f) – Sustainable Finance Disclosure Regulation	There are no operations at serious risk of forced labour.	See what is reported in the cell on the left.
ESRS 2 – SBM3 – S1 Child labour risk, paragraph 14 (g)	Par. 14 (g) – Sustainable Finance Disclosure Regulation	There are no operations at serious risk of child labour.	See what is reported in the cell on the left.
S1-1 – Policies relating to own workforce			pagg. 68-72, 104-106
ESRS S1-1 Political commitments on human rights, paragraph 20	Par. 20 – Sustainable Finance Disclosure Regulation		pagg. 68-72, 104-106
ESRS S1-1 Due diligence policies on issues covered by international Labour Organization Core Conventions 1 to 8, paragraph 21	Par. 21 – Benchmark Regulation		pagg. 68-72, 104-106
ESRS S1-1 Procedures and measures to prevent human trafficking, paragraph 22	Par. 22 – Sustainable Finance Disclosure Regulation		pagg. 68-72, 104-106
ESRS S1-1 Prevention policy or system for the management of accidents at work, paragraph 23	Par. 23 – Sustainable Finance Disclosure Regulation		pagg. 68-72, 104-106
S1-2 – Processes of involvement of own workers and of workers' representatives with regard to impacts			pagg. 109-110
S1-3 – Processes to remedy negative impacts and channels that allow own workers to raise concerns			pagg. 109-110, 136-138
ESRS S1-3 Complaint handling mechanisms, paragraph 32 (c)	Par. 32 (c) – Sustainable Finance Disclosure Regulation		pagg. 136-138
S1-4 – Interventions on significant impacts for the company's own workforce and approaches for the mitigation of significant risks and the pursuit of significant opportunities in relation to the company's own workforce, as well as the effectiveness of such actions.			pagg. 104-119
S1-5 – Objectives linked to the management of significant negative impacts, the enhancement of positive impacts and the management of significant risks and opportunities			pagg. 62-67
S1-6 – Characteristics of company employees			pagg. 104-105
S1-7 – Characteristics of non-employed workers in the company's own workforce		2i Rete Gas has adopted a gradual approach to reporting (PHASE-IN), in line with what is permitted by the ESRSs.	-
S1-8 – Coverage of collective bargaining and social dialogue		From the double materiality analysis conducted by 2i Rete Gas, no significant IROs emerged in relation to the Coverage of collective bargaining and social dialogue.	-

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
S1-9 – Diversity metrics			pagg. 110-113
S1-10 – Adequate wages		From the double materiality analysis conducted by 2i Rete Gas, no significant IROs emerged in relation to adequate wages.	See what is reported in the cell on the left.
S1-11 – Social protection			pagg. 110-113
S1-12 – People with disabilities			pagg. 110-113
S1-13 – Training and skills development metrics			pagg. 106-109
S1-14 – Health and safety metrics			pagg. 115-118
ESRS S1-14 Number of deaths and number and rate of work-related injuries, paragraph 88 (b) and (c)	Par. 88 (b), (c) – Sustainable Finance Disclosure Regulation; Benchmark Regulation		pagg. 115-118
ESRS S1-14 Number of days lost due to injuries, accidents, fatal accidents or illness, paragraph 88 (e)	Par. 88 (e) – Sustainable Finance Disclosure Regulation		pagg. 115-118
S1-15 – Work-life balance metrics			pagg. 110-113
S1-16 – Remuneration metrics (pay gap and total remuneration)			pagg. 110-113
ESRS S1-16 Incorrect gender pay gap, paragraph 97 (a)	Par. 97 (a) – Sustainable Finance Disclosure Regulation; Benchmark Regulation		pagg. 110-113
ESRS S1-16 Excess in the pay gap in favour of the managing director, paragraph 97 (b)	Par. 97 (b) – Sustainable Finance Disclosure Regulation	Par. 97 (b) is not reported by virtue of ESRS 1 34 b which states that it is possible to omit the required information from an item of information if the company considers that such information is not relevant and not necessary to meet the reporting objective	See what is reported in the cell on the left.
S1-17 – Accidents, complaints and serious impacts on human rights			pagg. 110-113
ESRS S1-17 Incidents related to discrimination, paragraph 103 (a)	Par. 103 (a) – Sustainable Finance Disclosure Regulation		pagg. 110-113
ESR S1-17 Failure to comply with the UN Guiding Principles on Business and Human Rights and of OECD, paragraph 104 (a)	Par. 104 (a) – Sustainable Finance Disclosure Regulation; Benchmark Regulation		pagg. 110-113
ESRS S2 WORKERS IN THE VALUE CHAIN			
ESRS 2 SBM-2 – Stakeholder interests and opinions			-
ESRS 2 SBM-3 – Key impacts, risks and opportunities and how they align with the company's strategy and business model.			pagg. 119-120
ESRS 2 SBM-3 – S2 Serious risk of child labour or forced labour in the labour chain, paragraph 11 (b)	Par. 11 (b) – Sustainable Finance Disclosure Regulation		pagg. 119-120

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
S2-1 – Policies related to workers in the value chain			pagg. 68-72, 110-113
ESRS S2-1 Political commitments on human rights, paragraph 17	Par. 17 – Sustainable Finance Disclosure Regulation		pagg. 68-72, 110-113
ESRS S2-1 Policies related to workers in the value chain, paragraph 18	Par. 18 – Sustainable Finance Disclosure Regulation		pagg. 68-72, 110-113
ESRS S2-1 Failure to comply with UN Guiding Principles on Business and Human Rights and OECD Guidelines, paragraph 19	Par. 19 – Sustainable Finance Disclosure Regulation; Benchmark Regulation		pagg. 68-72, 110-113
ESRS S2-1 Due diligence policies on issues covered by international Labour Organization Core Conventions 1 to 8, paragraph 19	Par. 19 – Benchmark Regulation		pagg. 68-72, 115-118
S2-2 – Processes of employee involvement in the value chain with regard to impacts			pagg. 115-118, 119-120
S2-3 – Processes to remedy negative impacts and channels that allow workers in the value chain to express concerns			pagg. 115-118
S2-4 – Interventions on significant impacts for workers in the value chain and approaches to managing significant risks and achieving significant opportunities for workers in the value chain, as well as the effectiveness of such actions			pagg. 115-118, 119-120
ESRS S2-4 Human rights issues and incidents in its upstream and downstream value chain, paragraph 36	Par. 36 – Sustainable Finance Disclosure Regulation		pagg. 115-118, 119-120
S2-5 – Objectives linked to the management of significant negative impacts, the enhancement of positive impacts and the management of significant risks and opportunities			pagg. 72-76
ESRS S3 AFFECTED COMMUNITIES			
ESRS 2 SBM-2 – Stakeholder interests and opinions			-
ESRS 2 SBM-3 – Key impacts, risks and opportunities and how they align with the company's strategy and business model.			pag. 121
S3-1 – Policies relating to the affected communities			pagg. 68-72, 121-124
ESRS S3-1 Political commitments on human rights, paragraph 16	Par. 16 – Sustainable Finance Disclosure Regulation		pagg. 68-72, 121-124
ESRS S3-1 Failure to comply with UN Guiding Principles on Business and Human Rights, ILO Principles or OECD Guidelines, paragraph 17	Par. 17 – Sustainable Finance Disclosure Regulation; Benchmark Regulation		pagg. 68-72, 121-124
S3-2 – Processes of involvement of the communities affected with regard to impacts			pagg. 121-124
S3-3 – Processes to remedy negative impacts and channels that allow affected communities to express concerns			pagg. 121-124
S3-4 - Actions on relevant impacts on affected communities and approaches to manage major risks and achieve relevant opportunities for affected communities, as well as effectiveness of such actions			pagg. 121-124
ESRS S3-4 Human Rights Issues and Incidents, paragraph 36	Par. 36 – Sustainable Finance Disclosure Regulation		pagg. 121-124
S3-5 – Objectives linked to the management of significant negative impacts, the enhancement of positive impacts and the management of significant risks and opportunities			pagg. 121-124

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
ESRS S4 CONSUMERS AND END USERS			
ESRS 2 SBM-2 – Stakeholder interests and opinions			pagg. 124-126
ESRS 2 SBM-3 – Key impacts, risks and opportunities and how they align with the company's strategy and business model.			pag. 124
S4-1 – Policies related to consumers and end users			pagg. 68-72, 124-126
ESRS S4-1 Policies related to consumers and end users, paragraph 16	Par. 16 – Sustainable Finance Disclosure Regulation		pagg. 68-72, 124-126
ESRS S4-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 17	Par. 17 – Sustainable Finance Disclosure Regulation; Benchmark Regulation		pagg. 124-126
S4-2 – Processes for involving consumers and end users with regard to impacts			pagg. 124-126
S4-3 – Processes to remedy negative impacts and channels that allow consumers and end users to express concerns			pagg. 124-126
S4-4 – Interventions on relevant impacts for consumers and end users and approaches for the mitigation of major risks and the achievement of relevant opportunities in relation to consumers and end users, as well as the effectiveness of these actions			pagg. 124-126
ESRS S4-4 Human Rights Issues and Incidents, paragraph 35	Par. 35 – Sustainable Finance Disclosure Regulation		pagg. 124-126
S4-5 – Objectives linked to the management of significant negative impacts, the enhancement of positive impacts and the management of significant risks and opportunities			pagg. 124-126
ESRS G1 BUSINESS CONDUCT			
ESRS 2 GOV-1 – Role of the administration, management and control bodies			pagg. 128-131
ESRS 2 IRO-1 – Description of the processes to identify and assess the relevant impacts, risks and opportunities			pagg. 62-66
G1-1 – Corporate culture and business conduct policies			pagg. 68-72, 132-138
ESRS G1-1 United Nations Convention against corruption, paragraph 10 (b)	Par. 10 (b) – Sustainable Finance Disclosure Regulation		pagg. 68-72, 132-138
ESRS G1-1 Protection of whistleblowers, paragraph 10 (d)	Par. 10 (d) – Sustainable Finance Disclosure Regulation; Benchmark Regulation		pagg. 68-72, 132-138
G1-2 – Management of relations with suppliers		From the double materiality analysis conducted by 2i Rete Gas, no significant IROs emerged in relation to the management of relations with suppliers	-
G1-3 – Prevention and detection of active and passive corruption			-
G1-4 – Confirmed cases of active or passive corruption			pagg. 132-138
ESRS G1-4 Fines imposed for violations of the laws against active and passive corruption, paragraph 24 (a)	Par. 24 (a) – Sustainable Finance Disclosure Regulation; Benchmark Regulation		pagg. 132-138
ESRS G1-4 Rules to combat active and passive corruption, paragraph 24 (b)	Par. 24 (b) – Sustainable Finance Disclosure Regulation		pagg. 132-138

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Disclosure obligation and related data points	EU Regulation	Non-material/phase in	Page number of the 2024 Sustainability Report
G1-5 – Political influence and lobbying		From the double materiality analysis conducted by 2i Rete Gas, no significant IROs emerged in relation to lobbying activities	-
G1-6 – Payment practices		From the double materiality analysis conducted by 2i Rete Gas, no significant IROs emerged in relation to supplier payment practices	-

15.6 Report of the Independent Auditors

Shape the future with confidence

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Independent auditor's report on the limited assurance of the Consolidated Sustainability Report in accordance with Article 14-bis of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
2i Rete Gas S.p.A.

Conclusions

We have been appointed to perform a limited assurance engagement pursuant to Articles 8 and 18, paragraph 1, of Legislative Decree n. 125 dated 6 September 2024 (hereinafter also referred to as the "Decree") on the Consolidated Sustainability Report of 2i Rete Gas S.p.A. and its subsidiaries (hereinafter "Group") for the year ended on 31 December 2024, prepared in accordance with Article 4 of the Decree, included in the specific section of the Management Report.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the Group's Consolidated Sustainability Report for the year ended on 31 December 2024, has not been prepared, in all material aspects, in accordance with the reporting principles adopted by the European Commission pursuant to European Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS");
- the information included in the paragraph 15.2.2 European Taxonomy of the Consolidated Sustainability Report has not been prepared, in all material aspects, in accordance with Article 8 of European Regulation n. 852 dated 18 June 2020 (hereinafter also referred to as "Taxonomy Regulation").

Elements Underlying the Conclusions

We have performed a limited assurance engagement in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di sostenibilità") - SSAE (Italy). The procedures performed in this type of engagement vary in nature and timing compared to those necessary for conducting an engagement aimed at obtaining a reasonable level of assurance and are also less extensive. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained if the engagement aimed to acquire a reasonable level of assurance. Our responsibilities under this Standard are further described in the section "Auditor's responsibility for the Assurance on the Consolidated Sustainability Report" of this report.

We are independent in accordance with the standards and principles regarding ethics and independence applicable to the assurance engagement of the Consolidated Sustainability Report according to Italian law.

Our audit firm applies the International Standard on Quality Control (ISQM Italy 1), under which it is required to establish, implement, and operate a quality management system that includes instructions and procedures on compliance with ethical principles, professional principles, and applicable legal and regulatory provisions.

We believe we have obtained sufficient and appropriate evidence on which to base our conclusions.

Shape the future with confidence

Other Matters

The consolidated sustainability reporting for the fiscal year ending December 31, 2024, contains, in the specific section 15.2.2 European Taxonomy, the comparative information referred to in Article 8 of the Taxonomy Regulation related to the fiscal year ending December 31, 2023, which has not been subject to verification.

The comparative information included in the Consolidated Sustainability Report for the year ended on 31 December 2023, has not been subjected to verification.

Responsibility of the Directors and Those Charged with Governance for the Consolidated Sustainability Report

The Directors are responsible for the development and implementation of procedures used to identify the information included in the Consolidated Sustainability Report in accordance with the requirements of the ESRS (hereinafter referred to as the "Relevance assessment process") and for the description of such procedures in the paragraph "15.1.1 The double materiality analysis (ESRS 2 IRO-1)" of the Consolidated Sustainability Report.

The Directors are also responsible for the preparation of the Consolidated Sustainability Report, which contains the information identified through the Relevance assessment process, in accordance with the requirements of Article 4 of the Decree, including:

- compliance with the ESRS;
- compliance with Article 8 of the EU Taxonomy Regulation regarding the information contained in the paragraph "EU Taxonomy".

This responsibility entails the establishment, implementation, and maintenance, as required by law, for that part of internal control that they consider necessary in order to allow the preparation of the Consolidated Sustainability Report in accordance with the requirements of Article 4 of the Decree, free from material misstatements caused by fraud or not intentional behaviors or events. This responsibility also includes the selection and application of appropriate methods for processing the information as well as the development of assumptions and estimates regarding specific sustainability information that are reasonable under the circumstances.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Intrinsic Limitations in the Preparation of the Consolidated Sustainability Report

As indicated in Chapter "Criteria for the preparation of the Sustainability Report (ESRS 2 BP-2)" for the purpose of reporting prospective information in accordance with the ESRS, the Directors are required to prepare such information based on assumptions, described in the Consolidated Sustainability Report, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future events, both concerning the occurrence itself and regarding the extent and timing of its occurrence, the variations between actual values and prospective information could be significant.

As indicated in the paragraph "15.2.1.3.2 Atmospheric emissions (E1-6)" of the Consolidated Sustainability Report, the information related to Scope 3 greenhouse gas emissions is subject to greater intrinsic limitations compared to Scope 1 and 2, due to the limited availability and accuracy of the information used to define such information, both quantitative and qualitative, as well as due to reliance on data, information, and evidence provided by third parties in the Value Chain.

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Auditor's responsibility for the Assurance of the Consolidated Sustainability Report

Our objectives are to plan and perform procedures to obtain a limited level of assurance that the Consolidated Sustainability Report is free from material misstatements, due to fraud or not intentional behaviors or events, and to issue a report containing our conclusions. Errors may arise from fraud or not intentional behaviors or events and are considered significant if it can be reasonably expected that they, individually or in the aggregate, could influence the decisions made by users based on the Consolidated Sustainability Report.

In the context of the engagement aimed at obtaining a limited level of assurance in accordance with the Sustainability Reporting Assurance Standard ("Principio di Attestazione della Rendicontazione di Sostenibilità") – SSAE (Italy), we exercised professional judgment and maintained professional skepticism throughout the duration of the engagement.

Our responsibilities include:

- considering the risks to identify the information in which a significant error is likely to occur, whether due to fraud or not intentional behaviors or events;
- defining and performing procedures to verify the information in which a significant error is likely to occur. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error arising from not intentional behaviors or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or manipulation of internal controls;
- directing, supervising, and conducting the limited assurance of the Consolidated Sustainability Report and assuming full responsibility for the conclusions regarding the Consolidated Sustainability Report.

Summary of the Work Performed

An engagement aimed at obtaining a limited level of assurance involves performing procedures to obtain evidence as a basis for formulating our conclusions.

The procedures performed on the Consolidated Sustainability Report were based on our professional judgment and included interviews, primarily with the company personnel responsible for preparing the information included in the Consolidated Sustainability Report, as well as documents analysis, recalculations and other procedures aimed to obtain evidence considered appropriate.

In particular, we performed the following procedures, partly in a preliminary phase before the end of the year and subsequently in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies, and the context in which it operates concerning sustainability issues;
- understanding the processes underlying the generation, detection, and management of the qualitative and quantitative information included in the Consolidated Sustainability Report, including the analysis of the reporting perimeter;
- understanding the process implemented by the Group for identifying and assessing relevant impacts, risks, and opportunities based on the principle of Double Materiality concerning sustainability issues and verifying the related information included in the Consolidated Sustainability Report;
- identifying the information for which there is a likelihood of a significant error risk;

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- definition and execution of procedures, both analytical and substantive, based on our professional judgment, to address the identified significant risks of material misstatement. In particular, verification, on a sample basis, of the data used for the calculation of specific indicators and information through the acquisition of documentary evidence and conducting interviews with the staff of 2i Rete Gas S.p.A.;
- regarding the requirements of Article 8 of the EU Taxonomy Regulation, understanding the process implemented by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the EU Taxonomy Regulation, and verifying the related information included in the Consolidated Sustainability Report;
- cross-checking the information reported in the Consolidated Sustainability Report with the information contained in the consolidated financial statements in accordance with the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements or with the management data of an accounting nature;
- verifying the structure and presentation of the information included in the consolidated sustainability reporting in accordance with the ESRS;
- obtaining the representation letter.

Milan, 27 February 2025

EY S.p.A.
Signed by: Paolo Zocchi, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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Outlook

16. Outlook

The expected profitability for financial year 2025 will reflect all the economies of scale and cost effectiveness to be achieved by the Group.

In particular, the 2i Rete Gas Group plans to take actions with a view to:

- continuing efforts to prevent injuries at work while improving work quality and safety in the performance of all work activities;
- guaranteeing the Company's positioning and taking steps, at the appropriate stages, to ensure that the positioning of the entire industry is increasingly geared towards the themes of energy transition, by working hard to ensure an efficient network that is ready to receive the low carbon gases that will be transported;
- placing, generally speaking, a stronger focus on the approach to environmental, social and governance issues by continuously adjusting its sustainability policy and constantly updating the Sustainability Plan so that meaningful results may be achieved on the material issues identified;
- continuing to improve its local foothold, operating with ever increasing effectiveness where it has a presence;
- concentrating resources on the highest value-added network operations, by relying on increasingly focused and specialised operational units;
- leveraging the gas distribution infrastructure to allow the largest number of prospects to connect to the network and use natural gas – currently the fossil fuel with the lowest environmental impact featuring a flexible and easily scalable use – while promoting the use and injection in the network of renewable fuels such as biomethane and, in the future, methane gas and hydrogen blends.

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Key figures of the Parent Company

17. Key figures of the Parent Company

An overview of the result of operations and financial position for the year is provided in the schedules below, which were prepared by reclassifying the figures in the Profit and Loss Account and Statement of Financial Position, respectively, based on operational criteria, in accordance with international practices.

17.1 Reclassified Profit and Loss Account

Millions of euro

	31.12.2023	31.12.2024	2024 - 2023
Revenue	**1,148.8**	**1,239.6**	**90.8**
Transport of methane gas and LPG	739.1	818.5	79.3
Connection fees and accessory rights	16.0	15.9	(0.1)
Other sales and services	27.6	31.1	3.5
Revenue from intangible assets / assets under development	332.3	345.1	12.8
Other revenue	33.8	29.0	(4.8)
Operating costs	**(602.6)**	**(624.2)**	**(21.6)**
labour cost	(138.9)	(148.1)	(9.2)
Raw materials and inventories	(56.6)	(60.0)	(3.5)
Services	(361.3)	(368.1)	(6.9)
Other costs	(22.4)	(21.5)	0.9
Allocations to provisions for risks and charges	(23.4)	(26.4)	(3.0)
EBITDA	**546.3**	**615.4**	**69.1**
Amortisation, depreciation and write-downs	**(230.3)**	**(239.2)**	**(8.9)**
Amortisation, depreciation and impairment losses	(230.3)	(239.2)	(8.9)
EBIT	316.0	376.2	60.2
Net financial income/(expenses) and income/(expenses) from equity investments	(64.5)	(61.8)	2.6
Profit/(loss) before tax	**251.5**	**314.4**	**62.9**
Income taxes for the year	(70.5)	(93.7)	(23.3)
Profit/(loss) from continuing operations	**181.1**	**220.7**	**39.6**
Profit/(loss) from discontinued operations	-	-	-
Net profit/(loss) for the year	**181.1**	**220.7**	**39.6**

17.2 Reclassified Statement of Financial Position

Millions of euro

	31.12.2023	31.12.2024	2024 - 2023
	B	A	A-B
Net fixed assets	**4,405.3**	**4,537.0**	**131.7**
Property, plant and equipment	25.7	22.2	(3.6)
IFRS 16 right-of-use assets	24.1	23.3	(0.7)
Intangible assets	4,659.7	4,764.9	105.2
Equity investments	18.0	18.0	-
Other non-current assets	23.9	52.7	28.9
Other non-current liabilities	(346.1)	(344.2)	1.9
Net working capital:	**177.3**	**71.6**	**(105.7)**
Inventories	23.3	21.4	(1.9)
Trade receivables from third parties and the Group	200.0	272.7	72.7
Net receivables/(payables) for income taxes	(13.5)	(18.5)	(5.0)
Other current assets	309.0	233.1	(75.9)
Trade payables to third parties and the Group	(213.3)	(207.1)	6.2
Other current liabilities	(128.3)	(230.0)	(101.7)
Gross invested capital	**4,582.5**	**4,608.6**	**26.0**
Other provisions	**(8.4)**	**(9.1)**	**(0.6)**
Post-employment and other employee benefits	28.6	27.0	(1.6)
Provisions for risks and charges	90.2	101.6	11.4
Net deferred taxes	(127.2)	(137.6)	(10.4)
Net invested capital	**4,591.0**	**4,617.6**	**26.7**
Assets held for sale	**0.0**	**0.3**	**0.3**
Liabilities held for sale	**-**	**0.0**	**0.0**
Equity	**1,354.8**	**1,442.1**	**87.4**
Net Financial Position	**3,236.2**	**3,175.7**	**(60.5)**

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Reconciliation of Equity and Net Profit/(Loss) for the year

18. Reconciliation of Equity and Net Profit/(Loss) for the year

Below is the reconciliation of movements in equity and net profit/(loss) for the year as reflected in the financial statements of 2i Rete Gas S.p.A. for the year ended 31.12.2024 and the corresponding figures shown in the consolidated financial statements:

Thousands of euro

	Profit/(loss) for the year recognised in the profit and loss account at 31 December 2024	Equity at 31.12.2024
Separate financial statements of 2i Rete Gas S.p.A.	**220,672**	**1,442,145**
Surplus of equity from financial statements of subsidiaries used for the purposes of consolidation, compared to the carrying values of the equity investments in subsidiaries	1,712	7,695
Consolidation adjustments for:		
Valuation of equity investments with the equity method	(44)	129
Intercompany margins	(10)	(307)
Deferred and prepaid taxes	3	100
Consolidated financial statements of 2i Rete Gas S.p.A.	**222,333**	**1,449,761**
Non-controlling interests	**(134)**	**(1,958)**
Consolidated financial statements of 2i Rete Gas S.p.A. - owners of the Parent	**222,199**	**1,447,803**

2i Rete Gas S.p.A
The Chief Executive Officer
Francesco Forleo

CONSOLIDATED FINANCIAL STATEMENTS OF THE 2i RETE GAS GROUP

1. Profit and Loss Account

Thousands of euro

	Notes	31.12.2023	of which with related parties	31.12.2024	of which with related parties
Revenue					
Revenue from sales and services	5.a	783,470	-	867,119	-
Other revenue	5.b	32,595	76	28,927	84
Revenue from intangible assets / assets under development	5.c	336,572	-	349,058	-
Sub-total		***1,152,637***		***1,245,104***	
Costs					
Raw materials and consumables	6.a	57,082	-	60,600	-
Services	6.b	358,219	3,691	364,163	2,983
Labour cost	6.c	138,906	2,713	148,063	4,461
Amortisation, depreciation and impairment losses	6.d	232,232	-	241,280	-
Other operating costs	6.e	48,563	424	52,104	443
Capitalised costs for internal work	6.f	(1,126)	-	(1,103)	-
Sub-total		***833,875***		***865,107***	
EBIT		**318,762**		**379,997**	
Income/(expenses) from equity investments	7	(113)	(113)	405	(44)
Financial income	8	6,640	39	9,360	84
Financial expenses	8	(72,256)	-	(72,906)	-
Sub-total		***(65,729)***		***(63,141)***	
Profit/(loss) before tax		**253,033**		**316,856**	
Taxes	9	70,967	-	94,523	-
Profit/(loss) from continuing operations		**182,066**		**222,333**	
Profit/(loss) from discontinued operations	10	**-**		**-**	
NET PROFIT/(LOSS) FOR THE YEAR		**182,066**		**222,333**	
Net profit/(loss) for the year attributable to:					
- Owners of the Parent		**182,071**		**222,199**	
- Non-controlling interests		**(5)**		**134**	

2i Rete Gas S.p.A
The Chief Executive Officer
Francesco Forleo

2. Statement of Comprehensive Income

Thousands of euro

	31.12.2023	31.12.2024
Net profit/(loss) recognised in the profit and loss account	**182,066**	**222,333**
- Net profit/(loss) attributable to owners of the Parent	182,071	222,199
- Net profit/(loss) attributable to non-controlling interests	(5)	134
Other comprehensive income		
Items that will never be restated under profit/(loss):		
Revaluations of net liabilities/assets for defined benefits - owners of the Parent	(490)	23
Deferred tax assets and liabilities on items which will never be classified under profit/(loss) - owners of the Parent	712	(24)
	222	(1)
Items that may be restated subsequently under profit/(loss):		
Change in fair value of hedging derivatives - owners of the Parent	(7,604)	-
Change in fair value of hedging derivatives reclassified in profit for the year - owners of the Parent	(6,707)	(10,867)
Change in fair value of hedging derivatives (tax effect) - owners of the Parent	1,825	-
Change in fair value of hedging derivatives reclassified in profit for the year (tax effect) - owners of the Parent	1,610	2,608
	(10,877)	(8,259)
Total other comprehensive income	**(10,655)**	**(8,260)**
Total comprehensive income	**171,411**	**214,072**
Total comprehensive income attributable to:		
- Owners of the Parent	171,416	213,939
- Non-controlling interests	(5)	134

Earnings per share: 0.6107 euro

Diluted earnings per share: 0.6107 euro

2i Rete Gas S.p.A
The Chief Executive Officer
Francesco Forleo

3. Statement of Financial Position

Assets

Thousands of euro

	Notes	31.12.2023	of which with related parties	31.12.2024	of which with related parties
ASSETS					
Non-current assets					
Property, plant and equipment	11	37,054	-	33,333	-
IFRS 16 right-of-use assets	12	24,058	-	23,340	-
Intangible assets	13	4,706,595	-	4,814,208	-
Net deferred tax assets	14	128,308	-	138,557	-
Equity investments	15	3,833	3,710	3,789	3,666
Non-current financial assets	16	12,768	-	14,444	-
Other non-current assets	17	23,906	-	52,787	-
	Total	**4,936,522**		**5,080,457**	
Current assets					
Inventories	18	23,849	-	21,923	-
Trade receivables	19	197,365	42	272,167	25
Short-term financial receivables	20	2,853	1,350	1,585	1,350
Other current financial assets	21	4,249	20	3,981	20
Cash and cash equivalents	22	324,901	-	80,695	-
Income tax receivables	23	3,059	-	2,378	-
Other current assets	24	313,553	-	236,743	-
	Total	**869,830**		**619,472**	
Non-current assets (or assets included in disposal groups) held for sale					
Non-current assets (or assets included in disposal groups) held for sale	25	12	-	283	-
	Total	**12**		**283**	
TOTAL ASSETS		**5,806,364**		**5,700,212**	

2i Rete Gas S.p.A
The Chief Executive Officer
Francesco Forleo

Liabilities

Thousands of euro

	Notes	31.12.2023	of which with related parties	31.12.2024	of which with related parties
EQUITY AND LIABILITIES					
Equity - Owners of the Parent	26				
Share capital		3,639	-	3,639	-
Treasury shares		-	-	-	-
Other reserves		600,732	-	592,471	-
Retained earnings/(accumulated losses)		572,442	-	629,494	-
Net profit/(loss) for the year		182,071	-	222,199	-
Total Equity - Owners of the Parent		**1,358,883**		**1,447,803**	
Equity - non-controlling interests					
Non-controlling interests		1,829	-	1,824	-
Net profit/(loss) for the year - non-controlling interests		(5)	-	134	-
Total equity - non-controlling interests		**1,824**		**1,958**	
TOTAL EQUITY		**1,360,708**		**1,449,761**	
Non-current liabilities					
Long-term loans	27	3,036,295	-	2,520,672	-
Post-employment and other employee benefits	28	28,609	-	26,961	120
Provision for risks and charges	29	10,842	-	17,152	-
Deferred tax liabilities	14	-	-	-	-
Non-current financial liabilities	30	-	-	-	-
Non-current IFRS 16 financial liabilities	31	16,361	-	15,544	-
Other non-current liabilities	32	355,352	-	359,301	-
	Total	**3,447,459**		**2,939,630**	
Current liabilities					
Short-term loans	33	-	-	204,997	-
Current portion of long-term loans	34	507,437	-	517,809	-
Current portion of long-term and short-term provisions	35	81,471	-	85,930	-
Trade payables	36	222,807	7,417	213,431	3,262
Income tax payables	37	16,473	-	20,911	-
Current financial liabilities	38	32,651	-	29,979	-
Current IFRS 16 financial liabilities	39	7,303	-	7,384	-
Other current liabilities	40	130,056	11	230,347	3,165
	Total	**998,197**		**1,310,788**	
Non-current liabilities (or liabilities included in disposal groups) held for sale					
Non-current liabilities (or liabilities included in disposal groups) held for sale	25	-	-	33	-
	Total	**-**		**33**	
TOTAL LIABILITIES		**4,445,656**		**4,250,451**	
TOTAL EQUITY AND LIABILITIES		**5,806,364**		**5,700,212**	

2i Rete Gas S.p.A
The Chief Executive Officer
Francesco Forleo

4. Statement of Cash Flows

Thousands of euro

	Notes	31.12.2023	31.12.2024
A) CASH AND CASH EQUIVALENTS - OPENING BALANCE	**22**	**46.038**	**324.901**
Cash flow from operating activities			
Profit/(loss) before tax		253,033	316,856
Taxes	9	(70,967)	(94,523)
1. Net profit/(loss) for the period		**182,066**	**222,333**
Adjustments for:			
Amortisation/depreciation	6.d	233,055	239,401
Impairment/(Reversals)/(Releases)	6.d	(823)	1,879
Capital (gains)/losses	5.b/6.e	13,435	8,378
Allocations to provisions for risks and charges and post-employment benefits		37,012	38,176
Financial (income)/expenses	7 e 8	65,729	63,141
2. Total adjustments		**348,407**	**350,975**
Change in net working capital			
Inventories	18	(4,997)	1,926
Trade receivables	19	(141,094)	(74,434)
Trade payables	36	(226,188)	(9,376)
Other current assets	24	233,898	76,330
Other current liabilities	40	(13,010)	100,324
Net tax receivables/(payables)	23 e 37	25,910	5,119
Increase/(decrease) in provisions for risks and charges and post-employment benefits	28, 29 and 35	(13,005)	(12,609)
Increase/(decrease) in provisions for deferred tax assets and liabilities	14	(9,251)	(7,665)
Other non-current assets	17	9,368	(29,607)
Other non-current liabilities	32	1,287	3,950
Financial income/(expenses) other than for financing	8	(1,071)	(867)
3. Total change in net working capital		**(138,150)**	**53,092**

continues >>

>> continued

	Notes	31.12.2023	31.12.2024
B) CASH FLOW FROM OPERATING ACTIVITIES (1+2+3)		**392,323**	**626,400**
Cash flow (used in)/generated by investing activities			
Net fixed assets		(367,682)	(361,470)
Purchase of subsidiary and income from equity investments	7, 15 and IFRS 3	(239)	449
C) CASH FLOW (USED IN)/GENERATED BY INVESTING ACTIVITIES		**(367,922)**	**(361,021)**
D) FREE CASH FLOW (B+C)		**24,401**	**265,378**
Cash flow from financing activities			
Dividend payout		(111,011)	(125,019)
Financial income/(expenses) relating to the FV of the derivative instrument from Comprehensive Income	7 and 8	(6,707)	(10,867)
Financial income for financing activities	8	4,533	8,689
Financial (charges) for financing activities and monetary changes in amortised cost	8,16,27 and 34	(74,517)	(69,969)
Receipts from debenture loan issues	27	550,000	-
Debenture loan settlements	27 and 33	(87,688)	(489,705)
Change in short-term and long-term financial debt	27 and 33	(118,182)	186,818
Change in other non-current financial assets	16	96,183	(443)
Change in other financial receivables	20 and 21	(3,791)	1,536
Change in IFRS 16 financial leases	31, 39 and 11	(7,398)	(7,952)
Change in other financial payables	38	13,040	(2,672)
E) CASH FLOW FROM FINANCING ACTIVITIES		**254,462**	**(509,584)**
F) CASH FLOW FOR THE PERIOD (D+E)		**278,864**	**(244,206)**
G) CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**22**	**324,901**	**80,695**

2i Rete Gas S.p.A
The Chief Executive Officer
Francesco Forleo

5. Statement of Changes in Equity

Thousands of euro

	Share capital and reserves									
	Share capital	Share premium reserve	Legal reserve	Reserves for valuation of derivatives	Other reserves	Retained earnings/ (accumulated losses)	Profit/(loss) for the year	Total - Owners of the Parent	Total - Non-controlling interests	Total consolidated equity
Total 31 December 2022	**3,639**	**286,546**	**728**	**84,412**	**235,589**	**517,750**	**169,815**	**1,298,479**	**1,829**	**1,300,308**
Allocation of profit/(loss) for 2022:										
Breakdown of profit/(loss)	-	-	-	-	-	58,804	(58,804)	-	-	-
Contribution from shareholders and payments to them as shareholders										
- Dividend payout	-	-	-	-	-	-	(111,011)	**(111,011)**	-	**(111,011)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(111,011)***	-	***(111,011)***
- Other changes	-	-	-	-	4,111	(4,111)	-	-	-	-
- Change in IAS reserves	-	-	-	(10,877)	222	0	-	**(10,655)**	(0)	**(10,655)**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	182,071	**182,071**	(5)	**182,066**
Total 31 December 2023	**3,639**	**286,546**	**728**	**73,535**	**239,922**	**572,442**	**182,071**	**1,358,883**	**1,824**	**1,360,708**
Allocation of profit/(loss) for 2023:										
Breakdown of profit/(loss)	-	-	-	-	-	57,052	(57,052)	-	-	-
Contribution from shareholders and payments to them as shareholders										
- Dividend payout	-	-	-	-	-	-	(125,019)	**(125,019)**	-	**(125,019)**
Total contribution from shareholders and payments to them as shareholders	-	-	-	-	-	-	-	***(125,019)***	-	***(125,019)***
- Change in IAS reserves	-	-	-	(8,259)	(1)	(0)	-	**(8,260)**	0	**(8,260)**
- Profit/(loss) for the year recognised in profit and loss account	-	-	-	-	-	-	222,199	**222,199**	134	**222,333**
Total 31 December 2024	**3,639**	**286,546**	**728**	**65,276**	**239,921**	**629,494**	**222,199**	**1,447,803**	**1,958**	**1,449,761**

2i Rete Gas S.p.A
The Chief Executive Officer
Francesco Forleo

6. Notes to the Consolidated Financial Statements

Format and contents of the Financial Statements

The 2i Rete Gas Group operates in the gas distribution sector. The Parent Company 2i Rete Gas S.p.A. is a joint stock company, and is based in Milan, Via Alberico Albricci, 10.

The local structure of the Parent Company consists of six departments.

The departmental offices are:

- North-West Department - Via Gazzoletto, 16/18 - 26100 Cremona (CR);
- North Department - Via Francesco Rismondo, 14 - 21049 Tradate (VA);
- North-East Department - Via Serassi, 17/Rs - 24124 Bergamo (BG);
- Centre Department - Via Morettini, 39 - 06128 Perugia (PG);
- South-West Department - Via Boscofangone snc - 80035 Nola (NA);
- South-East Department - Via Enrico Mattei - 72100 Brindisi (BR).

On 12 February 2025 the Directors of 2i Rete Gas S.p.A. approved these consolidated financial statements, which were made available to the Shareholders within the terms set forth in art. 2429 of the Italian Civil Code.
For the purposes of IAS 10.17, the date taken into consideration by the Directors in preparing the financial statements is 12 February 2025.
These consolidated financial statements are audited by Ernst & Young S.p.A.

Compliance with IFRS/IAS

The consolidated financial statements for the year ended 31 December 2024 have been prepared in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Board (IASB), as endorsed by the European Union pursuant to EC Regulation no. 1606/2002 and effective at the end of the year, and the related SIC/IFRIC interpretations issued by the Interpretation Committee, in force at the same date. The above standards and interpretations are hereinafter referred to as "IFRS-EU".

Reporting and valuation criteria

These consolidated financial statements have been drawn up using a standard application of the accounting standards set out below for all the years shown.

Basis of presentation

The consolidated financial statements consist of the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related Notes.
The assets and liabilities reported in the Statement of Financial Position are classified on a "current/non-current" basis, separately disclosing the assets and liabilities held for sale. Current assets, which include cash and cash equivalents, are those intended to be realised, sold or used during the Group's normal operating cycle or in the twelve months following the reporting period; current liabilities are those expected to be settled during the Group's normal operating cycle or in the twelve months following the reporting period.
Items in the Profit and Loss Account are classified based on the nature of costs, while the Statement of Cash Flows is presented using the indirect method.
The consolidated financial statements are presented in euro (the functional currency) and the values shown in the notes are expressed in thousands of euro, unless otherwise stated.
The consolidated financial statements have been prepared using the historical cost method, except for those items which, in accordance with the IFRS-EU, are measured at fair value, as indicated in the valuation criteria for the individual items.
These consolidated financial statements have been prepared on a going-concern basis, as set out in greater detail in the Directors' Report.

Consolidation criteria

The consolidated financial statements are prepared consolidating the data of the Parent Company and of the investee companies it controls, directly or indirectly, on a line-by-line basis. Control exists when the Group is exposed to variable returns arising from its relationship with the Company, or has rights over such returns, and at the same time has the ability to affect them by exercising its power over the Company. The financial statements of subsidiaries are included in the consolidated financial statements from when the Parent Company starts to exercise control until the date when such control ends.
The Group accounts for business combinations by applying the acquisition method on the date when it effectively obtains control of the purchased company. In this regard, reference should be made to the section "Business combinations" below.

Third-party equity investments are valued in proportion to the related share of net identifiable assets of the purchased company at the acquisition date. The changes in the Group's stake in a subsidiary which do not entail loss of control are recognised as transactions among shareholders in their role as shareholders.
In the case of loss of control, the Group derecognises the subsidiary's assets and liabilities, any third-party equity investments and other equity items relating to the subsidiaries. The profit or loss deriving from the loss of control is recognised in profit or loss. Any residual equity investment held in the former subsidiary is measured at the fair value at the date of loss of control.
In drawing up the consolidated financial statements, debit and credit items are derecognised, as well as costs and revenue of all significant transactions among the companies included in the scope of consolidation. Unrealised profits, as well as capital gains and losses arising from transactions among Group companies, are also derecognised.

Use of estimates

Preparing the financial statements under the IFRS-EU requires the use of estimates and assumptions which impact the values of assets and liabilities and disclosure on contingent assets and liabilities at the reporting date, as well as on total revenue and costs in the reporting period. The estimates and related assumptions are based on previous experience and other factors considered reasonable in the circumstances. They are adopted when the carrying amount of financial statement items cannot be easily deduced from other sources. The actual results might therefore differ from these estimates. The estimates and assumptions are periodically revised, and the effect of each change is reflected in profit or loss, should that revision relate only to the year in question. Should the revision relate to both current and future years, the change is recorded in the year in which it is carried out and in related future periods.

Revenue recognition

Revenue from gas transport is determined annually on the basis of the tariff regulation in force, which, as from 2009, sets forth the definition of the tariff revenue cap (known as VRT, Vincolo dei Ricavi Tariffari) which is allowed for each gas distribution company. On the basis of Resolution 570/2019/R/gas adopted at the end of 2019, parameters regulating the calculation of the VRT for the years from 2020 to 2025 (Fifth Regulatory Period) were defined.
The figure for revenue is accounted for in the invoicing of gas transport to sales companies and, to complement the VRT value, in the CSEA equalisation element.

Since it is necessary to base the VRT calculation on an asset recognition which is updated to the previous year, the Company must also estimate a growth rate for its average active Redelivery Points to enable the updating of the figure for the year just ended.
Therefore, the value indicated also includes an estimated element, whose impact is largely insignificant, connected to the increase in the average number of active Redelivery Points.
When the balance is calculated, the value of the VRT annually communicated by ARERA by means of a specific resolution may be subject to change depending on the actual average number of Redelivery Points served and invoiced.

Pensions and other post-employment benefits

Some company employees participate in pension plans which offer benefits based on salary history and years of service. In addition, some employees benefit from other post-employment benefit schemes.
The expenses and liabilities associated with these plans are calculated on the basis of estimates made by our actuarial consultants, who use a combination of statistical and actuarial elements, including statistics relating to past years and forecasts of future costs. Estimates are also made of death and withdrawal rates, assumptions on the future trend in discount rates, the rates of wage increases and trends in medical care costs.
These estimates can significantly differ from actual results, owing to changes in economic and market conditions, increases or decreases in withdrawal rates and the lifespan of participants, as well as changes in actual medical care costs. Such differences can have a substantial impact on the quantification of pension costs and other related charges.

Recoverability of non-current assets

The carrying amount of non-current assets and assets held for sale is periodically tested for impairment, and wherever circumstances or events suggest that more frequent testing is necessary.
Where the carrying amount of a group of fixed assets is considered to be impaired, it is written down to its recoverable amount, as estimated on the basis of the use of the assets and their future disposal, in accordance with the Company's most recent plans.
The estimates of these recoverable amounts are considered to be reasonable, however possible changes in the estimation factors used to calculate the aforementioned recoverable amounts could produce different measurements. For further details on the means of carrying out the impairment test and its results, reference should be made to the specific section.

Disputes

The 2i Rete Gas Group is involved in various legal disputes relating mainly to labour cases and litigation with some concession-granting Authorities.
Given the nature of these disputes, it is not always objectively possible to foresee the final outcome of these proceedings, some of which could end with a negative outcome.
The estimate of the provisions is the result of a complex process which entails subjective assessments by management. The provisions for risks recorded in the financial statements have been estimated to cover all significant liabilities for cases where lawyers have noted a likely negative outcome and made a reasonable estimate of the amount of the loss.

Bad debt provision

This provision reflects the estimates of losses on the Company's receivables portfolio. Allocations have been made for forecast losses on receivables, estimated on the basis of past experience in reference to receivables with similar credit risk, current and historical unpaid amounts, write-offs and receipts as well as careful monitoring of the quality of the receivables portfolio and the current and forecast state of the economy and key markets.
Although the provision allocated is adequate, the use of different assumptions or a change in economic circumstances could result in changes to the bad debt provision and, therefore, have an impact on profits.
The estimates and assumptions are periodically revised, and the impact of each change is reflected in profit or loss in the relevant year.

Equity investments in associates and companies subject to joint control

Equity investments in associates are those in which the 2i Rete Gas Group has considerable influence over the financial and operational policies, although not holding control or joint control.
Companies subject to joint control or joint ventures are companies where the Group, by virtue of an agreement, claims rights over net assets.
Equity investments in associates and in joint ventures are initially recognised at cost and subsequently recognised on an equity basis. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of profits or losses of the investee companies accounted for using the equity method, until the date on which said considerable influence or joint control ends.

Business combinations

Business combinations subsequent to 1 January 2010 are recognised using the acquisition method envisaged by IFRS 3 (Revised). The identifiable assets acquired and the liabilities assumed are measured at their respective fair values at the acquisition date. Any surplus in the purchase cost over the fair value of the net assets acquired is accounted for as goodwill or, if a deficit, recognised in profit or loss. The carrying amount of any goodwill is subject to annual impairment testing in order to identify any impairment.
Should it be possible to determine the fair value of the assets, liabilities and identifiable contingent liabilities only provisionally, the business combination is recognised using these provisional values. Any adjustment arising from the completion of the valuation process is recognised within 12 months of the acquisition date.
Transaction costs, other than those relating to the issue of debt securities and equity, which are incurred by the Group to make a business combination, are recognised as operating costs when incurred.

Combinations of entities under common control

Business combinations under which the participating companies are definitively controlled by the same company or companies both before and after the combination, and this control is not temporary, are regarded as "under common control" transactions.
These transactions are not regulated by IFRS 3 or by other IFRSs. In the absence of a relevant international accounting standard, in compliance with the principle of prudence which entails application of the criterion of continuity of values for the net assets acquired, the Group has opted to recognise assets and liabilities from any combinations of entities under common control at the carrying amount which these assets and liabilities had in the financial statements of the seller/acquiree or in the consolidated financial statements of the common controlling entity. Where the transfer values are higher than the historical values, the surplus is eliminated by writing down the Group's equity.

Property, plant and equipment

In compliance with IFRIC 12, effective as from 1 January 2010, the Group analysed its outstanding concessions at 31 December 2010 and made changes to the accounting treatment of fixed assets. As specified in greater detail below, following application of IFRIC 12, some fixed assets which were previously considered as tangible are now reclassified as intangible.

Property, plant and equipment not relating to gas distribution concessions are recognised at historical cost, including directly attributable ancillary costs necessary for the asset to be ready; subject to any legal or implicit obligations, the cost may be increased by the present value of the cost estimated for the dismantling and removal of the asset. The corresponding liability is recognised in liabilities under a specific provision for future risks and charges. Currently, no liability linked to the dismantling and removal of assets is recognised, since there are no legal or implicit obligations which justify such recognition.
The purchase or production cost includes the financial expenses relating to loans connected to the purchase of tangible assets, exclusively when a significant period of time must elapse before the asset is ready for use and when the loans directly attributable to the purchase or construction of the asset are identifiable.
Some assets, which were revalued at the date of transition to the IFRS-EU or in previous periods, have been recognised on the basis of the revalued cost, considered as deemed cost.

Should significant parts of individual tangible assets have different useful lives, the identified components are recognised and depreciated separately.
The costs incurred subsequent to the purchase are recognised as an increase in the carrying amount of the asset to which they refer, when it is probable that future economic benefits deriving from the cost will flow to the Group and the cost of the item can be reliably determined. All other costs are recognised in profit or loss in the year in which they are incurred.
The cost of replacing part or all of an asset is recognised as an increase in the value of the asset to which it refers and is depreciated over its residual useful life; the net carrying amount of the replaced unit is recognised in profit or loss, with recognition of any capital loss.
Property, plant and equipment are recognised net of accumulated depreciation and any impairment losses, determined as set out below.
Depreciation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed annually; any changes are applied on a prospective basis. Depreciation begins when the asset is ready for use.

The estimated useful life of the main tangible assets is as follows:

Asset description	Useful Life
Land	-
Non-industrial buildings	50
Industrial buildings	50
Miscellaneous equipment and concentrators	8, 10, 15, 20
Office furniture and equipment	5, 8, 33, 10
Electronic devices	5
Vehicles	5
Cars	4, 5
Other	4, 5, 15

Land, both unbuilt and with industrial and non-industrial buildings, is not depreciated as it has an indefinite useful life, except for the land which is transferred for free at the end of the concession.

Intangible assets

As noted above, in compliance with IFRIC 12, effective as from 1 January 2010, the Group analysed its outstanding concessions at 31 December 2010 and made changes to the accounting treatment of fixed assets. In particular, since the Group is subject to demand risk, the accounting treatment which it considered correct to apply is that of intangible assets: all the proprietary infrastructure obtained under a concession contract is no longer recognised as tangible assets but classified as intangible assets.

Intangible assets are measured at purchase or internal production cost, when it is likely that the use of such assets will generate future economic benefits and the related cost can be reliably determined.
The cost includes directly attributable ancillary expenses necessary to make the assets ready for use. The cost includes the financial expenses relating to the loans connected to the purchase of intangible assets, exclusively when a significant period of time must elapse before the asset is ready for use and when the loans directly attributable to the purchase or construction of the asset are identifiable.

Intangible assets which have a finite useful life are recognised net of accumulated amortisation and any impairment losses, determined as follows.
Amortisation is calculated on a straight-line basis over the asset's estimated useful life, which is reviewed at least annually; any changes are applied on a prospective basis.
Amortisation begins when the intangible asset is ready for use.
The estimated useful life of the main intangible assets is as follows:

Description	Useful Life
Intellectual property rights	3, 5, 20 years
Concessions	concession life(*)(**)
Licences, trademarks and similar rights	3, 5, 20 years
Goodwill	indefinite, subject to impairment testing
Other	3 -5 - 7 - 10 - 20 - 50 years - useful life of contract

(*) Amortisation is calculated based on the realisable value estimated at the end of the concession life, where applicable. In case of concessions expired at the end of the reporting period and whose expiration date has been postponed, the residual value is reviewed taking into account the relevant expiration postponement.

(**) With the locations acquired through ATEM tenders, the useful lives specifically provided for in the tariff regulation were applied, taking into account any remaining useful life.

Intangible assets which have an indefinite useful life are not systematically amortised but undergo at least an annual check for recoverability (impairment test).
As for concessions, the 2i Rete Gas Group holds the concession for the gas distribution service assigned by tender for a maximum period of 12 years by local authorities (municipalities, municipality groups and mountain communities). Through service agreements, local authorities can set the terms and conditions for the distribution service, as well as the quality levels to be achieved. The concessions are allocated on the basis of the financial conditions, quality and safety standards, investment plans and the technical and managerial capabilities offered.
As in the previous Report, it should be highlighted that a significant number of concessions managed by the 2i Rete Gas Group for gas distribution were terminated on the basis of their natural or ope legis expiry at 31 December 2010.
It is noted that since the publication of Legislative Decree no. 93/11 on 29 June 2011, local authorities may only initiate new tenders within the terms set forth in the "Ambit" and "Criteria" decrees issued in 2011. For this reason only those local authorities that have initiated the tender procedure for the surrender of the gas distribution concession prior to the publication of Legislative Decree no. 93/11 may proceed with said tender. In all other cases, tenders are suspended until municipalities are ready to call them on a territorial basis. In the meantime, the 2i Rete Gas Group is continuing with the management of the network in the same way as prior to the expiry.
Should the concession not be reassigned to the Group, the Group would have the right to compensation equal to the industrial value of the assets used for the concession determined in accordance with the relevant laws.

IFRS 16 right-of-use assets

IFRS 16 right-of-use assets are fixed assets reflected in the financial statements as of 1 January 2019 following first-time adoption of the standard in question.
This standard provides the lessee with a single accounting model requiring the recognition of assets and liabilities for all leases.
The lessee must recognise the leased asset under tangible assets and at the same time recognise financial liabilities equal to the current value of future payments. The only admitted exceptions are short-term leasing (for 12 months or less) and the leasing of "small assets" (e.g. office furniture, PCs) for which accounting treatment is similar to that currently adopted for operating leases.
In the mapping carried out, three main cases were identified which are of interest in the Group's contracts:

- vehicle hire;
- property lease;
- ICT services entailing exclusive use of the underlying assets.

The Group organised and categorised these contracts, recording the relevant clauses for the purposes of IFRS 16 accounting, as well as establishing an incremental borrowing rate curve, which mirrors the real rate to which the Group would be subject in case of use of capital markets.

Impairment losses

Tangible and intangible assets are reviewed at least once a year to determine whether there is evidence of impairment. If such evidence exists, their recoverable amount is estimated.
The recoverable amount of goodwill and intangible assets with an indefinite useful life as well as that of intangible assets not yet available for use, is estimated at least annually.

For an asset which does not generate fully independent cash flows, including goodwill, the recoverable amount is determined in relation to the "cash generating unit" (CGU) to which this asset belongs.
To this end, it should be noted that the Group has identified a single "Gas Distribution and Metering" CGU, which coincides with the entire Group.
The recoverable amount is the higher of an asset's fair value, net of disposal costs, and its value in use.
In determining the value in use, the Group applies the RAB methodology.

An impairment is recognised in profit or loss if the carrying amount of an asset, or of the CGU to which it is allocated, is higher than its recoverable amount.
Impairment of a CGU is first charged against the carrying amount of any goodwill allocated to the CGU, then proportionally to reduce the other assets which make up the CGU.
Impairment losses are reversed if the impairment has been reduced or is no longer present or there has been a change in the assumptions used to determine the recoverable amount. Impairment of goodwill can never be reversed in future years.

Inventories

Inventories are measured at the lower of cost and the net realisable value. The weighted average cost method is used, which includes relevant ancillary expenses. The net realisable value is the sale price estimated in normal business operations, net of the costs estimated for the sale or, where applicable, the replacement cost.

Financial Instruments

The initial recognition of non-derivative financial assets and liabilities takes place, for loans, receivables and debt securities issued, at the moment when they originated, while for all the other financial assets and liabilities it takes place on the trading date.
Financial assets are derecognised when: i) the contractual rights to receive cash flows end; ii) when the Group has maintained the right to receive cash flows from the asset, but has taken on the contractual obligation to pay them in full without any delay to a third party; or iii) when the Group has transferred the right to receive cash flows from the asset and has substantially transferred all the risks and benefits of ownership of the financial asset, or has transferred control over the financial asset.
Any residual involvement in the transferred asset which is originated or maintained by the Group is recorded as a separate asset or liability.
The Group derecognises a financial liability when the obligation specified in the contract is fulfilled or cancelled or has expired.

Fair Value hierarchy under IFRS 13

In accordance with IFRS 13, assets and liabilities recognised at fair value in the consolidated financial statements are measured and classified based on the fair value hierarchy outlined by the standard, which consists of three levels based on the observability of the inputs to the corresponding valuation technique. Fair value hierarchy levels are based on the type of inputs used to determine fair value:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g. quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; market-corroborated inputs);
- level 3: unobservable data for the asset or liability, reflecting the assumptions that market participants should use in pricing the asset or liability, including the risk assumptions (of the model and the inputs used).
  The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire fair value measurement requires judgement, taking into account factors specific to the asset or liability.

A fair value measurement developed using a present value technique might be categorised within Level 2 or Level 3, depending on the inputs that are significant to the entire measurement and the level of the fair value hierarchy within which those inputs are categorised. If an observable input requires an adjustment using unobservable inputs and that adjustment is material to the measurement, the resulting measurement would be categorised within the same level as the lowest level input used.

The Group has implemented adequate controls to monitor all measurements, including those received from third parties. If those checks show that the measurement cannot be considered as market corroborated, the instrument must be categorised within Level 3.

Financial assets measured at fair value through profit or loss

This category includes any financial assets held for trading or measured at fair value through profit or loss at the time of initial recognition.
Such assets are initially recognised at their fair value. The attributable transaction costs are recognised in profit or loss when they are incurred. Profit and losses from subsequent changes in their fair value are recognised in profit or loss.

Financial assets held to maturity

This category includes non-derivative financial instruments quoted in an active market that do not represent equity investments, which the Company can and intends to hold until maturity. They are initially recognised at fair value, including any transaction costs; subsequently, they are measured at amortised cost using the effective interest rate method, net of impairment (if any).

Any impairment losses are calculated as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted on the basis of the original effective interest rate.

Loans and receivables

This category includes financial and trade receivables, including non-derivative debt securities, with fixed or determinable payments, that are not quoted on an active market and that the Group does not originally intend to sell.

At first, such assets are recognised at fair value, adjusted for any transaction costs, and subsequently measured at amortised cost using the effective interest rate method, adjusted for any impairment losses. Any impairment losses are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted on the basis of the original effective interest rate.

Trade receivables falling due in line with generally accepted trade conditions are not discounted.
Receivables relating to EECs refer to contributions which will be awarded by the Cassa per i Servizi Energetici e Ambientali (Fund for Energy and Environmental Services) for certificates in the 2i Rete Gas Group's portfolio.
Receivables in general have been derecognised, since the right to receive the respective cash flows has been stopped when all the risks and benefits relating to the holding of credit have been substantially transferred or if the credit is deemed to be definitively uncollectable after all necessary recovery procedures have been completed. When the credit is cancelled, the relative provision is also eliminated if the credit had previously been written down.

Financial assets available for sale

This category includes debt securities, equity investments in other entities (if classified as "available for sale") and financial assets that cannot be classified in other categories. Such assets are initially recognised at fair value increased by any transaction costs. After initial recognition, these instruments are measured at fair value against the other comprehensive income.

At the time of sale, retained earnings and accumulated losses are reclassified from other comprehensive income to profit or loss.
Where there is objective evidence that such assets have suffered an impairment loss, the accumulated loss is recognised in profit or loss. Such impairment losses, which cannot be subsequently reversed, are calculated as the difference between the carrying amount of the asset and the present value of future cash flows, discounted at the market interest rate for similar financial assets.
When the fair value cannot be reliably determined, these assets are recognised at cost adjusted for any impairment losses.

Cash and cash equivalents

This category is used to record cash and cash equivalents that are available on demand or at very short term, clear successfully and do not incur collection costs.
For the statement of cash flows, cash and cash equivalents comprise bank and post office deposits and cash in hand.

Trade payables

Trade payables are initially recognised at fair value and subsequently measured at amortised cost. Trade payables falling due in line with generally accepted trade conditions are not discounted.

Financial liabilities

Financial liabilities other than derivatives are initially recognised at fair value at the settlement date, net of directly attributable transaction costs. Financial liabilities are subsequently measured at amortised cost, using the effective interest rate method.

Derivatives

Derivatives, if any, are recognised at fair value and are designated as hedging instruments when the relationship between the derivative financial instrument and the hedged item is formally documented and the effectiveness of the hedge is high (based on a periodic assessment).

Recognition of the result of measurement at fair value depends on the type of hedge accounting adopted.

When the derivatives are used to hedge the risk of changes in the fair value of hedged assets or liabilities (fair value hedge), any changes in the fair value of the hedging instrument are recognised in profit or loss; likewise, adjustments to the fair values of the hedged assets or liabilities are also recognised in profit or loss.

When the derivatives are used to hedge the risk of changes in cash flows of hedged items (cash flow hedge), the changes in the fair value that are considered effective are recognised in other comprehensive income, and presented in a specific equity reserve, and subsequently reclassified to profit or loss in line with the economic effects produced by the hedged transaction.

The ineffective portion of the fair value of the hedging instrument is recognised in profit or loss.

Changes in the fair value of derivatives that no longer qualify for hedge accounting under IFRS-EU are recognised in profit or loss.

The accounting for such instruments is done at the trading date.

Financial and non-financial contracts (where they have not already been measured at fair value) are assessed to determine whether they contain any embedded derivatives that need to be separated and measured at fair value. This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated so that it significantly changes the original associated cash flows.

Fair value is determined using the official prices for instruments traded on regulated markets. For instruments not traded on regulated markets, fair value is determined by discounting expected cash flows on the basis of the market interest rate curve at the end of the reporting period and translating amounts in currencies other than the euro at period-end exchange rates.

Employee benefits

Liabilities related to employee benefits paid upon or after leaving employment and in connection with defined benefit plans or other long-term benefits granted during the employment period are determined separately for each plan, using actuarial assumptions to estimate the amount of the future benefits that employees have accrued at the end of the reporting period. The liability is recognised on an accrual basis over the vesting period of the related rights. These measurements are performed by independent actuaries. Following the adoption of IAS 19, the actuarial gains/losses that emerge following these measurements are immediately recognised in other comprehensive income.
Where the Group shows a demonstrable commitment, with a detailed formal plan without realistic possibility of withdrawal, to a termination before retirement eligibility has been reached, the benefits due to employees in respect of the termination are recognised as a cost and measured on the basis of the number of employees that are expected to accept the offer.

Provisions for risks and charges

Allocations to provisions for risks and charges are recognised when, at the reporting date, there is a legal or implicit obligation towards third parties, as a result of a past event, the settlement of which is expected to result in an outflow of resources whose amount can be reliably estimated. Where the effect is significant, allocations are determined by discounting expected future cash flows using a pre-tax discount rate that reflects the current market value of the cost of funding in relation to timing and, if applicable, the specific risks of the obligation. If the amount is discounted, the periodic adjustment of the present value due to timing is recognised as a financial expense in profit or loss.

Contributions

Whether they are from public entities or third parties operating in the private sector, contributions are recognised at fair value when it is reasonably certain that they will be received and that the conditions for their recognition will be met.
Contributions received for specific expenditures are systematically recognised among other liabilities and taken to profit or loss over the period in which the related costs are incurred.
Public contributions (plant contributions) received for specific assets whose value is recognised among tangible and intangible assets are recognised among other liabilities and taken to profit or loss over the amortisation/depreciation period of the assets they refer to.
Private contributions (connection fees, including property subdivision contributions) are recognised in a specific liability item in the statement of financial position and taken to profit or loss in relation to the amortisation/depreciation period of the assets they refer to.

Revenue and Costs

Revenue is recognised using the following criteria depending on the type of transaction:

- revenue from the sale of assets is recognised when the significant risks and rewards of ownership of the assets sold are transferred to the buyer and their amount can be reliably determined and collected;
- revenue from gas transport is accrued on the basis of the tariffs and related restrictions contained in legal provisions and in the provisions of ARERA, in force during the reporting period. It is recalled that with the introduction of the new formula for recognising gas transport revenue adopted since 2009, with the entry into force of ARG/gas Resolution no. 159.08, largely re-confirmed with ARERA Resolutions 573/13,367/14 and 570/19, an equalisation mechanism was created to allow the revenue accruing to distribution companies to be counted as remuneration for invested capital and operating costs attributable to the gas distribution and metering service, regardless of the volumes distributed;
- revenue from the rendering of services is recognised in line with the stage of completion of the services. Should it not be possible to reliably determine the value of revenue, it is recognised up to the amount of the costs incurred and expected to be recovered.

Costs are recognised when they relate to goods and services sold or used in the year or allocated through systematic accrual when it is not possible to identify their future benefit.

Financial income and expenses

Financial income and expenses are recognised on an accrual basis in line with interest accrued on the net value of the related financial assets and liabilities using the effective interest rate method.

Dividends

Dividends from equity investments are recognised when the right of the shareholders to receive the dividend payment is established.

The dividends payable to third parties are recognised as a change in equity on the date on which they are approved by the Shareholders' Meeting.

Income taxes

Current income taxes for the year, recognised as "income tax payables" net of advances paid or as "income tax receivables" if the net balance is positive, are determined on the basis of the estimated taxable income and in accordance with the current fiscal regulations or the fiscal regulations essentially in force at the end of the reporting period.

Deferred tax liabilities and assets, which are set out in the tables as the net impact of the two items under assets, are calculated based on the temporary differences between the carrying amounts recorded in the financial statements and their corresponding values recognised for tax purposes by applying the tax rates effective on the date the temporary difference will be settled, based on the tax rates that are enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised when recovery is likely, i.e. when sufficient future taxable income is expected to be available to recover the assets. Recoverability of deferred tax assets is re-examined at the end of each reporting period.

Taxes relating to components that are directly recognised in equity are also recognised in equity.

Discontinued operations and non-current assets held for sale

Non-current assets (or disposal groups) whose carrying amount will mainly be recovered through sale rather than ongoing use are classified as held for sale and shown separately from the other assets and liabilities in the Statement of financial position. These non-current assets (or disposal groups) are initially recognised according to the appropriate IAS/IFRS that is applicable to each asset and liability and subsequently at the lower of their carrying amount and their fair value, less costs to sell. Any subsequent impairment loss is directly recognised against any non-current assets (or disposal groups) classified as held for sale and recognised through profit or loss. The relevant carrying amounts for the previous year are not reclassified.
A discontinued operation is a part of a business which has been sold or classified as held for sale and which:

- represents a significant branch or geographic area of activity;
- is part of a coordinated plan for the disposal of a significant branch or geographic area of activity, or
- is a subsidiary that was purchased only to be resold.

Results of discontinued operations, whether they have been sold or classified as held for sale and in the process of being sold, are recognised separately in profit or loss, net of tax effects. The corresponding values for the previous year, if any, are reclassified and recognised separately in profit or loss, net of tax effects, for comparative purposes.

Recently issued accounting standards

Pursuant to IAS 8, the following section "Accounting standards, amendments and interpretations applicable by the Group as from this year" sets out the main features of the amendments to the International Accounting Standards in force as from 1 January 2024 and of potential interest for the Group.

In the following sections, there is an indication of the accounting standards and interpretations which have already been issued, but not yet come into force, or which have not yet been endorsed by the European Union and are therefore not applicable for the drafting of the financial statements at 31 December 2024, the impact of which may be included as from the financial statements for subsequent years.

Endorsed accounting standards and interpretations in force from 1 January 2024

In compliance with IAS 8 "Accounting policies, changes in accounting estimates and errors", the IFRS in force from 1 January 2024 are indicated hereunder:

- on 23 January 2020, the IASB issued the document "Classification of Liabilities as Current or Noncurrent (Amendments to IAS 1)" providing a more general approach to the classification of liabilities under IAS 1. The purpose is to clarify whether a liability can be classified as non-current if it is expected, or if there is the option, to refinance or renew an obligation for at least twelve months after the reporting period under an existing loan with the same lender, under the same or similar terms. According to the IASB, the classification of liabilities as current or non-current should be based on the existing rights at the end of the period, and only these rights should influence the classification of a liability;
- on 22 September 2022, the IASB issued the document "Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)" with amendments that clarify how a seller of an asset, who subsequently becomes the lessee of the same asset, should assess sale and leaseback transactions under IFRS 15. The Board established that the seller-lessee must measure the liabilities deriving from the leaseback in such a way that no profit or loss is recognised related to the right to continue using the asset;
- finally, on 25 May 2023, the IASB published "Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)", to be applied in the presence of agreements involving financing to suppliers, with the aim of requiring the financing entity to provide additional qualitative and quantitative information in addition to existing obligations. The information includes, among other things, the carrying amounts, the characteristics of the agreements, and the impacts on the entity's cash flows.

The adoption of these amendments has not had any impact on the Group's consolidated financial statements.

International accounting standards and/or interpretations issued but still not in force in 2024

As required by IAS 8 "Accounting policies, changes to accounting estimates and errors", shown below are the new standards or interpretations issued but still not in force or yet to be approved by the EU at 31 December 2024 and, therefore, not applicable, and the foreseeable impacts on the Consolidated financial statements.

- on 9 April 2024, the IASB published the new standard IFRS 18 "Presentation and Disclosure in Financial Statements", which will replace IAS 1 "Presentation of Financial Statements". The main changes in the new standard include the introduction of categories and subtotals defined in the profit and loss account, the introduction of requirements to improve aggregation and disaggregation, the inclusion of information in the notes to the financial statements on performance indicators defined by management (MPM), and targeted improvements to the cash flow statement by modifying IAS 7. The standard will be effective for financial years beginning on or after 1 January 2027, with early adoption permitted;
- on 30 May 2024 with the document "Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7", the IASB has clarified some problematic aspects that emerged in the implementation of IFRS 9, including the accounting treatment of financial assets whose returns vary based on the achievement of ESG objectives (e.g., green bonds). The amendments aim to clarify the classification of financial assets with variable returns linked to environmental, social and corporate governance (ESG) objectives, and the criteria to be used for assessing the SPPI test. They also determine that the settlement date of liabilities through electronic payment systems is the date on which the liability is considered extinguished. The amendments will apply from the financial statements for years beginning on or after 1 January 2026;
- on 15 August 2023, the IASB published "Lack of Exchangeability (Amendments to IAS 21)", an amendment that contains the criteria for determining when one currency is convertible into another and how to determine its exchange rate when it is not. It also defined how to determine the exchange rate to be applied when a currency is not convertible. In addition, the IASB requires the disclosure of additional information when a currency is not convertible: in particular, in such case, it is necessary to provide information that enables the readers of the financial statements to assess how the inability to convert a currency affects, or is expected to affect, the economic result, the net financial position and the cash flows. The amendments will take effect from 1 January 2025;
- annual Improvements Volume 11 (issued on 18 July 2024; effective from 1 January 2026) - are limited to amendments that clarify the wording of an accounting standard or correct unintended consequences, omissions or relatively minor conflicts between the requirements of the Accounting Standards. In particular, the amendments introduced by Annual Improvements Volume 11 concern: IFRS 1 ("First-time Adoption of International Financial Reporting Standards") with reference to hedge accounting by those adopting IFRS for the first time; IFRS 7 ("Financial Instruments: Disclosures") regarding the gain or loss from derecognition, the implementation guidance, the introduction, the disclosure on the deferred difference between fair value and transaction price, and information on credit risk; IFRS 9 ("Financial Instruments") for the derecognition of lease liabilities and the transaction price; IFRS 10 ("Consolidated Financial Statements") in relation to the determination of a "de facto agent"; and IAS 7 ("Statement of Cash Flows") with reference to the cost method;
- amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) - The update to IFRS 9 and IFRS 7, "Contracts Referencing Nature-dependent Electricity", published on 18 December 2024 and entered into force from 1 January 2026, specifically concerns the accounting of electricity supply contracts whose price is linked to natural factors (such as the amount of rainfall for hydroelectric energy or the amount of wind for wind energy). In summary, the update introduces exceptions to the normal rules for accounting for derivatives contained in IFRS 9 for these specific contracts;
- on 9 May 2024, the IASB issued IFRS 19, allowing eligible entities to opt for reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of other IFRS accounting standards. To be eligible, at the reporting date, an entity must be a subsidiary under IFRS 10, must not have public accountability, and must have a parent entity (ultimate or intermediate) that prepares publicly available consolidated financial statements in compliance with IFRS accounting standards.

IFRS 19 will enter into force from financial years beginning on or after 1 January 2027, with early application permitted.

As the Group has public accountability, it is not eligible to choose to apply IFRS 19.

The impacts on the Group's Financial Statements following these changes are currently being analysed.

Information on Profit and Loss Account

Revenue

Methane gas is transported by the Company exclusively within Italy.

5.a Revenue from sales and services – 867,119 thousand euro

"Revenue from sales and services" refers mainly to gas transport activity and the connection fees and is composed as follows:

Sales and services

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Third parties:			
Gas and LPG transport	742,704	822,681	79,978
Release/(Allocation) to the provision for risks	(1,136)	(595)	541
Connection fees, network extension and plant relocation contributions	10,315	10,466	151
Ancillary fees	5,657	5,446	(211)
Revenue from customer operations	939	1,081	142
Sundry revenue and other sales and services	24,991	28,040	3,048
Total revenue from sales and services	**783,470**	**867,119**	**83,650**

Revenue from gas transport totalled 822,681 thousand euro, and mainly refers to the 2024 Tariff Revenue Cap for natural gas together with revenue from adjustments relating to previous years.
The item increased during the year, once the changes to the related item "Release/allocation to the provision for risks" were considered, totalling 80,519 thousand euro.
This figure was calculated further to the publication of ARERA Resolution 570/2019/R/gas, which indicated the means for calculating the tariffs for the 2020-2025 regulatory period. The significant increase observed is due to both the update of the tariff remuneration rate (set at 6.5% for the year 2024) and the increase in the gross capital formation deflator. The provision of Decision 1/2023, which recognises a remuneration linked to the residual value of the smart meters whose replacement took place earlier than the end of their useful life, has an impact of approximately 26.3 million euro in total.

Net provisions in the year (595 thousand euro) derive from Resolution 525/2022/R/GAS; said allocations were actually made to cover the risk of refunding, for locations with a year of first supply after 2017, of part of the Tariff Revenue Cap in the event that at the end of the observation period set by the Authority the minimum number of active users needed for full recognition of investments undertaken is not reached.
Connection fees, which totalled 10,466 thousand euro, were in line with previous years.

In "Sundry revenue and other sales and services", which amounted to 28,040 thousand euro in 2024 and increased by 3,048 thousand euro, there are revenue related to interventions for suspension and reactivation of defaulting customers at the request of retail sales companies, amounting to 10,043 thousand euro compared to the previous 7,336 thousand euro. In addition, revenue from meter reading, amounting to 7,066 thousand euro, are in line with the previous financial year. The category also includes revenue of 10,402 thousand euro related to the T.Col tariff component, which remains largely in line with the previous year.

5.b Other revenue – 28,927 thousand euro

"Other revenue" fell by 3,668 thousand euro and was as follows:

Other revenue

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Revenue from energy efficiency certificates	-	942	942
Revenue from plant contributions	3,280	2,822	(458)
Revenue from plant certification pursuant to Resolution no. 40	1,218	776	(442)
Rental income	273	81	(192)
Capital gains on disposal of assets	1,347	1,014	(333)
Compensation for damages, favourable judgments and legal costs	650	855	205
Other revenue and income and services	8,229	6,998	(1,231)
Revenue and contribution concerning photovoltaic plants	157	131	(26)
Technical quality revenue	17,441	15,308	(2,133)
Total other revenue	**32,595**	**28,927**	**(3,668)**

It is noted that revenue, costs and allocations for EECs have been recognised in aggregate form, thus presenting only the net margin (positive or negative) for the year.

The net positive balance of EEC management in 2024 therefore appears in this item for 942 thousand euro, while that of the previous year is negative under "Other costs".

Revenue as per Resolution 574/2013/R/gas concerning the technical quality of gas distribution and metering services recorded a decrease of 2,133 thousand euro. The balance of 15,308 thousand euro depends on both the number of gas chromatography tests undertaken by the distributor (a parameter which the Group can control) and on the fall in leaks at the distributor's plants (a parameter that cannot be governed directly by the distributor except through continuous monitoring, undertaken with dedication using new, cutting-edge technologies).

The capital gains on disposal of assets include a capital gain of 1,014 thousand euro, primarily related to the completion of the transfer of ownership of certain plants and real estate used for the gas distribution service in the municipality of Locate Triulzi, as well as the sale of some properties that took place during 2024.

Lastly, the item "Other revenue and income and services" shows a decrease of 1,231 thousand euro compared with the previous year's result; this item basically consists of revenue from activities carried out on defaulting end customers, the administrative management of which has been delegated to the gas distributor. In the previous financial year, the balance was influenced by the closure of a dispute with a supplier, which resulted in the enforcement of the provided guarantee.

5.c Revenue from intangible assets/assets under development – 349,058 thousand euro

As from 1 January 2010 the Company has been recognising this revenue pursuant to IFRIC 12 "Service concession arrangements".

Revenue from intangible assets / assets under development

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Revenue from intangible assets / assets under development	336,572	349,058	12,486
Total revenue from intangible assets / assets under development	**336,572**	**349,058**	**12,486**

Revenue from intangible assets and assets under development represents the share of revenue directly attributable to the construction and enhancement of gas distribution infrastructure held under concession. Since it is not possible to identify a specific item relating to the network construction service in the existing tariff system, this revenue is recognised to the extent of the costs incurred for the same purpose, and therefore has no impact on gross margin.

Costs

As already noted, all costs recognised under the accounting model as per IFRIC 12 are broken down by nature within the pre-existing cost items.

The following table provides a summary of the items relating to the Company's operating costs in order to ensure their compliance with the aforementioned standard.

Costs relating to revenue from intangible assets / assets under development

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Raw materials and consumables	7,925	12,616	4,692
Costs for services	219,081	218,053	(1,028)
Other operating costs	752	746	(6)
Amortisation/depreciation	3,593	3,787	194
Capitalised costs for materials, personnel and services	105,221	113,856	8,635
- of which labour cost	*69,269*	*72,419*	*3,150*
- of which raw materials and consumables	*35,952*	*41,437*	*5,485*
Total costs relating to revenue from intangible assets / assets under development	**336,572**	**349,058**	**12,486**

6.a Raw materials and consumables – 60,600 thousand euro

"Costs of raw materials and consumables" and the changes thereto compared to the previous year are detailed below:

Raw materials and consumables

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Costs for the purchase of gas, water and lubricants	3,206	3,190	(16)
Stationery and printed materials	178	197	19
Various materials	58,696	55,288	(3,408)
(Change in inventories of raw materials)	(4,997)	1,926	6,923
Total costs of raw materials and consumables	**57,082**	**60,600**	**3,518**
- of which capitalised for intangible assets	*43,877*	*54,053*	*10,177*
- of which costs relating to the construction and improvement of the infrastructure	*628*	*604*	*(24)*

The item "Costs for raw materials and consumables" is essentially made up of costs for the purchase of materials, fuel and lubricants used in the pipe-laying process.

As regards the various materials, the most significant amount in the item relates to purchase costs for meters and network equipment.

6.b Services – 364,163 thousand euro

"Costs for services" are broken down as follows:

Costs for services

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Maintenance, repair and realisation of assets	221,353	215,641	(5,712)
Costs for electricity, power and water	3,633	3,736	103
Gas (for internal use)	2,824	3,623	799
Telephone and data transmission costs	3,245	3,116	(129)
Insurance premiums	4,695	4,772	77
Costs for services and other expenses relating to personnel	4,873	4,402	(471)
Fees	829	795	(34)
Legal and notary costs	1,792	1,564	(228)
Costs for company acquisitions and disposals/ strategic consulting	25	400	375
Advertising	175	218	44
IT services	12,670	17,597	4,926
Meter reading service	3,467	3,488	21
Audit fees	573	422	(151)
Repairs and emergency service	3,680	4,118	438
Plant certifications Resolution no. 40	381	323	(58)
Gas transport by third parties	838	1,352	514
Professional, other and consultancy services	7,030	9,193	2,163
Other costs for services	9,787	8,437	(1,349)
Costs for use of third-party assets			
Leases	1,097	834	(263)
Rentals	477	430	(46)
Other costs for use of third-party assets	2,736	2,786	50
Fee for temporary occupation of public space (C.o.s.a.p.)/Single Property Tax (CUP)	5,701	5,673	(28)
Municipal gas concession fees	66,339	71,242	4,903
Total	**358,219**	**364,163**	**5,944**
- of which costs relating to the construction and improvement of the infrastructure	*219,081*	*218,053*	*(1,028)*

The aggregate figure of costs for services (including for third-party leases not falling within the scope of IFRS 16) showed an increase (up by 5,944 thousand euro) compared to the previous year. This balance includes expenses for maintenance activities (215,641 thousand euro), capitalised as per the application of the IFRIC 12 interpretation (192,512 thousand euro). Excluding capitalised costs, the Services item still shows an increase of approximately 6,972 thousand euro, mainly due to higher costs for IT services and rental fees for the use of third-party assets.

Specifically, the change in the balance is attributable to the following main factors:

- while costs for the ordinary and extraordinary maintenance of distribution networks by third-party companies declined, also taking into account their capitalisation, costs for utilities (electricity, water, gas, telephony) rose on the whole by 773 thousand euro due to the increase in energy prices, particularly gas;
- services and personnel-related expenses, on the other hand, decreased by 471 thousand euro due to lower travel expenses;
- the costs for IT services significantly increased due to the project of transferring operations from on-premise servers to cloud services, which has been partially completed.

Professional, other and consultancy services expenses increased by a total of 2,163 thousand euro due to strategic consultancy, as well as costs for testing and design, which were later capitalised;

as for the costs for the use of third-party assets, rents, leases and rentals show a slight decrease, as does the single property fee. Municipal fees, on the other hand, increased by 4,903 thousand euro due to higher costs to be paid to the municipalities in relation to higher revenue recorded during the year, where the concession agreements provide a link between revenue constraints and concession costs.

It is noted that costs for services still include the cost quota for those contracts whose fees do not fall within the scope of application of IFRS 16 (intra-annual or low-value leases).

6.c Personnel costs – 148,063 thousand euro

Personnel costs are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Wages and salaries	100,073	108,035	7,961
Social security charges	30,360	32,336	1,976
Post-employment benefits	6,604	7,167	563
Asem/Fisde	(45)	(41)	4
Company Welfare Scheme	1,146	1,402	256
Other labour cost	508	(835)	(1,344)
Total labour cost	**138,647**	**148,063**	**9,417**
Non-recurring labour cost			
Redundancy incentives	259	-	(259)
Total non-recurring labour cost	**259**	**-**	**(259)**
Total labour cost	**138,906**	**148,063**	**9,158**
- of which costs relating to the construction and improvement of the infrastructure	*69,269*	*72,419*	*3,150*
- of which capitalised for other internal work	*424*	*451*	*27*

"Personnel costs" include all expenses incurred on an ongoing basis that, directly or indirectly, involve employees; this item shows an increase of 9,158 thousand euro.

The variance shown is linked to the recognition, as required by IAS 19, of the pro-rata economic impact of a monetary incentive plan for the Group's management, with a total amount attributable to 2024 of 9.2 million euro. The payment of this amount is conditional upon the successful completion of the divestment transaction.

Capitalisation for intangible assets rose by 3,150 thousand euro from the previous financial statements, due to the increased involvement of internal staff in the development of the assets.

The table below shows employee variations in the year by category.

Personnel movement

	Executives	Middle managers	White-collar employees	Blue-collar workers	Total
Personnel at 31 December 2023	35	123	1,355	664	2,177
Increase	-	-	87	38	**125**
Decrease	(1)	(10)	(65)	(68)	**(144)**
Change in category	-	5	(2)	(3)	**-**
Personnel at 31 December 2024	**34**	**118**	**1,375**	**631**	**2,158**

The normal personnel turnover was recorded during the year, with exits essentially due to some employees having reached retirement age.

6.d Amortisation, depreciation and impairment losses – 241,280 thousand euro

Impairment losses, depreciation of tangible assets and right-of-use assets and amortisation of intangible assets amounted to 241,280 thousand euro, up by 9,049 thousand euro compared to the previous year.
It is noted that, with the application of IFRIC 12, amortisation mainly concerns the rights over concessions in which the Company manages the gas distribution networks.
The item also includes amortisation related to long-term contracts for the right to use third-party assets, according to IFRS 16, amounting to 7,935 thousand euro.
It is noted that, with the introduction of IFRIC 12, amortisation mainly concerns the rights to concessions through which the Group manages gas distribution networks.
This item is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Depreciation of tangible assets	5,355	5,458	103
Depreciation of IFRS 16 right-of-use assets	7,604	7,935	330
Amortisation of intangible assets	220,096	226,009	5,913
Impairment losses:			
- Impairment of tangible assets	-	28	28
- Impairment of intangible assets	-	1,012	1,012
- Write-down of receivables	(823)	839	1,663
Total amortisation, depreciation and impairment losses	**232,232**	**241,280**	**9,049**
- of which costs relating to the construction and improvement of the infrastructure	*3,593*	*3,787*	*194*

6.e Other operating costs – 52,104 thousand

"Other operating costs" increased by 3,541 thousand euro compared to last year, due in particular to the net provisions for risks and charges:

Other operating costs

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Remuneration of statutory auditors, Supervisory Body and Committees	107	122	15
Remuneration of members of the Board of Directors	341	363	21
Membership fees	422	409	(13)
Contribution to the Supervisory Authority	116	170	53
Compensation to customers and penalties	2,762	8,705	5,944
Municipal tax on property	478	476	(2)
CCIAA (chamber of commerce) fees and duties	502	523	21
Net costs for energy efficiency certificates	1,185	-	(1,185)
Tax on the occupation of public space (Tosap)	5	2	(3)
Capital losses on the disposal of assets	14,775	9,361	(5,414)
Capital losses on the sale of assets	7	30	24
Local and sundry taxes	612	615	3
Other costs	3,551	4,737	1,186
(Net) provision for risks and charges	23,700	26,590	2,890
Total other operating costs	**48,563**	**52,104**	**3,541**
- of which costs relating to the construction and improvement of the infrastructure	*752*	*746*	*(6)*

More specifically, the increase in other operating costs was mainly due to penalties and indemnities, contributing 5,944 thousand euro (including those estimated for the Delta in-out, amounting to 5,030 thousand euro, and those for customers following the implementation, starting from 1.4.2023, of Resolution 269/2022/R/gas regarding the performance level of service related to redelivery points equipped with smart meters). This was offset by lower losses on the disposal and sale of assets, mainly related to meters, amounting to 5,414 thousand euro. The higher net provisions for risks and charges impacted the change with a positive balance of 2,890 thousand euro.

Capital losses were partly absorbed by the use of provisions specifically allocated for faulty meters that need replacing. A portion of the capital losses, where related to first-generation meters that at the date of replacement had not been fully amortised from a tariff perspective, is repaid by means of a tariff based on an annual payment.

The item also had a net balance of 1,185 thousand euro in 2023 for the purchase of Energy Efficiency Certificates: this amount, positive in 2024, appears in the profit and loss account for the year under the item "Other revenue".

6.f Capitalised costs for internal work – (1,103) thousand euro

Following the introduction of IFRIC 12, the costs directly related to construction work on the network under concession are no longer accounted for as capitalised costs for internal work.

For this reason, the item now only includes those residual costs which can be capitalised but do not concern concession assets. In the specific case, the value mainly refers to capitalisations of concentrators, equipment for the communication network of the new smart meters which are not part of the concession assets.

The details are shown in the following table:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Internal services	(424)	(451)	(27)
Other capitalised costs	(74)	(48)	26
Materials	(628)	(604)	24
Total capitalised costs for internal work	**(1,126)**	**(1,103)**	**23**

7. Income/(Expenses) from equity investments - 405 thousand euro

This item includes the economic impact of updating the equity valuation of associate companies 2i Servizi Energetici S.r.l. and Melegnano Energia Ambiente S.p.A..

8. Financial income/(expenses) - (63,546) thousand euro

This item is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Financial income			
- Interest income from loans to employees	0	-	(0)
- Interest income from current accounts and post office deposits	4,533	8,689	4,156
- Interest income from receivables from customers	31	10	(21)
- Other financial interest and income	2,076	662	(1,414)
Total income	**6,640**	**9,360**	**2,721**
Financial expenses			
- Interest expense on medium/long-term loans	8,842	8,571	(271)
- Other expenses on medium/long-term loans from banks	507	955	448
- Financial expenses on debenture loans	62,758	65,251	2,493
- Financial expenses from amortised cost	2,639	2,933	294
- Interest expense on short-term bank loans	653	4,322	3,668
- Interest expense on current bank accounts	386	204	(181)
- Discounting of post-employment and other employee benefits	1,074	859	(215)
- Interests on taxes and contributions	9	6	(2)
- Change in fair value of hedging derivatives reclassified from comprehensive income	(6,707)	(10,867)	(4,160)
- Other financial and interest expense	1,616	49	(1,567)
- IFRS16 Financial expenses	478	623	145
Total expenses	**72,256**	**72,906**	**650**
TOTAL FINANCIAL INCOME AND (EXPENSES)	**(65,616)**	**(63,546)**	**2,070**

Financial income and expenses posted a negative result (63,546 thousand euro), mainly due to the recognition in the year of interest relating to debenture loans and the related amortised cost, partially offset by the reversal from the equity reserve to the profit and loss account of the fair value of the hedging derivatives closed in 2018 and 2023; the balance also includes interest payable for the credit lines used during the year, both short-term and medium-to-long-term.
At 31.12.2024, the Group has outstanding financing totalling 3,254,091 thousand euro, of which 2,715,000 thousand euro relates to five tranches of the debenture loan maturing between 2025 and 2033, 334,091 thousand euro is divided across three credit lines, and a further 205,000 thousand euro consists of revolving credit facilities and short-term loans.
The company's debt structure is more than 90% at a fixed rate (3,145,000 thousand euro), primarily due to the presence of bond loan tranches, which has simultaneously allowed for

an extension of the average maturity of existing debt and a significant reduction in its cost. As regards interest income, a net increase in the amount was recorded during the year (4,156 thousand euro) due to a series of liquidity management transactions carried out after the last tranche of the debenture loan was issued.

9. Taxes – (94,523) thousand euro

This item is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Current taxes			
Current income taxes: IRES (corporate income tax)	65,287	83,889	18,602
Current income taxes: IRAP (regional business tax)	14,931	18,127	3,196
Total current taxes	**80,217**	**102,016**	**21,798**
Adjustments for income taxes relating to previous years			
Negative adjustments for income taxes relating to previous years	-	187	187
Positive adjustments for income taxes relating to previous years	-	(15)	(15)
Total adjustments for income taxes relating to previous years	**-**	**172**	**172**
Deferred and prepaid taxes			
Deferred taxes (use)/allocation	(3,386)	(2,311)	1,074
Prepaid taxes (allocation)/use	(5,865)	(5,291)	574
Total current deferred and prepaid taxes	(9,251)	(7,603)	1,648
Adjustments to deferred taxes from previous years	-	-	-
Adjustments to prepaid taxes from previous years	-	(62)	(62)
Total adjustment of deferred and prepaid taxes	-	(62)	(62)
Total deferred and prepaid taxes	**(9,251)**	**(7,665)**	**1,586**
TOTAL TAXES	**70,967**	**94,523**	**23,556**

Income taxes for 2024 totalled 94,523 thousand euro, up by 23,556 thousand euro year-on-year.
The increase is due to normal operations, which saw an increase in the profit before taxes of 63,823 thousand euro.
Specifically, taxes represent the recognition of the charge for current taxes for the year, including IRES of 83,889 thousand euro and IRAP of 18,127 thousand euro.
The actual IRES tax rate for 2024 was 26.5%.

The Group confirms that it is in compliance with the provisions of Pillar 2, as implemented by Italian legislation, having complied with the overall minimum tax requirement of 15% for all activities carried out in Italy, as shown in the calculations of the tax actually paid and in the related disclosure.

The table below shows the reconciliation of the actual and theoretical tax rates, determined by applying the tax rate in force during the year to profit before tax, without taking into account the adjustments from previous years:

Thousands of euro

	31.12.2023	31.12.2024
Profit/(loss) before tax	253,033	316,856
Theoretical IRES taxes	**60,764**	**76,058**
Lower taxes:		
- capital gains from exempt equity investments	-	52
- release of contributions taxed in prior years	1,327	1,298
- use of provisions	5,308	7,279
- release of provisions	2,903	5,436
- reversal of statutory amortisation/depreciation not deducted in prior years	3,923	4,240
- deducted tax amortisation	7,444	7,432
- other	4,416	1,940
Higher taxes:		
- allocations to provisions	13,008	17,956
- amortisation/depreciation on amounts that are not recognised for tax purposes	3,501	2,783
- statutory amortisation/depreciation exceeding the fiscal limits	11,535	11,946
- reversal of excess fiscal amortisation/depreciation deducted in prior years	714	725
- partially deductible costs	938	969
- taxes and duties	10	3
- other	135	1,125
Total current income taxes (IRES)	**65,287**	**83,889**
IRAP	**14,931**	**18,127**
IRES and IRAP exemption from prior years	**-**	**172**
Total deferred taxes	**(9,251)**	**(7,665)**
TOTAL INCOME TAXES FROM CONTINUING AND DISCONTINUED OPERATIONS	**70,967**	**94,351**

10. Discontinued operations – 0 thousand euro

The result from discontinued operations was zero.

Information on the Statement of Financial Position

Assets

Non-current assets

11. Property, plant and equipment – 33,333 thousand euro

Following the introduction of IFRIC 12, property, plant and equipment include only those assets that are not related to gas distribution concessions. Such assets are recognised as intangible.

The breakdown and changes in property, plant and equipment in 2022 and 2023 are shown below:

Thousands of euro

	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Improvements on third-party assets	Fixed assets under construction and advances	Total
Historical cost	7,051	31,841	15,621	27,356	30,696	12,841	-	125,407
Accumulated depreciation	-	(22,944)	(4,464)	(25,198)	(22,969)	(11,751)	-	(87,325)
Balance at 31.12.2022	**7,051**	**8,897**	**11,157**	**2,159**	**7,727**	**1,091**	**-**	**38,082**
Increases (including Fixed assets classified as available-for-sale)	-	145	1,757	373	2,380	248	-	4,903
Commissioning	-	-	-	-	-	-	-	-
Disposals	-	(5)	(517)	-	(37)	(3)	-	(563)
Gross value	-	(13)	(677)	(30)	(2,121)	(3,012)	-	*(5,852)*
Acc. depr.	-	8	160	30	2,083	3,008	-	*5,289*
Reclassifications	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Fixed assets classified as available-for-sale	-	(12)	-	-	-	-	-	(12)
Gross value	-	(249)	-	-	-	-	-	*(249)*
Acc. depr.	-	237	-	-	-	-	-	*237*
Depreciation	-	(558)	(1,038)	(545)	(2,873)	(342)	-	(5,355)
Total changes	**-**	**(430)**	**202**	**(172)**	**(530)**	**(97)**	**-**	**(1,027)**
Historical cost	7,051	31,724	16,702	27,699	30,955	10,078	-	124,208
Accumulated depreciation	-	(23,257)	(5,342)	(25,712)	(23,758)	(9,084)	-	(87,154)
Balance at 31.12.2023	**7,051**	**8,467**	**11,360**	**1,987**	**7,197**	**993**	**-**	**37,054**

continues >>

>> continued

Thousands of euro

	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Improvements on third-party assets	Fixed assets under construction and advances	Total
Increases (including Fixed assets classified as available-for-sale)	-	1,026	1,479	454	148	190	-	3,298
Commissioning	-	-	-	-	-	-	-	-
Disposals	(222)	(3)	(534)	-	(17)	(0)	-	(776)
Gross value	(222)	(350)	(751)	(33)	(950)	(3,549)	-	*(5,854)*
Acc. depr.	-	347	216	33	933	3,549	-	*5,078*
Reclassifications	(3)	-	-	-	-	-	-	(3)
Gross value	(3)	-	-	-	-	-	-	*(3)*
Acc. depr.	-	-	-	-	-	-	-	-
Impairment losses	(15)	(12)	-	-	-	-	-	(28)
Fixed assets classified as available-for-sale	(454)	(301)	-	-	-	-	-	(754)
Gross value	(454)	(1,777)	-	-	-	-	-	*(2,231)*
Acc. depr.	-	1,477	-	-	-	-	-	*1,477*
Depreciation	-	(509)	(1,105)	(440)	(3,064)	(340)	-	(5,458)
Total changes	**(694)**	**201**	**(160)**	**15**	**(2,933)**	**(151)**	**-**	**(3,721)**
Historical cost	6,357	30,623	17,430	28,120	30,154	6,719	-	119,403
Accumulated depreciation	-	(21,955)	(6,230)	(26,119)	(25,889)	(5,876)	-	(86,069)
Balance at 31.12.2024	**6,357**	**8,668**	**11,200**	**2,002**	**4,264**	**843**	**-**	**33,333**

The item in question at 31.12.2024 shows a net negative change compared to 31.12.2023 of 3,721 thousand euro due to normal investment, divestment and depreciation trends for these assets.

Plant and equipment, in particular, mainly concern concentrators and data receiving and transmission devices that are part of the communication network of smart meters. These are excluded from the scope of IFRIC 12 as they are not recognised as concession assets.

12. IFRS 16 right-of-use assets – 23,340 thousand euro

Following the application of standard IFRS 16, hire, rental or lease contracts are carried in this item as exclusive use rights.

It is noted that liabilities include a related financial debt, equal to the sum of estimated and appropriately discounted future fees.

Below is the table of changes in fixed assets for 2023 and 2024.

Thousands of euro

	IFRS 16 Property	IFRS 16 Vehicles	IFRS 16 ICT	Total
Historical cost	33,652	13,490	597	**47,739**
Accumulated depreciation	(14,672)	(6,580)	(414)	**(21,666)**
Balance at 31.12.2022	**18,981**	**6,910**	**182**	**26,073**
Increase and change in right-of-use assets	3,343	2,966	244	**6,552**
Disposal and changes in right-of-use assets	(721)	(214)	(27)	**(962)**
Gross value	(1,424)	(1,408)	(27)	***(2,860)***
Acc. depr.	703	1,194	-	***1,897***
Depreciation	(4,551)	(2,845)	(208)	**(7,604)**
Total changes	**(1,930)**	**(94)**	**8**	**(2,015)**
Historical cost	35,571	15,047	813	**51,431**
Accumulated depreciation	(18,520)	(8,231)	(622)	**(27,373)**
Balance at 31.12.2023	**17,051**	**6,816**	**191**	**24,058**
Increase and change in right-of-use assets	3,621	4,207	249	**8,077**
Disposal and changes in right-of-use assets	(607)	(254)	(0)	**(861)**
Gross value	(731)	(2,402)	(0)	***(3,134)***
Acc. depr.	124	2,149	-	***2,273***
Depreciation	(4,702)	(2,991)	(241)	**(7,935)**
Total changes	**(1,688)**	**962**	**8**	**(718)**
Historical cost	38,460	16,852	1,062	**56,375**
Accumulated depreciation	(23,098)	(9,074)	(863)	**(33,035)**
Balance at 31.12.24	**15,363**	**7,778**	**199**	**23,340**

13. Intangible assets – 4,814,208 thousand euro

It should be noted that, following the introduction of IFRIC 12, intangible assets also include fixed assets related to gas distribution concessions.
The breakdown and changes in intangible assets for 2023 and 2024 are shown below:

Thousands of euro

	Patent and intellectual property rights	Concessions and similar rights	Concessions and similar rights - Fixed assets	Fixed assets under development	Other intangible assets	Goodwill	Advances	Total
Balance at 31.12.2022	**1,535**	**4,183,916**	**51,502**	**3,139**	**38,997**	**305,253**	**15**	**4,584,357**
Increases (including Fixed assets classified as available-for-sale)	2,277	312,620	34,702	525	17,202	-	-	**367,326**
Commissioning	-	30,737	(30,723)	(2,759)	2,759	-	(14)	**0**
Decreases	-	(24,667)	(144)	(21)	-	-	-	**(24,832)**
Reclassifications	-	-	-	-	-	-	-	**-**
Impairment losses	-	-	-	-	-	(153)	-	**(153)**
Fixed assets classified as available-for-sale	-	(4)	(3)	-	-	-	-	**(7)**
Amortisation	(1,135)	(204,752)	-	-	(14,209)	-	-	**(220,096)**
Total changes	**1,142**	**113,934**	**3,833**	**(2,255)**	**5,752**	**(153)**	**(14)**	**122,238**
Balance at 31.12.2023	**2,676**	**4,297,850**	**55,335**	**884**	**44,749**	**305,100**	**1**	**4,706,595**
Increases (including Fixed assets classified as available-for-sale)	-	303,920	45,168	371	14,997	-	-	**364,456**
Commissioning	-	37,169	(37,168)	(512)	512	-	(1)	**0**
Decreases	-	(28,922)	(759)	-	-	-	-	**(29,681)**
Reclassifications	-	3	-	-	-	-	-	**3**
Impairment losses	-	(947)	-	-	(65)	(145)	-	**(1,157)**
Fixed assets classified as available-for-sale	-	-	-	-	-	-	-	**-**
Amortisation	(940)	(208,699)	-	-	(16,370)	-	-	**(226,009)**
Total changes	**(940)**	**102,525**	**7,241**	**(140)**	**(927)**	**(145)**	**(1)**	**107,613**
Balance at 31.12.2024	**1,737**	**4,400,374**	**62,575**	**744**	**43,822**	**304,955**	**-**	**4,814,208**
of which historical cost	**102,761**	**8,598,632**	**62,575**	**744**	**196,234**	**304,955**	**-**	**9,265,901**
of which Accumulated amortisation	**(101,024)**	**(4,198,258)**	**-**	**-**	**(152,411)**	**-**	**-**	**(4,451,693)**

Intangible assets increased, compared to 31.12.2023, by 107,613 thousand euro, due to the investments made during the year.
The items "Concessions and similar rights" and "Concessions and similar rights – Fixed assets under development" showed an aggregate balance of 4,462,950 thousand euro in the financial year, an overall change of 109,765 thousand euro.
The item refers to the recognition of the Group's rights over fixed assets as concession holder and gas distribution service provider stemming from investments in the distribution network, as well as one-off fees for the acquisition of natural gas distribution concessions. In particular, investments related to the network that are aligned with the European objectives set out in Regulation (EU) 2220/852, identified in the Taxonomy section of this document under activity 4.14 of the Climate Change objective, amount to 253,465 thousand euro. These investments form part of the strategy to mitigate the transition risk associated with the tightening of greenhouse gas emission regulations, as described in the sustainability report under chapter "15.2.1 Climate Change".
Operating investments during the year amounted to 349,088 thousand euro compared to 347,322 thousand euro in the previous year.
Disposals during the year for these two classes amounted to (29,681) thousand euro, and related to routine replacement and improvement of equipment. Amortisation amounted to (208,699) thousand euro, reflecting a natural increase due to investments.
The amortisation of concession charges has been determined on a straight-line basis and on the basis of the estimated realisable value at the end of the concession.
The Group determined the terms of the concessions using the same criteria adopted in the previous year.

For concessions that have expired at the reporting date, and therefore operating in an extension regime (prorogatio), the residual value has been restated to take into consideration the postponement of the effective expiry of these concessions.

In particular, it is recalled that under the Decree of the Ministry of Economic Development dated 19 January 2011, "Determination of territorial ambits in the natural gas distribution sector", which came into force on 1 April 2011, according to art. 3(3) of the decree: "as from the entry into force of this measure, the tenders for the award of the gas distribution service as per article 14(1) of Legislative Decree no. 164 of 23 May 2000, for which the call for tenders has not been published or for which the deadline for the submission of tenders has not expired, shall be awarded only in respect of the areas determined in annex 1, which forms an integral part of this measure" and that, in accordance with article 14(7) of Legislative Decree no. 164/2000, "The outgoing operator, pursuant to article 14(7) of Legislative Decree no. 164 of 23 May 2000, remains obliged, however, to continue the management of the service until the effective date of the new assignment."

"Fixed assets under development and advances" mainly consisted of investments in software being developed to ensure more efficient management of the Company's activities.

During 2024, 512 thousand euro in fixed assets under construction were completed, while new investments rose by 371 thousand euro, therefore determining a final balance of 744 thousand euro.

"Other intangible assets" of 43,822 thousand euro include other long-term costs, also linked to the implementation of smart meter remote control or remote reading systems.

"Goodwill" totalled 304,955 thousand euro and relates to the deficit from the merger of companies that had previously been subsidiaries. This item was recognised in agreement with the Board of Statutory Auditors. It decreased during the year following the sale of certain assets relating to the Locate di Triulzi, Riva Ligure and Santo Stefano al Mare concession, in compliance with paragraph 86 of IAS 36.

The recoverable value of the goodwill recognised in the financial statements was estimated using the RAB method as at 31 December 2024. The recoverable amount of the "Gas Distribution and Metering" Cash Generating Unit is higher than the Net Invested Capital as at 31 December 2024.

In addition, a sensitivity analysis was carried out on the impairment test. The recoverable amount was determined using two empirical valuation methods: the market transaction price method (based on Italgas' proposal to acquire the majority stake in 2i Rete Gas on 5 October 2024) and the market multiples method of comparable companies. The sensitivity analysis also showed that the recoverable amount, determined according to the methods described above, was higher than the net invested capital recorded in the financial statements.

14.Net deferred tax assets – 138,557 thousand euro

Deferred tax assets and deferred tax liabilities are determined based on the tax rates in force at the reporting date. Deferred tax assets totalled 266,836 thousand euro, while deferred tax liabilities totalled 128,279 thousand euro.

Deferred tax assets and liabilities at 31 December 2024 were determined using the tax rates in force: 24% for IRES (corporate income tax) and 4.69% for IRAP (regional business tax).

Deferred tax assets increased as a result of normal changes during the year.
Considering, among other things, the flows estimated in the most recent business plans, the Group believes it can use deferred tax assets in the ordinary course of business.

The table below details changes in deferred tax assets and liabilities by type of temporary difference, determined according to the tax rates in force, and the portion of recoverable and non-recoverable deferred taxes.

Thousands of euro

	Balance at 31.12.2023	Increases recognised in		Decreases recognised in		Other changes			Balance at 31.12.2024
		Profit and loss account	Equity	Profit and loss account	Equity	Profit and loss account	Equity	Other reclassifications	
Deferred income tax assets:									
allocation to provisions for risks and charges with deferred deductibility	23,136	14,460	-	(10,190)	-	62	-	-	27,469
allocation to provisions for incentives to leave and stock options	522	1	-	(72)	-	-	-	-	451
allocation to provisions for disputes	3,543	2,377	-	(2,183)	-	-	-	-	3,737
allocation to provisions for inventory obsolescence	3,424	158	-	(185)	-	-	-	-	3,397
impairment losses with deferred deductibility (impairment of receivables)	1,529	122	-	(1,209)	-	-	-	-	441
impairment losses with deferred deductibility (impairment of plants)	1,903	3	-	-	-	-	-	-	1,907
depreciation and amortisation with deferred deductibility	145,654	11,965	-	(3,943)	-	-	-	-	153,675
separation of land-buildings and component analysis	114	0	-	-	-	-	-	-	115
start-up costs	2,225	0	-	-	-	-	-	-	2,225
Post-employment and other employee benefits	4,477	4,045	-	(989)	-	-	-	-	7,532
cash deductible taxes and duties	4	-	-	-	-	-	-	-	4
proceeds subject to deferred taxation (connection fees)	29,660	43	-	(320)	-	-	-	-	29,383
deferred deductibility charges	9,916	17	-	(1,876)	-	-	-	-	8,057
goodwill	33,415	57	-	(6,991)	-	-	-	-	26,480
post-employment and other employee benefits - OCI	1,858	-	4	-	-	-	-	-	1,862
for losses recoverable in future years	1	-	-	-	-	-	-	-	1
other consolidation adjustments	97	5	-	-2	-	-	-	-	100
Total	**261,479**	**33,252**	**4**	**(27,961)**	**-**	**62**	**-**	**-**	**266,836**
Deferred income tax liabilities:									
differences on tangible and intangible assets – additional depreciation and amortisation	23,442	288	-	(725)	-	-	-	-	23,005
differences on intangible assets – goodwill	5,197	2	-	-	-	-	-	-	5,199
separation of land-buildings and component analysis	3,835	8	-	-	-	-	-	-	3,843
allocation to assets of costs relating to company mergers	27,665	66	-	(1,673)	-	-	-	-	26,058
Post-employment and other employee benefits	814	-	19	-	(0)	-	-	-	832
proceeds subject to deferred taxation	3,764	358	-	-	-	-	-	-	4,122
derivative financial instruments (in case of a net positive change in the relevant equity reserve)	23,222	-	-	-	(2,608)	-	-	-	20,614
other...	630	567	-	(209)	-	-	-	-	989
ASEM - OCI	163	-	9	-	-	-	-	-	172
recognition of deferred taxes due to merger	44,439	386	-	(1,379)	-	-	-	-	43,446
5% dividends received already allocated to future years on an accruals basis	0	-	-	-	-	-	-	-	0
Total	**133,171**	**1,675**	**28**	**(3,986)**	**(2,608)**	**-**	**-**	**-**	**128,279**
Net deferred tax assets	**128,307**	**31,578**	**(24)**	**(23,975)**	**2,608**	**62**	**-**	**-**	**138,557**

15. Equity investments – 3,789 thousand euro

The table on the following page shows the changes in the year for each equity investment, with the corresponding values at the beginning and end of the year, as well as the list of equity investments held in other companies.

Thousands of euro

	Carrying amount	% ownership	Increases	Decreases	Original cost	Increase/ (Decrease)	Carrying amount	% ownership
	31.12.2023		movimenti del 2024				31.12.2024	
Associates								
Equity Method Valuation								
Melegnano Energia Ambiente SpA	3,548	40.00%	5		2,451	1,102	3,553	40.00%
2i Servizi Energetici S.r.l.	162	60.00%		(49)	6	107	113	60.00%
Other companies								
Valuation at cost								
Interporto di Rovigo S.p.A.	42	0.30%			42		42	0.30%
Fingranda S.p.A. in Liquidazione	26	0.58%			26		26	0.58%
Agenzia di Pollenzo S.p.A.	33	0.27%			33		33	0.27%
Industria e Università S.r.l.	11	0.09%			11		11	0.09%
Banca Popolare Pugliese	11	0.01%					11	0.01%
Immobiliare Cestia S.r.l.	0	0.05%					0	0.05%
TOTAL EQUITY INVESTMENTS	**3,833**		**5**	**(49)**	**2,569**	**1,209**	**3,789**	

The tables below show the list of equity investments in associates and their values as recognised in the Group's financial statements at 31 December 2024:

B) Associates	Registered office	Share Capital (euro)	Equity (euro)	Revenue (euro)	Profit/loss in previous year (euro)	End of the reporting period	% ownership	Consolidated carrying amount (euro)
Melegnano Energie Ambiente S.p.A.	Melegnano (MI)	4,800,000	8,883,415	2,620,193	12,345	31.12.2023	40%	3,553,366
2i Servizi Energetici S.r.l.	Milan	10,000	187,884	1,489,328	(81,941)	31.12.2024	60%	112,730

Finally, the equity investments in other companies at the same date were:

C) Other companies	Registered office	Share Capital (euro)	Equity (euro)	Revenue (euro)	Profit/loss in previous year (euro)	End of the reporting period	% ownership	Carrying amount (euro)
Interporto di Rovigo S.p.A.	Rovigo	6,904,887	8,214,390	3,995,009	514,646	31.12.2023	0.30%	41,634
Fingranda S.p.A. in Liquidazione	Cuneo	2,662,507	1,155,810	1,000	11,608	31.12.2023	0.58%	25,822
Agenzia di Pollenzo S.p.A.	Bra (CN)	23,079,108	22,987,710	1,083,242	124,877	31.12.2023	0.27%	33,082
Industria e Università S.r.l.	Varese	13,440,528	11,000,163	0	(27,624)	31.12.2023	0.09%	10,989
Banca Popolare Pugliese	Parabita (LE)	182,516,877	366,017,972	180,147,106	22,103,137	31.12.2023	0.01%	11,127
Immobiliare Cestia S.r.l.	Rome (RM)	50,000	329,338	140,463	(55,484)	31.12.2023	0.05%	26

16. Non-current financial assets – 14,444 thousand euro

The item includes primarily receivables for sums paid to contracting authorities for the purpose of tender preparation and which could be returned at the end of the procedure if it is lost.

Lastly, there is a residual deferral of transaction costs incurred in obtaining loan facilities unused at 31 December 2024.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Non-current deferred financial charges	236	1,469	1,233
Long-term loans to employees	86	36	(50)
Financial receivables from others	12,446	12,939	492
Total	**12,768**	**14,444**	**1,676**

17. Other non-current assets – 52,787 thousand euro

This item increased by 28,880 thousand euro compared to 31 December 2023; it is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Security deposits	3,732	3,787	55
Receivables for grants related to plants	560	560	-
Tax receivables claimed for reimbursement	306	306	-
Prepaid promotional expenses	41	34	(7)
From municipalities for disposals of assets due to expiration of concessions	824	625	(199)
Non-current receivables from CSEA	16,149	46,250	30,102
Other non-current assets	2,447	2,554	107
Bad debt provision - other non-current assets	(153)	(1,330)	(1,177)
Total	**23,906**	**52,787**	**28,880**

Guarantee deposits of 3,787 thousand euro refer to receivables for work to be performed on distribution plants as well as from user contracts.

The receivable for contributions to be received (560 thousand euro) consisted of the recognition of the medium/long-term portion of receivables for plant-related contributions to be received: this item was unchanged during the year.

Tax receivables of 306 thousand euro relate to reimbursement requests pursuant to art. 6 of Legislative Decree 185/2008 (deduction from IRES of the IRAP portion for labour costs and interest expense). There were no changes to this item in the year.

Receivables due from municipalities for disposals of assets due to the expiration of concessions totalled 625 thousand euro. This was the result of disputes or similar proceedings ongoing with some municipalities to define the amount of the refund owed to the Company as outgoing operator for the relevant concessions and plants already redelivered. Local action continued to resolve existing situations.

The balance of non-current receivables from the Energy and Environmental Services Fund (CSEA), amounting to 46,250 thousand euro, refers to the amount that will be recognised to distribution companies under Decision 1/23 and Resolution 155/09 for first-generation smart meters and traditional meters that, despite not having completed their tariff amortisation period, must be replaced. The residual amount due to the intense replacement activity that has taken place in recent years, will be repaid by CSEA according to the timeframe set out in the Resolution.

Finally, the balance of miscellaneous non-current assets includes the residual value of prepaid expenses in the form of rent paid in advance to API, the Company that owns the networks managed in the municipality of Rozzano (1,016 thousand euro).

Current assets

18. Inventories – 21,923 thousand euro

Closing inventories of raw materials, ancillaries and consumables mainly consisted of materials for construction and maintenance of gas distribution plants and, in particular, new smart meters.

Compared to the previous year, this item decreased by 1,926 thousand euro, due to purchases of smart meters during the year. It should be noted that the item includes the provision for the write-down of inventories of 881 thousand euro, set aside to take into account the inventories that are unlikely to be used in the future.

The Company uses the weighted average cost method.

19. Trade receivables – 272,167 thousand euro

Compared to 31.12.2023, trade receivables rose by 74,801 thousand euro.

The item is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Third-party customers:			
Receivables from customers	199,301	271,876	72,574
- Bad debt provision	(5,204)	(2,233)	2,971
Receivables for returns under warranty	8,883	6,674	(2,209)
- Bad debt provision for returns under warranty	(5,614)	(4,150)	1,465
Total	**197,365**	**272,167**	**74,801**

Receivables due from third-party customers consist of trade receivables and receivables from operations, and largely relate to gas distribution operations.

The positive difference compared to the previous year is due to the residual impact in 2023 of the introduction of negative tariff components and the elimination of certain existing components, an aspect that was entirely absent in 2024.

Such receivables are recognised net of a 2,233 thousand euro bad debt provision.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Receivables not past due	184.567	258.659	74.092
Past due receivables	14.735	13.217	(1.518)
- 0 to 90 days	204	1.976	1.773
- 91 to 180 days	248	731	482
- 181 to 360 days	341	1.304	964
- beyond 360 days	13.942	9.206	(4.736)
Total	**199.301**	**271.876**	**72.574**

With regard to the impact assessment pursuant to IFRS 9, the Company did not consider it necessary to update its assessments, since the guarantees hedging receivables significantly reduce the risk of insolvency.

Receivables for returns under warranty, which are recognised net of the relevant bad debt provision, concern receivables from the manufacturers of meters for non-functioning assets that have long-term warranties. The amount is stated net of the bad debt provision to take account of changed contractual conditions and findings that lead to the belief that the receivable is no longer collectable.
Changes in the bad debt provision are set out below.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Opening balance	**7,515**	**5,204**	**(2,311)**
Allocations	402	651	249
Releases	(1,240)	(1,018)	223
Uses	(1,472)	(2,576)	(1,104)
Other changes	-	(27)	(27)
Closing balance	**5,204**	**2,233**	**(2,971)**

The bad debt provision at 31 December 2024 was taxed to the tune of 1,599 thousand euro (4,803 thousand euro at 31.12.2023).
All Group companies operated exclusively in Italy.

20. Short-term financial receivables – 1,585 thousand euro

Short-term financial receivables consist of a receivable from the associated company 2i Servizi Energetici for 1,350 thousand euro, as well as other receivables from employees.

21. Other current financial assets – 3,981 thousand euro

Other current financial assets contain the interest income accrued from banks and third parties for 3,961 thousand euro.

22. Cash and cash equivalents – 80,695 thousand euro

Cash and cash equivalents decreased by 244,206 thousand euro following the closure of a tranche of a debenture loan under the Parent Company's EMTN programme and normal business operations.
Cash and cash equivalents are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Bank deposits	324,734	80,543	(244,191)
Post office deposits	5	5	(0)
Cash in hand	162	147	(15)
Total	**324,901**	**80,695**	**(244,206)**

Cash associated with operating activities is held in bank and post office deposits.

23.Income tax receivables – 2,378 thousand euro

Income tax receivables due from the Tax Authorities related to both IRES and IRAP; the balance in the year was due to normal changes for the payment of advances and balances during 2024.

24. Other current assets – 236,743 thousand euro

Other current assets declined by 76,810 thousand euro compared to the previous year, mainly due to lower receivables from CSEA of 28,182 thousand euro and low VAT receivables from the Tax Authorities amounting to 47,076 thousand euro, of which an additional 11,564 thousand euro were requested for reimbursement during the year.

Both changes are attributable to the final settlement of the specific situation from the previous two years, created as a result of the introduction of negative pass-through components and the elimination of certain tariff components. In 2023, this activity was more limited and almost fully resolved in the final months of the year.
In particular, receivables from CSEA include not only the amount deriving from receivables from the equalisation of the gas distribution service (82,230 thousand euro), but also the amount deriving from the receivables for UG2 and Gas Bonus "pass-through" items (52,487 thousand euro in total) and recognition of Technical Quality (63,605 thousand euro). This item also includes receivables for the recognition of remuneration on traditional meters and first-generation smart meters disposed of before the end of their useful lives (12,150 thousand euro).
The item must always be correlated with payables to the Equalisation Fund, as reported in note 40 "Other current liabilities".
This item is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Other tax receivables:			
VAT receivables claimed for reimbursement	35,786	275	(35,511)
Receivables due from tax authorities for VAT	12,339	774	(11,564)
Other tax receivables	277	62	(215)
Other receivables:			
From social security and insurance agencies	473	565	92
Receivables from CSEA	243,392	215,210	(28,182)
Receivables from third parties for sale of plants/tender/concession expiration	1,955	1,189	(766)
Receivables for grants related to plants	901	974	74
Receivables from municipalities	246	246	-
Receivables from suppliers	2,424	3,836	1,413
Other receivables	1,947	1,452	(495)
Provision for other doubtful debts	(2,402)	(1,074)	1,328
Accrued income	25	17	(8)
Deferred charges for other multi-year fees	35	58	23
Deferred charges for property lease fees	445	375	(70)
Deferred charges for promotional expenses	7	7	(0)
Deferred charges for insurance premiums	2,385	2,476	91
Other deferred charges	13,320	10,301	(3,019)
Total	**313,553**	**236,743**	**(76,810)**

25. Assets held for sale – 283 thousand euro

Under assets held for sale, the Group reports the value of three properties for the year, which is expected to be sold in the next 12 months.

Liabilities

Equity

26. Equity – 1,449,761 thousand euro

Equity rose by 89,053 thousand euro in the year as a result of the following changes:

- a decrease in the ordinary dividend payout of an overall 125,019 thousand euro;
- a decrease of 8,260 thousand euro in IAS reserves, relating to the value of the hedging derivatives now closed, but whose effects unfold over time based on the underlying hedged;
- an increase in the operating result of 222,333 thousand euro, of which 134 thousand euro resulting from the operating result for non-controlling interests.

SHARE CAPITAL – 3,639 THOUSAND EURO

At 31.12.2024 the share capital consisted of 363,851,660 2i Rete Gas S.p.A. ordinary shares, for a value of 3,639 thousand euro, fully subscribed and paid up.

SHARE PREMIUM RESERVE – 286,546 THOUSAND EURO

The share premium reserve did not change in the year.

LEGAL RESERVE – 728 THOUSAND EURO

The legal reserve stood at 728 thousand euro, with no change during the year.

RESERVES FOR VALUATION OF DERIVATIVES – 65,276 THOUSAND EURO

The reserve for valuation of derivatives was created in 2016 following the first subscription of Forward Starting Interest Rate Swap contracts. The swaps were closed as planned by 31.12.2023, while the effect on the profit and loss account for the reversal of the reserve for the valuation of derivatives is recorded on the basis of the interest expense flow of the Debenture Loan for the following 10 years.

OTHER RESERVES – 239,921 THOUSAND EURO

Other reserves are in line with the previous year due to the recognition in equity of the effect of the actuarial valuation of the Group's defined benefit plan.

RETAINED EARNINGS – 629,494 THOUSAND EURO

Retained earnings rose by 57,052 thousand euro from the previous year as a result of the allocation of the profit for the year 2023.

NET PROFIT/(LOSS) FOR THE YEAR – 222,199 THOUSAND EURO

The result for 2024 was up by 40,128 thousand euro on the previous year.

Non-current liabilities

27. Long-term loans – 2,520,672 thousand euro

The item refers to the four tranches of the long-term debenture loan issued by the Parent Company maturing between 2026 and 2033 and to three credit lines (totalling 316 million euro).

The table below shows short- and long-term debt expressed in the original currency and the relevant interest rate. The notional amount of the loan is the same as its carrying amount.

Thousands of euro

	Carrying amount		Notional amount		Interest rate	Interest rate
	31.12.2023	31.12.2024	31.12.2023	31.12.2024	in force	actual
Fixed-rate debt	70,000	70,000	70,000	70,000	1.39%	1.39%
Fixed-rate debt	155,000	155,000	155,000	155,000	1.40%	1.40%
Floating-rate debt	109,091	90,909	109,091	90,909	Eur+0.59%	3.19%
Debenture loan expiring 2025	500,000	-	500,000	-		
Debenture loan expiring 2026	435,000	435,000	435,000	435,000	1.75%	1.91%
Debenture loan expiring 2027	730,000	730,000	730,000	730,000	1.61%	1.62%
Debenture loan expiring 2031	500,000	500,000	500,000	500,000	0.58%	0.64%
Debenture loan expiring 2033	550,000	550,000	550,000	550,000	4.38%	4.48%
Costs linked to loans (long-term)	(12,795)	(10,237)				
TOTAL LONG-TERM	**3,036,295**	**2,520,672**	**3,049,091**	**2,530,909**		
Floating-rate debt	18,182	18,182	18,182	18,182	Eur+0.59%	3.19%
Short-term debt (hot money)		25,000		25,000	3.92%	3.92%
Short-term debt (hot money)		50,000		50,000	4.47%	4.47%
Loan - Revolving Credit Facility		130,000		130,000	4.37%	4.37%
Debenture loan expiring 2024	489,705	-	489,705	-		
Debenture loan expiring 2025		500,000		500,000	2.20%	2.29%
Costs linked to loans (short-term)	(450)	(376)				
TOTAL SHORT-TERM	**507,437**	**722,806**	**507,887**	**723,182**		

The maturity schedule for financial liabilities, whether medium-/long-term (notional amount of 2,530,909 thousand euro) or short-term (723,182 thousand euro – see points 33 and 34 of these notes), is shown in the following table:

Thousands of euro

	Notional		1 year	2 - 5 years	Beyond 5 years
	31.12.2023	31.12.2024			
Short and medium/long-term bank loans and debenture loans					
Loan - Medium/long-term Capex Line	334,091	315,909	-	297,727	18,182
Loan - Short-term Capex Line	18,182	223,182	223,182	-	-
Medium/long-term debenture loans	2,715,000	2,215,000	-	1,165,000	1,050,000
Debenture loans due within next year	489,705	500,000	500,000	-	-
Total	**3,556,978**	**3,254,091**	**723,182**	**1,462,727**	**1,068,182**

The terms and conditions of the debenture loan, issued for a market of institutional investors, do not provide for covenants.

The loans taken out with the European Investment Bank are subject to some covenants calculated on the basis of the consolidated financial statements that the Company must meet to continue using the credit lines.

The covenants relate to the following indicators:

- Total net financial debt;
- RAB (Regulatory Asset Base);
- EBITDA;
- Net Financial Charges.

At 31.12.2024 the Company had met all covenants.

28. Post-employment and other employee benefits – 26,961 thousand euro

The Group provides employees with various types of benefits, including post-employment benefits, health benefits, compensation due instead of notice of dismissal (Indennità Sostitutive del Preavviso - ISP) and compensation due instead of energy discount (Indennità Sostitutive Sconto Energia).

The item includes provisions for post-employment defined benefit plans and other long-term employee benefits required by law or contract.

Pursuant to IAS 19 Revised, these "defined benefit obligations" were determined using the "Projected Unit Credit Method", with the liability being calculated in proportion to the service already rendered at the reporting date, and not the service that might presumably be rendered overall.

In detail, the plans provided for the following benefits:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Post-employment benefits	22,135	21,089	(1,046)
ASEM health service	1,293	1,323	30
GAS Fund	5,181	4,549	(632)
Total	**28,609**	**26,961**	**(1,648)**

Below are comments on the main items making up the aggregate.

POST-EMPLOYMENT BENEFITS (TFR)

Under Italian law, when the employment relationship ends, the employee is entitled to receive post-employment benefits, corresponding, for each year of service, to an amount calculated by dividing their gross annual salary by 13.5.

It is noted that following the approval of Law 296 of 27 December 2006 (2007 finance law) and subsequent decrees and implementing regulations, only the portions of post-employment benefits held with the Company qualify as a defined benefit plan, while the accrued portions allocated to supplementary pension schemes and the treasury fund held by INPS (the Italian Social Security Agency) qualify as a defined contribution plan.

HEALTHCARE BENEFITS

Based on the Italian collective bargaining agreement for executives in the industrial sector, executives have the right to supplementary healthcare in addition to that provided by the Italian Health Service, during both the employment relationship and retirement. ASEM and FASI, the healthcare fund set up for workers in Italy's electricity industry, reimburse medical expenses.

FONDO GAS (GAS FUND)

Italian Law Decree no. 78/2015, coordinated with Law no. 125/2015 (Official Journal 14.08/2015), ordered the elimination of the "Fondo Gas" (Gas Fund) as from 1 December 2015. The decree also provided for the payment, either to current employees or as a voluntary continuation of the contribution to Fondo Gas, of an amount (to be paid by the employer) equal to 1% of the 2014 contribution to Fondo Gas, for each full year or any part thereof that the person has been a member of the fund. Said amount can be set aside with the employer or paid as a contribution to a supplementary pension scheme (hereinafter referred to as "former Fondo Gas Contribution"). The provision shall be made in 240 equal monthly instalments. Should the employment relationship end before the payments are completed, the remaining amount to be paid to Fondo Gas shall be paid in a lump sum at the time of the final wage.

The Company set aside an additional amount during the year after revising the estimate based on the more accurate data available on the average seniority of current employees for the purposes of Fondo Gas.

The main assumptions in the actuarial estimates of employee benefit liabilities (Gas Fund and post-employment benefits) are set out below.

	31.12.2023	31.12.2024
Actuarial assumptions		
Discount rate	3.10%	3.20%
Annual rate of increase in cost of living	2.00%	2.00%
Rate of increase in cost of health spending	3.30%	3.00%
Demographic assumptions		
Mortality rate	ISTAT Table 2017	ISTAT Table 2017
Resignation rate < 50 years of age	2.00%	2.00%
Resignation rate > 50 years of age	nil	nil

29. Provisions for risks and charges – 17,152 thousand euro

Provisions for risks and charges are used to cover contingent liabilities that might arise from litigation or other disputes, without taking into account the impact of disputes estimated to be settled in favour of the Group and those for which the potential expense cannot be measured reliably.

Provisions for risks and charges (considering both the short-term and the medium-/long-term portions) increased by 10,769 thousand euro on the whole compared to the previous year.

The table below shows the total provisions for risks and charges (both the short-term and the medium/long-term portion). The short-term portion is disclosed separately.

Thousands of euro

	31.12.2023	Of which current portion	Of which non-current portion	Allocations	Releases	Uses	Altri movimenti	31.12.2024	Of which current portion	Of which non-current portion
Provision for litigation and disputes	4,404	-	4,404	1,668	(848)	(871)	-	4,352	-	4,352
Provision for taxes and duties	2,125	-	2,125	463	(367)	(16)	-	2,204	-	2,204
Provision for disputes with personnel	100	-	100	-	-	-	-	100	-	100
Provision for disputes on concessions	33,735	33,735	-	7,370	(4,074)	(109)	-	36,921	36,921	-
Other provisions for risks and charges	49,950	45,737	4,214	34,221	(7,382)	(19,032)	(0)	57,757	47,260	10,497
Total	**90,313**	**79,471**	**10,842**	**43,721**	**(12,672)**	**(20,029)**	**(0)**	**101,334**	**84,181**	**17,152**
Provision for charges pertaining to leave incentives	2,000	2,000	-	-	-	(252)	-	1,748	1,748	-
Total	**92,313**	**81,471**	**10,842**	**43,721**	**(12,672)**	**(20,281)**	**(0)**	**103,082**	**85,930**	**17,152**

Provisions for risks and charges totalled 103,082 thousand euro with a short-term portion of 85,930 thousand euro and a long-term portion of 17,152 thousand euro.
Existing provisions broken down as follows:

- "Provision for litigation and disputes", amounting to 4,352 thousand euro to cover contingent liabilities mainly arising from ongoing litigation cases;
- "Provision for taxes and duties", standing at 2,204 thousand euro, mainly concerning ongoing litigation or disputes concerning local taxes;
- "Provision for disputes with personnel", amounting to 100 thousand euro, covering expected charges arising from disputes with personnel of a company acquired in previous financial years. The Company did not consider it necessary to change this item in the year;
- "Provision for disputes on concessions", totalling 36,921 thousand euro, generally refers to estimated costs of sundry disputes with licensing Municipalities; over the year this item underwent a net increase of 3,187 thousand euro based on the likelihood of Municipalities requesting revision of the agreed concession fees. The likely maximum risk is estimated in the provision taking into account the limitation times dictated by the legislation itself;
- "Other provisions for risks and charges", amounting to 57,757 thousand, cover charges that might arise from the need for maintenance or replacement of metering equipment that fails to meet company standards as well as other specific risks related to penalties or tariff revisions. The item increased by 7,807 thousand euro during the year, due to net releases for risks that are no longer relevant and net provisions for emerging risks; the provision for network equipment had a net impact of (1,376) thousand euro, while the provision for tariff penalties grew by 5,442 thousand euro;
- "Provision for charges pertaining to leave incentives", totalling 1,748 thousand euro, addresses possible liabilities that may arise from agreements defined or in the process of being defined for incentives for personnel to leave, which started during the year and are still under way. The provision was used during 2024 for 252 thousand euro.

The fiscal position of the Group has been defined up to 2019.

30. Non-current financial liabilities – 0 thousand euro

At 31 December 2023, non-current financial liabilities stood at zero.

31. Non-current IFRS 16 financial liabilities – 15,544 thousand euro

At 31.12.2024 this item included financial liabilities falling due after 12 months deriving from the application of IFRS 16, i.e. payables arising from future leases that the Group will have to pay for the exclusive use of those assets whose hire, rental or lease contracts fall under the application of the aforesaid standard.

The table below shows details of maturities broken down by short, medium and long-term debt and by type of contract.

Thousands of euro

		Present value of IFRS 16 cash flows 31.12.2024	1 year	2 - 5 years	Beyond 5 years
ST/LT IFRS 16 financial liabilities					
Non-current IFRS 16 financial liabilities		**15,544**	**-**	**15,264**	**280**
	IFRS 16 Property			10,273	280
	IFRS 16 Vehicles			4,991	-
	IFRS 16 ICT			-	-
Current IFRS 16 financial liabilities		**7,384**	**7,384**	**-**	**-**
	IFRS 16 Property		4,691		
	IFRS 16 Vehicles		2,491		
	IFRS 16 ICT		203		
Total		**22,928**	**7,384**	**15,264**	**280**

32. Other non-current liabilities – 359,301 thousand euro

This item rose by 3,950 thousand euro compared to the previous year, and is made up as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Sundry payables	1,056	1,063	7
Deferred income for grants related to plants	57,764	61,433	3,669
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	296,532	296,805	274
Total other non-current liabilities	**355,352**	**359,301**	**3,950**

In addition to normal operating trends, the change in deferred income also accommodates the representation of the value of those assets heavily impacted by contributions following the awarding of ATEM Naples 1.

The item must be analysed in conjunction with the short-term portion in the item "Other current liabilities".

Current liabilities

33. Short-term loans – 204,997 thousand euro

The item in question includes the short-term debt with credit institutions under so-called revolving lines, which have a tenor of less than one year.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Short-term bank borrowings	-	204,997	204,997
Total	**-**	**204,997**	**204,997**

34. Current portion of medium/long-term bank loans – 517.809 thousand euro

At 31.12.2024, the item included the Company's total short-term debt to bond-holders and to the banking system, including tranches of debt to the EIB that are contractually due to be repaid within the next 12 months For details, see note 27.

35. Current portion of long-term provisions and short-term provisions – 85,930 thousand euro

Comments and details of this item are provided in the section on provisions for risks and charges (note 29).

36. Trade payables – 213,431 thousand euro

This item includes all trade and operating liabilities of certain amount and timing. All reported payables were incurred in Italy.

The item decreased by 9,376 thousand euro compared to the previous year due to the normal dynamics of purchases during the period.

The balance at 31.12.2024 mainly consisted of the residual amount payable to suppliers to which gas distribution plant construction and maintenance is outsourced, payables to staff and operational support services, as well as the purchase of electricity and gas services for internal use.

37. Income tax payables – 20,911 thousand euro

At 31 December 2024, income tax payables were higher than in the previous year due to normal trends for advance and final payments.

38. Current financial liabilities – 29,979 thousand euro

Current financial liabilities mostly refer to the interest expense accrued and not yet paid relating to the tranches of the debenture loan.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Accrued liabilities for interest on short-term bank loans and bank expenses	31,761	29,030	(2,731)
Other current financial payables	890	949	59
Total	**32,651**	**29,979**	**(2,672)**

39. Current IFRS 16 financial liabilities – 7,384 thousand euro

The item includes financial liabilities relating to rental and leasing contracts categorised with IFRS 16 right-of-use assets, which are expected to be paid within the next 12 months. A breakdown of maturities by type of contract is provided under note 31 above.

40. Other current liabilities – 230,347 thousand euro

Other current liabilities increased by 100,291 thousand euro during the year, mainly due to the rise in the item "Other payables" and the indebtedness towards CSEA for amounts related to various tariff components.
The position with CSEA must be viewed in light of the relevant receivables due from CSEA included under Other current assets.
In summary, other current liabilities are set out below:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Other tax payables	3,942	11,915	7,973
Payables to social security and pension agencies	9,825	11,715	1,890
Other payables	96,858	187,193	90,335
Accrued liabilities	3,971	4,118	147
Deferred income	15,460	15,406	(54)
Total	**130,056**	**230,347**	**100,291**

Other tax payables, equal to 11,915 thousand euro, mainly reflect changes in VAT owed to the tax authorities and are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Due to tax authorities for VAT	43	7,596	7,553
Due to tax authorities for taxes withheld from employees	3,852	4,293	442
Due to tax authorities for withholding taxes	47	25	(22)
Total	**3,942**	**11,915**	**7,973**

Amounts due to social security and pension agencies, totalling 11,715 thousand euro, were down compared with the previous year, in line with personnel changes during the year:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Due to INPS (NATIONAL SOCIAL SECURITY INSTITUTE)	8,772	10,535	1,763
Due to other agencies	1,053	1,180	127
Total	**9,825**	**11,715**	**1,890**

Other payables, amounting to 187,193 thousand euro, are set out below:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Payables to employees	13,134	20,983	7,849
Payables to municipalities for rights and fees	1,048	1,009	(39)
Payables for connections, network extension and other payables to customers	12,536	18,298	5,762
Payables for security deposits and user advances	7,848	9,441	1,593
Payables to CSEA	56,256	130,851	74,595
Other payables	6,036	6,610	574
Total	**96,858**	**187,193**	**90,335**

Payables to the Fund for Energy and Environmental Services (CSEA) consisted of 108,050 thousand euro in payables for entries that are transferred to trading companies through the invoicing mechanism and then paid to CSEA, generally on a bi-monthly basis (UG1, UG2, UG3, Re, Gs and Rs), and residual payables of 11,071 thousand euro mainly relating to equalisation amounts for previous years and the current year.

Accrued liabilities and deferred income, amounting to 19,524 thousand euro, are set out below.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Accrued liabilities			
Accrued liability for additional monthly salaries paid to employees	3,742	3,841	99
Other accrued liabilities	229	276	48
Total accrued liabilities	**3,971**	**4,118**	**147**
Deferred income			
Deferred income for grants related to plants	2,575	2,447	(129)
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	10,210	10,298	88
Other deferred income	2,674	2,661	(13)
Total deferred income	**15,460**	**15,406**	**(54)**
Total accrued liabilities and deferred income	**19,431**	**19,524**	**93**

25. Liabilities held for sale – 33 thousand euro

At 31.12.2024, the item records a security deposit of 33 thousand euro.

Related party disclosure

Related parties are identified in accordance with international accounting standards.

"Related parties" with whom the Group had dealings in 2023 included:

- F2i SGR S.p.A. – as the operating company of "F2i – Third Italian Infrastructure Fund, closed-end investment fund, reserved for qualified investors";
- Finavias S.a.r.l.;
- Bonatti S.p.A.;
- APG Infrastructure Pool 2017 II;
- Melegnano Energia Ambiente S.p.A. (MEA S.p.A.);
- 2i Servizi Energetici S.r.l..

The definition of related parties includes key management personnel, including their close relatives, of the parent company as well as of the companies controlled directly and/or indirectly by them, jointly controlled companies and those in which the parent company exercises considerable influence. Key management personnel are those who have direct and indirect power and responsibility for planning, management, and control of company operations, including Directors and Auditors.

All trade balances relate to transactions undertaken at market values.

Trade, financial and other transactions involving the Group, its parent companies and its subsidiaries are shown below.

TRADE AND OTHER TRANSACTIONS

2024

Thousands of euro

	Trade		Trade	
	Receivables	Payables	Costs	Revenue
F2i SGR S.p.A.	-	59	59	-
MEA S.p.A.	-	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti S.p.A.	-	3,074	2,889	12
2i Servizi Enegetici S.r.l.	25	50	94	64
Key management personnel, including directors and statutory auditors	-	3,345	4,826	-
Overall total	**25**	**6,547**	**7,888**	**84**

2023

Thousands of euro

	Trade		Trade	
	Receivables	Payables	Costs	Revenue
F2i SGR S.p.A.	-	60	60	-
MEA S.p.A.	9	-	-	9
APG Infrastructure Pool 2017 II	-	20	20	-
Bonatti S.p.A.	5	7,085	3,625	5
2i Servizi Enegetici S.r.l.	28	194	66	62
Key management personnel, including directors and statutory auditors	-	70	3,057	-
Overall total	**42**	**7,428**	**6,829**	**76**

FINANCIAL TRANSACTIONS

2024

Thousands of euro

	Trade		Trade		
	Receivables	Payables	Costs	Revenue	Dividends paid
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i SGR S.p.A.)					79,887
Finavias S. à r.l.					45,058
MEA S.p.A.				5	
2i Servizi Enegetici S.r.l.	1,370		49	84	
Overall total	**1,370**	**-**	**49**	**89**	**124,945**

2023

Thousands of euro

	Trade		Trade		
	Receivables	Payables	Costs	Revenue	Dividends paid
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i SGR S.p.A.)					70,936
Finavias S. à r.l.					40,009
MEA S.p.A.				32	
2i Servizi Enegetici S.r.l.	1,370		145	39	
Overall total	**1,370**	**-**	**145**	**71**	**110,945**

SIGNIFICANT EXTRAORDINARY EVENTS AND OPERATIONS

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, there were no significant extraordinary events or operations during the year.

POSITIONS OR TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, it is noted that there were no positions or transactions arising from atypical and/or unusual transactions.

FEES FOR DIRECTORS, AUDITORS AND KEY MANAGEMENT PERSONNEL

Fees for directors totalled 363 thousand euro in 2024 (of which 284 thousand euro to personnel given strategic responsibility); fees for Statutory Auditors totalled 69 thousand euro (fully included in the category of personnel given strategic responsibility) and fees for key management personnel came to 4,461 thousand euro.

REMUNERATION OF THE INDEPENDENT AUDITORS

The remuneration of the independent auditors totalled 422 thousand euro in 2024, and included the annual auditing of the statutory and consolidated financial statements, the auditing of the unbundling financial report and the statements required by ARERA, as well as the contribution of Consob.

PUBLIC GRANTS RECEIVED

With regard to the changes contained in Law no. 124 of 4 August 2014, the "Annual competition law", more precisely article 1(paragraphs 125-129), it is reported that during the course of 2024 the following grants were received by Group companies from public bodies:

Euro

Name	Prov.	31.12.2024	Type
Municipality of Torre Orsaia	SA	1,255,871	pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Torre Orsaia	SA	128,150	pursuant to Regional Law 100/2018 of the Campania Region.
Municipality of San Giovanni a Piro	SA	415,290	pursuant to Regional Law 100/2018 of the Campania Region.
Municipality of San Giovanni a Piro	SA	2,788,372	pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Camerota	SA	24,900	pursuant to Regional Law 100/2018 of the Campania Region.
Municipality of Tortorella	SA	19,353	pursuant to Regional Law 100/2018 of the Campania Region.
Municipality of Tortorella	SA	177,404	pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Casaletto Spartano	SA	9,187	pursuant to Regional Law 100/2018 of the Campania Region.
MUNIC. OF MORIGERATI	SA	9,801	pursuant to Regional Law 100/2018 of the Campania Region.
MUNIC. OF MORIGERATI	SA	104,987	pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Roccagloriosa	SA	782,808	pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
Municipality of Caselle in Pittari	SA	98,497	pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
MUNICIPALITY OF VIBONATI	SA	303,721	pursuant to Italian Law 147/2013 for the Methanisation of Southern Italy
GSE - Gestore Servizi Energetici S.p.A.		122,585	incentives for photovoltaic projects
Total public grants collected		**6,240,926**	

It is noted that the amount did not include any grants received from public administrations not yet refunded to the Group.

CONTRACTUAL COMMITMENTS AND GUARANTEES

The Company provided 143,487 thousand euro by way of guarantees in the interests of third parties. These guarantees include 114,783 thousand euro in bank guarantees and 28,704 thousand euro in insurance and other guarantees.

These guarantees were provided as collateral for maintenance and extension work relating to distribution networks as well as participation in tenders for operating gas distribution services.

Further to section 22-ter of art. 2427 of the Italian Civil Code, it is stressed that there are no agreements that have not been disclosed in the financial statements that might significantly impact the Group's financial statements.

OPERATING SEGMENT REPORTING

The Group is managed as a single business unit engaging mainly in natural gas distribution through networks. As a result, the Group's operations are analysed as a whole by senior management.

The reporting format used by senior management to take operating decisions is consistent with the formats used in the consolidated financial statements shown herein, excluding the impact of IFRIC 12 highlighted in note 5.c as well as in the section covering costs.

Contingent liabilities and assets

CONTINGENT LIABILITIES

Currently there are no significant contingent liabilities.

CONTINGENT ASSETS

Currently there are no significant contingent assets.

Credit, liquidity and market risk

CREDIT RISK

The 2i Rete Gas Group provides its distribution services to over 260 sales companies, the most significant of which is Enel Energia S.p.A.
With regard to invoiced volumes, in 2024 too there were some non-relevant cases of counterparty non-compliance.
User access to the gas distribution service is governed by the Network Code, which, in compliance with the provisions of ARERA, establishes the rights and obligations of the entities involved in the distribution service process, as well as the contractual clauses that reduce the risk of breach by sales companies.
As part of gas distribution operations, credit lines to external counterparties are closely monitored by assessing the relevant credit risk and requiring adequate guarantees and/or security deposits for the purpose of ensuring an appropriate level of protection against the risk of default by the counterparty.
Outstanding guarantees and security deposits on trade receivables totalled 251,190 thousand euro.
This resulted in a mitigation of the credit risk.
A summary quantitative indication of the maximum exposure to credit risk can be derived from the carrying amount of financial assets, before the relevant bad debt provision.
At 31 December 2024, the maximum credit risk exposure was 656.8 million euro:

Millions of euro

	31.12.2023	31.12.2024	2024 - 2023
Third parties:			
Non-current financial assets	12.8	14.4	1.7
Other non-current financial assets (gross of bad debt provision)	24.1	54.1	30.0
Trade receivables (gross of bad debt provision)	208.2	278.5	70.4
Other current financial assets	7.1	5.6	(1.5)
Cash and cash equivalents	324.9	80.7	(244.2)
Other receivables (gross of bad debt provision)	251.3	223.5	(27.9)
Total	**828.4**	**656.8**	**(171.5)**

LIQUIDITY RISK

Based on the current financial structure and the expected cash flows as projected in the business plans, the 2i Rete Gas Group is able to autonomously meet the financial requirements of its ordinary operations and ensure business continuity.

In order to properly disclose liquidity risk as required by IFRS 7, below are details of the Company's debt.
The contractual maturities of the financial liabilities outstanding at 31 December 2024 are set forth below:

Financial liabilities at 31 December 2024

Millions of euro

	1 year	1 - 5 years	Beyond 5 years
Long-term loans	-	297.7	18.2
Medium/long-term debenture loans	-	1,165.0	1,050.0
Medium/long-term debenture loans maturing within 12 months	500.0		
Short-term loans	205.0		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	30.0		
Non-current IFRS 16 financial liabilities		15.3	0.3
Current IFRS 16 financial liabilities	7.4		
Total	**760.5**	**1,478.0**	**1,068.5**

Regarding liabilities due within one year, the group repaid the revolving credit facility in January 2025 for an amount of 130 million euro. At the reporting date, the Group also has available committed credit lines and loans in excess of the financial liabilities falling due within the next 12 months.

For comparative purposes, the contractual maturities of the financial liabilities outstanding at 31 December 2023 are set forth below:

Financial liabilities at 31 December 2023

Millions of euro

	1 year	1 - 5 years	Beyond 5 years
Long-term loans			
Medium/long-term debenture loans	-	297.7	36.4
Medium/long-term debenture loans maturing within 12 months	-	1,665.0	1,050.0
Current portion of long-term loans	489.7		
Other short-term financial liabilities	18.2		
Non-current IFRS 16 financial liabilities	32.7		
Current IFRS 16 financial liabilities		15.8	0.6
Current financial liabilities	7.3		
Passività finanziarie correnti			
Total	**547.8**	**1,978.5**	**1,086.9**

The projected liquidity requirements are estimated based on the cash flows expected from ordinary operations.
It should be noted that loans are regularly monitored for compliance with some financial covenants at a consolidated level.
At 31.12.2024, these covenants had been fully met.

"Medium/long-term debenture loans" totalling 2,715 million euro refer to the aforementioned debenture loan tranches issued by 2i Rete Gas and expiring between 2025 and 2033. The Company's growth plan requires refinancing existing debt, but given the Company's excellent performance, the rating obtained, and the ongoing compliance with the financial covenants established by the lending banks, currently the Company does not face any problems in obtaining said refinancing.
The Company constantly monitors opportunities to optimise its financial structure.
For an in-depth analysis of long-term loans, see note 27 in these financial statements.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices as a result of changes in exchange rates, interest rates, or the prices of equity instruments.

Transactions that qualify for hedge accounting pursuant to the requirements of the accounting standards are designated as hedging transactions, while those that do not meet such requirements are classified as trading transactions, even though, from a management point of view, they have been entered into for hedging purposes.

In accordance with IFRS 7, the table below shows financial assets and liabilities, disclosing their carrying amount and fair value at 31.12.2024.
The Company has no financial assets held to maturity, available for sale or held for trading. In order to enable comparison, the same table as the one used in 2023 is provided.

Thousands of euro

	Notes	Measured at fair value	Receivables	Available for sale	Other financial liabilities and payables	Total	Fair value
Financial assets designated at fair value							
Non-current financial assets	16					-	-
Financial assets not measured at fair value							
Non-current financial assets	16		14,444			14,444	14,444
Other non-current assets	17		52,752			52,752	52,752
Trade receivables	19-25		272,167			272,167	272,167
Short-term financial receivables	20		1,585			1,585	1,585
Other current financial assets	21		3,981			3,981	3,981
Cash and cash equivalents	22		80,695			80,695	80,695
Other current assets	24		223,527			223,527	223,527
TOTAL ASSETS			**649,151**	**-**	**-**	**649,151**	**649,151**
Financial liabilities measured at fair value							
IRS Derivatives	38					-	-
Financial liabilities not measured at fair value							
Long-term loan	27				315,909	315,909	315,909
Medium/long-term debenture loans	27				2,204,763	2,204,763	2,141,647
Medium/long-term debenture loans maturing within 12 months	33-34				499,627	499,627	498,000
Non-current IFRS 16 financial liabilities	31	15,544				15,544	15,544
Other non-current liabilities	32				1,063	1,063	1,063
Short-term loans	33-34				223,179	223,179	223,179
Current portion of medium/long-term bank loans	34				18,182	18,182	18,182
Trade payables	36-25				213,431	213,431	213,431
Current financial liabilities	38				29,030	29,030	29,030
Current IFRS 16 financial liabilities	39	7,384				7,384	7,384
Other current liabilities	40			33	214,941	214,974	214,974
TOTAL LIABILITIES		**22,928**	**-**	**33**	**3,701,942**	**3,724,904**	**3,660,161**

It should also be pointed out that the Group has no financial assets held to maturity, available for sale or held for trading.

Thousands of euro

	Notes	Measured at fair value	Receivables	Available for sale	Other financial liabilities and payables	Total	Fair value
Financial assets designated at fair value							
Non-current financial assets	16					-	-
Financial assets not measured at fair value							
Non-current financial assets	16		12,768			12,768	12,768
Other non-current assets	17		23,865			23,865	23,865
Trade receivables	19-25		197,365			197,365	197,365
Short-term financial receivables	20		2,853			2,853	2,853
Other current financial assets	21		4,249			4,249	4,249
Cash and cash equivalents	22		324,901			324,901	324,901
Other current assets	24		297,362			297,362	297,362
TOTAL ASSETS			**863,364**	**-**	**-**	**863,364**	**863,364**
Financial liabilities measured at fair value							
IRS Derivatives	38					-	-
Financial liabilities not measured at fair value							
Long-term loan	27				334,091	334,091	334,091
Medium/long-term debenture loans	27				2,702,205	2,702,205	2,537,939
Medium/long-term debenture loans maturing within 12 months	33-34				489,255	489,255	486,953
Non-current IFRS 16 financial liabilities	31	16,361				16,361	16,361
Other non-current liabilities	32				1,056	1,056	1,056
Short-term loans	33-34				18,182	18,182	18,182
Trade payables	36-25				222,807	222,807	222,807
Current financial liabilities	38				31,761	31,761	31,761
Current IFRS 16 financial liabilities	39	7,303				7,303	7,303
Other current liabilities	40				114,596	114,596	114,596
TOTAL LIABILITIES		**23,664**	**-**	**-**	**3,913,951**	**3,937,615**	**3,771,047**

With regard to the financial assets that are not measured at fair value, and the value of trade payables and other current liabilities, the carrying amount is considered to be a reasonable approximation of the fair value, as shown in the tables above.

To determine the fair value of the debenture loan, the Group relied on market valuations at the end of the reporting period.

INTEREST RATE RISK

The Company manages interest rate risk with the aim of achieving a balanced debt structure, reducing the amount of financial debt exposed to changes in interest rates and minimising funding costs over time, thereby limiting volatility in performance.

With regard to the current debt structure, 3,145 million euro out of a reported 3,254.0 million euro was not exposed to interest rate risk at 31 December 2024.

At 31.12.2024, the Group did not have any interest rate derivatives.

Significant events after the close of the year

No significant events occurred after the end of the year.

7. Report of the Independent Auditors

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2i Rete Gas S.p.A.

Consolidated financial statements as at 31 December 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the shareholders of
2i Rete Gas S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of 2i Rete Gas Group (the Group), which comprise the statement of financial position as at 31 December 2024, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and statement of cash-flow for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The consolidated financial statements of the Group for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 5 April 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Impairment test of intangible assets related to gas distribution concessions and goodwill	
As at 31 December 2024, the Group consolidated financial statements include "Intangible assets" equal to euro 4,814,208 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy, and "Goodwill" equals to euro 304.955 thousand. Such intangible assets and Goodwill are allocated to the CGU "Gas distribution and metering" and their recoverability is tested by the directors at the year-end in accordance with IAS 36 – Impairment of assets. The carrying amount of the CGU "Gas distribution and metering" and the Goodwill allocated to such CGU is compared with its recoverable amount that has been determined based on the net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base) at 31 December 2024. We believe that the impairment test of Intangible assets related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services and goodwill represent a key audit matter for the Group's consolidated financial statements as at 31 December 2024 due to the relevance of the balance. Paragraphs "Notes to the consolidated financial statements - Impairment losses" and 13 "Intangible assets" of the notes to the consolidated financial statements include the disclosure on the impairment test, and the sensitivity analyses performed.	Our audit procedures related to this key audit matters included, among others: • assessment of the processes implemented by the Group related to the preparation of the impairment test; • meetings with the Group's Management in order to understand the impairment test methodology; • assessment of the appropriateness of the determination of the CGUs and the allocation of assets and liabilities to the carrying value of each CGU; • assessment of the assumptions underlying the determination of the RAB 2024; • assessment of the reasonableness of the impairment test methodology. In performing our procedures, we assessed the sensitivity analyses prepared by the Group management and involved our EY valuation specialists who also verified the mathematical accuracy of the impairment test and performed an independent calculation. Lastly, we reviewed the adequacy of the disclosures included in the notes to the consolidated financial statements.

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Capitalization in intangible assets of capital expenditure on the gas distribution network under service concession agreements	
As at 31 December 2024, the Group accounts for intangible assets including the captions "Concessions and similar rights" and "Concessions and similar rights – fixed assets under development", respectively equal to euro 4,400,374 thousand and euro 62,575 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy. Investments made in the financial year 2024 relating to these items of intangible assets totaled euro 349,088 thousand. The natural gas distribution and metering activity is regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA"), which define, among the others, the rules for the remuneration of the natural gas distribution and metering services. In particular, the regulated revenues for the natural gas distribution and metering services provided by the Group are determined by ARERA and provide for recognition of a predefined return on net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base), the related depreciation expenses and certain operating expenses – the so-called "revenue cap". We believe that investments in service concession agreements related to the natural gas distribution and metering services represent a key audit matter for the Group's consolidated financial statements as at 31 December 2024 due to the relevance of the investments made during the year and their impact in determining the revenue cap for the remuneration of the natural gas distribution and metering services. Paragraphs "Notes to the consolidated financial statements – Intangibles assets" and 13 "Intangible assets" of the notes to the consolidated financial statements include the disclosure on the investments made during the year.	Our audit procedures related to this key audit matters included, among others: • assessment of the processes and relevant controls related to the recognition of such investments in the consolidated financial statements, including those related to Information Technology (IT), and assessment of their operating effectiveness; • test of the compliance with the capitalization criteria provided by accounting standards; • test of details, on a sample basis, analyzing the documentary evidence for amounts capitalized, in order to verify their accuracy, completeness and recognition in the appropriate reporting period; • assessment of the consistency between the useful life used for the depreciation of the assets under concession and their regulatory useful life determined by ARERA and reperforming of the period depreciation. Lastly, we reviewed the adequacy of the disclosures included in the notes to the consolidated financial statements.

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Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company 2i Rete Gas S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements

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or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of 2i Rete Gas S.p.A., in the general meeting held on 24 April 2024, engaged us to perform the audits of the separate and consolidated financial statements for each of the years ending 31 December 2024 to 31 December 2032.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

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Report on compliance with other legal and regulatory requirements

Opinions and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n.39 dated 27 January 2010

The Directors of 2i Rete Gas S.p.A. are responsible for the preparation of the Directors' Report of 2i Rete Gas Group as at 31 December 2024, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Directors' Report with the consolidated financial statements;
- express an opinion of the compliance with the laws and regulations of the Directors' Report, excluding the section related to the consolidated sustainability information;
- issue a statement on any material misstatement in the Directors' Report.

In our opinion, the Directors' Report is consistent with the consolidated financial statements of 2i Rete Gas Group as at 31 December 2024.

Furthermore, in our opinion, the Directors' Report, excluding the section related to the consolidated sustainability information, complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Our opinion on compliance with applicable laws and regulations does not extend to the section of the Director's Report related to the consolidated sustainability information. The conclusion on the compliance of this section with the applicable standards governing its preparation criteria and the compliance with the disclosure requirements pursuant to article 8 of (EU) Regulation 2020/852 are formulated by us in the attestation report pursuant to article 14-bis of Legislative Decree No. 39 dated 27 January 2010.

Milan, 27 February 2025

EY S.p.A.
Signed by: Paolo Zocchi, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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STATUTORY FINANCIAL STATEMENTS OF 2i RETE GAS S.P.A.

1. Profit and Loss Account

Euro

	Notes	31.12.2023	of which with related parties	31.12.2024	of which with related parties
Revenue					
Revenue from sales and services	5.a	782,693,547	1,678,983	865,443,090	2,043,758
Other revenue	5.b	33,846,430	1,627,294	29,020,190	539,608
Revenue from intangible assets / assets under development	5.c	332,289,489		345,119,505	
Sub-total		*1,148,829,467*		*1,239,582,785*	
Costs					
Raw materials and consumables	6.a	56,561,278		60,043,152	
Services	6.b	361,255,722	7,025,076	368,109,003	7,414,498
Labour cost	6.c	138,905,538	2,713,033	148,063,143	4,461,214
Amortisation, depreciation and impairment losses	6.d	230,285,655		239,163,862	
Other operating costs	6.e	45,831,758	565,522	47,969,496	536,962
Capitalised costs for internal work	6.f	-		-	
Sub-total		*832,839,951*		*863,348,656*	
EBIT		**315,989,516**		**376,234,129**	
Income/(expenses) from equity investments	7	30,513	30,208	448,873	
Financial income	8	7,983,326	1,382,458	10,916,733	1,641,049
Financial expenses	8	-72,467,517	-211,815	(73,179,779)	(273,717)
Sub-total		*-64,453,678*		*(61,814,173)*	
Profit/(loss) before tax		**251,535,838**		**314,419,956**	
Taxes	9	70,456,529		93,748,332	
Profit/(loss) from continuing operations		**181,079,309**		**220,671,624**	
Gain on the sale of discontinued operations	10	-		-	
Tax effect	10	-		-	
Profit/(loss) from discontinued operations	10	-		-	
NET PROFIT/(LOSS) FOR THE YEAR		**181,079,309**		**220,671,624**	

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2. Statement of Comprehensive Income

Euro

	2023	2024
Net profit/(loss) recognised in the profit and loss account	**181,079,309**	**220,671,624**
Other comprehensive income		
Items that will never be restated under profit/(loss):		
Revaluations of net liabilities/assets for defined benefits	(490,241)	22,587
Deferred tax assets and liabilities on items which will never be classified through profit / (loss)	711,982	(23,725)
	221,741	(1,138)
Items that may be restated subsequently under profit/(loss):		
Change in fair value of hedging derivatives	(7,604,378)	-
Change in fair value of hedging derivatives reclassified in the income for the year	(6,707,102)	(10,867,239)
Deferred tax (assets)/liabilities from change in fair value	1,825,051	-
Deferred tax (assets)/liabilities from change in fair value of hedging derivatives reclassified in the income for the year	1,609,704	2,608,137
	(10,876,724)	(8,259,102)
Total other comprehensive income	**(10,654,983)**	**(8,260,240)**
Total comprehensive income / (loss) recognised in the year	**170,424,326**	**212,411,384**

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3. Statement of Financial Position

Assets

Euro

	Notes	31.12.2023	of which with related parties	31.12.2024	of which with related parties
ASSETS					
Non-current assets					
Property, plant and equipment	11	25,736,861		22,167,202	
IFRS 16 right-of-use assets	12	24,057,629		23,339,643	
Intangible assets	13	4,659,667,461		4,764,878,305	
Net deferred tax assets	14	127,239,401		137,616,296	
Equity investments	15	18,004,386	17,881,705	18,004,386	17,881,705
Non-current financial assets	16	12,768,068		14,444,016	
Other non-current assets	17	23,856,447		52,743,312	
	Total	**4,891,330,252**		**5,033,193,160**	
Current assets					
Inventories	18	23,293,608		21,416,538	
Trade receivables	19	200,026,220	3,157,363	272,677,663	978,216
Short-term financial receivables	20	27,238,941	25,735,647	27,539,593	27,304,554
Other current financial assets	21	4,647,665	419,055	4,355,714	394,285
Cash and cash equivalents	22	324,864,620		80,667,928	
Income tax receivables	23	3,029,332		2,377,123	
Other current assets	24	309,022,648		233,088,119	
	Total	**892,123,034**		**642,122,678**	
Non-current assets (or assets included in disposal groups) held for sale					
Non-current assets (or assets included in disposal groups) held for sale	25	12,085		282,630	
	Total	**12,085**		**282,630**	
TOTAL ASSETS		**5,783,465,371**		**5,675,598,468**	

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Liabilities

Euro

	Notes	31.12.2023	of which with related parties	31.12.2024	of which with related parties
EQUITY AND LIABILITIES					
Equity	26				
Share capital		3,638,517		3,638,517	
Treasury shares		-		-	
Other reserves		600,731,529		592,471,288	
Retained earnings/(accumulated losses)		569,304,021		625,363,900	
Net profit/(loss) for the year		181,079,309		220,671,624	
TOTAL Equity		**1,354,753,376**		**1,442,145,329**	
Non-current liabilities					
Long-term loans	27	3,036,295,446		2,520,671,605	
Post-employment and other employee benefits	28	28,608,693		26,960,669	120,445
Provision for risks and charges	29	9,019,496		15,881,344	
Deferred tax liabilities	14	-		-	
Non-current financial liabilities	30	-		-	
Non-current IFRS 16 financial liabilities	31	16,360,773		15,544,195	
Other non-current liabilities	32	346,071,092		344,150,058	
	Total	**3,436,355,499**		**2,923,207,871**	
Current liabilities					
Short-term loans	33	5,627,585	5,627,585	211,280,077	6,282,895
Current portion of long-term loans	34	507,436,558		517,809,051	
Current portion of long-term and short-term provisions	35	81,191,932		85,715,531	
Trade payables	36	213,284,826	1,112,028	207,073,608	913,898
Income tax payables	37	16,531,965	76,542	20,923,814	44,094
Current financial liabilities	38	32,714,903	63,932	30,040,554	61,791
Current IFRS 16 financial liabilities	39	7,302,828		7,384,251	
Other current liabilities	40	128,265,899	11,214	229,985,382	3,164,530
	Total	**992,356,496**		**1,310,212,268**	
Non-current liabilities (or liabilities included in disposal groups) held for sale					
Non-current liabilities (or liabilities included in disposal groups) held for sale	25	-		33,000	
	Total	**-**		**33,000**	
TOTAL LIABILITIES		**4,428,711,995**		**4,233,453,139**	
TOTAL EQUITY AND LIABILITIES		**5,783,465,371**		**5,675,598,468**	

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4. Statement of Cash Flows

Euro

	Notes	31.12.2023	31.12.2024
A) CASH AND CASH EQUIVALENTS - OPENING BALANCE	**22**	**45,885,592**	**324,864,620**
Cash flow from operating activities			
Profit/(loss) before tax		251,535,838	314,419,956
Taxes	9	(70,456,529)	(93,748,332)
1. Net profit/(loss) for the period		**181,079,309**	**220,671,624**
Adjustments for:			
Amortisation/depreciation	6.d	231,111,041	237,281,887
Impairment/(Reversals)/(Releases)	6.d	(825,386)	1,881,975
Capital (gains)/losses	5.b/6.e	12,894,003	7,903,042
Allocations to provisions for risks and charges and post-employment benefits		36,611,377	38,567,718
Financial (income)/expenses	7 and 8	64,453,678	61,814,173
2. Total adjustments		**344,244,713**	**347,448,795**
Change in net working capital			
Inventories	18	(5,117,187)	1,877,070
Trade receivables	19	(143,259,268)	(72,287,259)
Trade payables	36	(227,014,759)	(6,211,218)
Other current assets	24	233,599,363	75,454,522
Other current liabilities	40	(13,511,217)	101,752,483
Net tax receivables/(payables)	23 and 37	26,110,088	5,044,058
Increase/(decrease) in provisions for risks and charges and post-employment benefits	28, 29 and 35	(13,004,557)	(12,608,883)
Increase/(decrease) in provisions for deferred tax assets and liabilities	14	(9,100,795)	(7,792,483)
Other non-current assets	17	9,360,514	(29,613,396)
Other non-current liabilities	32	1,489,375	(1,921,034)
Financial income/(expenses) other than for financing	8	(1,070,942)	(866,442)
3. Total change in net working capital		**(141,519,385)**	**52,827,417**

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	Notes	31.12.2023	31.12.2024
B) CASH FLOW FROM OPERATING ACTIVITIES (1+2+3)		**383,804,638**	**620,947,836**
Cash flow (used in)/generated by investing activities			
Net tangible and intangible fixed assets		(361,642,292)	(356,400,473)
Management of equity investments and income from equity investments	7 and 15	(239,487)	448,873
Cash acquired through company acquisition		134,846	-
C) CASH FLOW (USED IN)/GENERATED BY INVESTING ACTIVITIES		**(361,746,933)**	**(355,951,601)**
D) FREE CASH FLOW (B+C)		**22,057,706**	**264,996,235**
Cash flow from financing activities			
Payment of dividends		(111,011,141)	(125,019,430)
Financial income/(expenses) relating to the FV of the derivative instrument from Comprehensive Income	7 and 8	(6,707,102)	(10,867,239)
Financial income for financing activities	8	5,876,712	10,245,307
Financial (charges) for financing activities and monetary changes in amortised cost	8,16,27,34	(74,728,620)	(70,242,676)
Change in short-term and long-term financial debt	27 and 33	(116,226,916)	187,473,491
Receipts from debenture loan issues	27	550,000,000	-
Debenture loan settlements	27 and 33	(87,688,000)	(489,705,000)
Other non-current financial assets	16	96,182,701	(442,530)
Change in other financial receivables	20 and 21	(4,457,065)	(8,702)
Change in IFRS 16 financial leases	31, 39 and 11	(7,397,567)	(7,951,800)
Change in other current financial payables	38	13,078,321	(2,674,349)
E) CASH FLOW FROM FINANCING ACTIVITIES		**256,921,323**	**(509,192,928)**
F) CASH FLOW FOR THE PERIOD (D+E)		**278,979,028**	**(244,196,692)**
G) CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**22**	**324,864,620**	**80,667,928**

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5. Statement of Changes in Equity

Euro

	Share capital and reserves							
	Share capital	Share premium reserve	Legal reserve	Reserves for valuation of derivatives	Other reserves	Retained earnings/ (accumulated losses)	Profit/(loss) for the year	Total
Total 31 December 2022	**3,638,517**	**286,546,491**	**727,703**	**84,411,949**	**235,589,143**	**513,154,982**	**167,160,181**	**1,291,228,966**
Allocation of profit/(loss) for 2022:								
Breakdown of profit/(loss)						56,149,040	(56,149,040)	-
Contribution from shareholders and payments to them as shareholders								
Dividend payout							(111,011,141)	**(111,011,141)**
Total contribution from shareholders and payments to them as shareholders								***(111,011,141)***
- Other changes (merger S.r.l.)					4,111,225			**4,111,225.41**
- Net profit/(loss) for the year recognised in equity				(10,876,724)	221,741			**(10,654,983)**
- Net profit/(loss) for the year recognised in profit or loss							181,079,309	**181,079,309**
Total 31 December 2023	**3,638,517**	**286,546,491**	**727,703**	**73,535,224**	**239,922,109**	**569,304,022**	**181,079,309**	**1,354,753,376**
Allocation of profit/(loss) for 2023:								
Breakdown of profit/(loss)						56,059,879	(56,059,879)	-
Contribution from shareholders and payments to them as shareholders								-
- Distribution of dividends							(125,019,430)	**(125,019,430)**
Total contribution from shareholders and payments to them as shareholders								***(125,019,430)***
- Net profit/(loss) for the year recognised in equity				(8,259,102)	(1,138)			**(8,260,240)**
- Net profit/(loss) for the year recognised in profit or loss							220,671,624	**220,671,624**
Total 31 December 2024	**3,638,517**	**286,546,491**	**727,703**	**65,276,122**	**239,920,971**	**625,363,901**	**220,671,624**	**1,442,145,329**

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6 . Notes to the Statutory Financial Statements of 2i Rete Gas S.p.A.

Format and contents of the Financial Statements

The Company 2i Rete Gas S.p.A., operating in the gas distribution sector, is a public limited company and is located in Milan, Via Alberico Albricci, 10.

The territorial structure of the Company consists of six departments.

The departmental offices are:

- North-West Department - Via Gazzoletto, 16/18 - 26100 Cremona (CR);
- North Department - Via Francesco Rismondo, 14 - 21049 Tradate (VA);
- North-East Department - Via Serassi, 17/Rs - 24124 Bergamo (BG);
- Centre Department - Via Morettini, 39 - 06128 Perugia (PG);
- South-West Department - Via Boscofangone snc - 80035 Nola (NA);
- South-East Department - Via Enrico Mattei - 72100 Brindisi (BR).

On 12 February 2025 the Directors of 2i Rete Gas S.p.A. approved these consolidated financial statements, which were made available to the Shareholders within the terms set forth in art. 2429 of the Italian Civil Code.

For the purposes of IAS 10.17, the date taken into consideration by the Directors in preparing the financial statements is 12 February 2025.

These statutory financial statements are audited by Ernst & Young S.p.A.

Compliance with IFRS/IAS

The statutory financial statements for the year ended 31 December 2024 have been prepared in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Board (IASB), as endorsed by the European Union pursuant to EC Regulation no. 1606/2002 and effective at the end of the year, and the related SIC/IFRIC interpretations issued by the Interpretation Committee, in force at the same date. The above standards and interpretations are hereinafter referred to as "IFRS-EU".

Reporting and valuation criteria

The statutory financial statements consist of the Profit and Loss Account, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related Notes. The financial statements are presented in euro, and the values shown in the Notes to the statutory financial statements are expressed in thousands of euro.

The reporting and valuation criteria are the same as those adopted to draw up the consolidated annual financial Report, to which reference should be made, except as indicated hereafter.

In the statutory financial statements, equity investments in subsidiaries, jointly controlled companies and associates are valued at purchase cost.

When there is objective evidence of impairment, the recoverability is checked by comparing the carrying value with the recoverable value represented by the greater of the fair value, net of disposal costs, and the value in use. Should the grounds which caused the impairment no longer exist, the value of the equity investment is restated, up to the limits of the original cost.

The dividends received by subsidiaries and associates are recognised through profit or loss.

Information on Profit and Loss Account

Revenue

Methane gas is transported by the Company exclusively within Italy.

5.a Revenue from sales and services – 865,443 thousand euro

"Revenue from sales and services" mainly refers to gas transport activity and connection fees.

Below is a breakdown of "Revenue from sales and services":

Sales and services

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Third parties:			
Gas and LPG transport	740,163	819,632	79,469
Release/(Allocation) to the provision for risks	(1,015)	(1,151)	(136)
Connection fees, network extension and plant relocation contributions	10,311	10,462	150
Ancillary fees	5,651	5,442	(209)
Revenue from customer operations	939	1,081	143
Sundry revenue and other sales and services	24,964	27,933	2,969
Group companies:			
Sundry revenue and other sales and services	1,679	2,044	365
Total revenue from sales and services	**782,694**	**865,443**	**82,750**

Revenue from gas transport totalled 819,632 thousand euro, and mainly refers to the 2024 Tariff Revenue Cap for natural gas.

This figure was calculated further to the publication of ARERA Resolution 570/2019/R/gas, which indicated the means for calculating the tariffs for the 2020-2025 regulatory period. The significant increase observed is due to both the update of the tariff remuneration rate (set at 6.5% for the year 2024) and the increase in the gross capital formation deflator. The provision of Decision 1/2023, which recognises a remuneration linked to the residual value of the smart meters whose replacement took place earlier than the end of their useful life, has an impact of approximately 26.3 million euro in total. The other adjustments on the tariff revenue cap amounted to a total of 1 million euro.

Net provisions in the year (1,151 thousand euro) derive from Resolution 525/2022/R/GAS; said allocations were actually made to cover the risk of refunding, for locations with a year of first supply after 2017, of part of the Tariff Revenue Cap in the event that at the end of the observation period set by the Authority the minimum number of active users needed for full recognition of investments undertaken is not reached.

Connection fees, totalling 10,462 thousand euro, are basically in line with last year.

"Sundry revenue and other sales and services" included revenue associated with the suspension and reactivation of defaulting customers at the request of retail sales companies, totalling around 10,035 thousand euro (7,328 thousand euro in the previous year), largely due to the increased activity in supply suspensions; revenue relating to the TCol tariff component amounted to 10,402 thousand euro, compared to 10,255 thousand euro in the previous year.
Revenue from meter readings is essentially stable compared to the previous year, amounting to 7,062 thousand euro, slightly up from 6,904 thousand euro in 2023.

"Sundry revenue and other sales and services" from Group companies included all the amounts charged back by the Parent Company to subsidiaries as a result of operations and staff services provided in the year.
The intercompany model in place since 1 July 2018 envisages that the Parent Company operates in an integrated way also on behalf of the subsidiaries, charging back a fee in line with market rates for the services provided.

5.b Other revenue – 29,020 thousand euro

"Other revenue" totalled 29,020 thousand euro (33,846 thousand euro in the previous year) and showed a reduction of 4,826 thousand euro mainly due to the decrease in technical quality revenue (2,143 thousand euro less) and "revenue from services" both to third parties and to Group companies, partially offset by the margins on Energy Efficiency Certificates (EECs), which returned to a positive balance of 942 thousand euro:

Other revenue

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Third parties:			
Revenue from energy efficiency certificates	-	942	942
Revenue from plant contributions	3,075	2,550	(525)
Revenue from plant certification pursuant to Resolution no. 40	1,214	776	(438)
Rental income	273	81	(192)
Capital gains on disposal of assets	1,347	1,009	(338)
Compensation for damages, favourable judgments and legal costs	594	855	261
Other revenue and income and services	8,209	6,931	(1,278)
Revenue and contribution concerning photovoltaic plants	157	131	(26)
Technical quality revenue	17,421	15,278	(2,143)
Group companies:			-
Other revenue and services	1,556	467	(1,089)
Total other revenue	**33,846**	**29,020**	**(4,826)**

It is noted that since 2018 revenue, costs and allocations for EECs have been recognised in aggregate form, thus presenting only the net margin (positive or negative) for the year. In 2023, as in the previous year, the balance of EEC management appeared under Other costs.

The item "Other revenue and income and services" decreased by 1,278 thousand euro; it should be noted that in the previous year the balance of the item was impacted by the settlement of a dispute with a supplier for approximately 2.2 million euro.

Revenue as per Resolution 574/2013/R/gas concerning the quality of gas distribution and metering services ("Tecnical quality revenue") amounts to 15,278 thousand euro for the year. The positive result depends on both the number of gas chromatography tests undertaken by the distributor (a parameter which the Group can control) and on the fall in leaks at the distributor's plants (a parameter that cannot be governed directly by the distributor except through continuous monitoring, undertaken using new, cutting-edge technologies).

5.c Revenue from intangible assets/assets under development – 345,120 thousand euro

Revenue from intangible assets / assets under development

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Revenue from intangible assets / assets under development	332,289	345,120	12,830
Total revenue from intangible assets / assets under development	**332,289**	**345,120**	**12,830**

As from 1 January 2010 the Company has been recognising this revenue pursuant to IFRIC 12 "Service concession arrangements".
Revenue from intangible assets and assets under development represents the share of revenue directly attributable to the construction and enhancement of gas distribution infrastructure held under concession. Since it is not possible to identify specific items related to the network construction service within the tariff structure, they are estimated to correspond to costs for a similar purpose, with zero impact on operating margin.
The increase in this item was mainly due to a related increase in investments during the year.

Costs

As already noted, all costs recognised under the accounting model as per IFRIC 12 are broken down by nature within the pre-existing cost items. The following table provides a summary of the items relating to the Company's operating costs in order to ensure their compliance with the aforementioned standard.

Costs relating to revenue from intangible assets / assets under development

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Raw materials and consumables	7,907	12,599	4,691
Costs for services	215,191	214,593	(598)
Other operating costs	748	742	(6)
Amortisation	3,589	3,780	191
Capitalised costs for materials, personnel and services:	104,854	113,406	8,553
of which labour cost	68,941	72,072	3,131
of which raw materials and consumables	35,912	41,334	5,422
Total costs relating to revenue from intangible assets / assets under development	**332,289**	**345,120**	**12,830**

6.a Raw materials and consumables – 60,043 thousand euro

The item "Costs of raw materials and consumables" and the changes thereto compared to the previous year are detailed below:

Raw materials and consumables

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Third parties:			
Costs for the purchase of gas, water and lubricants	3,206	3,190	(16)
Stationery and printed materials	178	197	19
Various materials	58,295	54,780	(3,515)
(Change in inventories of raw materials)	(5,117)	1,877	6,994
Total costs of raw materials and consumables	**56,561**	**60,043**	**3,482**
- of which costs relating to the construction and improvement of the infrastructure	*43,820*	*53,933*	*10,113*

The item "Costs of raw materials and consumables" is essentially made up of costs for the purchase of materials, fuel and lubricants used in the pipe-laying process. As regards the various materials, the most significant amount in the item relates to purchase costs for meters and network equipment, which increased as a result of the inflationary pressure in the first part of the year. In the previous year, the item also included the recognition of the impact from the write-off of certain receivables from suppliers for material under warranty, the collectability of which was considered remote.

6.b Services – 368,109 thousand euro

"Costs for services" are broken down as follows:

Costs for services

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Third parties:			
Maintenance, repair and realisation of assets	217,770	212,640	(5,130)
Costs for electricity, power and water	3,629	3,736	107
Gas (for internal use)	2,824	3,623	799
Telephone and data transmission costs	3,238	3,109	(129)
Insurance premiums	4,654	4,732	78
Costs for services and other expenses relating to personnel	4,873	4,402	(471)
Fees	767	732	(35)
Legal and notary costs	1,785	1,562	(222)
Costs for company acquisitions and disposals/ strategic consulting	25	374	349
Advertising	174	204	29
IT services	12,576	17,483	4,906
Meter reading service	3,467	3,488	21
Audit fees	537	404	(133)
Repairs and emergency service	3,680	4,118	438
Plant certifications Resolution no. 40	381	323	(58)
Gas transport by third parties	832	1,352	521
Professional, other and consultancy services	7,005	9,177	2,172
Other costs for services	9,786	8,437	(1,349)
Group companies:			-
Other costs for services	6,959	7,320	361
Costs for use of third-party assets			-
Third parties:			-
Leases	1,090	824	(266)
Rentals	477	430	(46)
Other costs for use of third-party assets	2,723	2,768	44
Fee for temporary occupation of public space (C.o.s.a.p.)/Single Property Tax (CUP)	5,698	5,667	(31)
Municipal gas concession fees	66,305	71,202	4,897
Total costs for services	**361,256**	**368,109**	**6,853**
- of which costs relating to the construction and improvement of the infrastructure	*215,191*	*214,593*	*(598)*

The aggregate figure of costs for services (including use of third-party leases) was up compared to the previous year (361,256 thousand euro). This balance includes expenses for maintenance activities (212,640 thousand euro – down compared to the previous year), which were then capitalised in accordance with the application of IFRIC 12 for 189,294 thousand euro. Net of capitalised costs, the Services item increased by approximately 7,451 thousand euro due to expenses incurred for the project to transfer the data centre to the cloud, which was initiated during the year and then suspended, as well as increased fees recognised.

The change in the balance is attributable to the following main factors:

- a decrease of 5,130 thousand euro due to lower costs for routine and extraordinary maintenance activities on the distribution networks carried out by third-party companies;
- an overall increase of 778 thousand euro on utility costs (electricity, water, gas, telephony) due to higher costs for gas;
- a decrease of 471 thousand euro for services and personnel-related expenses. The balance of the item mainly consists of catering expenses, in addition to expenses related to staff travel during the year;
- the costs for strategic consulting show an increase of 349 thousand euro compared to the previous period, due to the listing project that began during the year and was later cancelled;
- for IT service costs, there is an increase of approximately 4,096 thousand euro during the year, mainly due to the costs associated with the Data Centre cloud migration project, which is currently suspended;
- costs for professional services increased by 2,172 thousand euro due to some strategic consultancy but also to costs for testing and design, which were later capitalised;
- costs for services to Group companies include the item relating to the cost of the Parent Company's remote reading and remote management for the service managed by 2i Rete Dati S.r.l., remaining largely in line with the previous year;
- for costs for the use of third-party assets, rents, leases, rentals and other expenses, there is an overall slight decrease, as well as a reduction in the single property fee. Municipal fees, on the other hand, have increased by 4,897 thousand euro, primarily due to the increase in remuneration for those municipalities where the fee is linked to the tariff revenue cap.

It is noted that costs for services still include the cost quota for those contracts whose fees do not fall within the scope of application of IFRS 16 (intra-annual or low-value leases).

6.c Personnel costs – 148,063 thousand euro

Personnel costs are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Wages and salaries	100,073	108,035	7,961
Social security charges	30,360	32,336	1,976
Post-employment benefits	6,604	7,167	563
Asem/Fisde	(45)	(41)	4
Company Welfare Scheme	1,146	1,402	256
Other labour cost	508	(835)	(1,344)
Total labour cost	**138,647**	**148,063**	**9,417**
Non-recurring labour cost			-
Redundancy incentives	259	-	(259)
Total non-recurring labour cost	**259**	**-**	**(259)**
Total labour cost	**138,906**	**148,063**	**9,158**
- of which costs relating to the construction and improvement of the infrastructure	*68,941*	*72,072*	*3,131*

"Personnel costs" include all expenses incurred on an ongoing basis that, directly or indirectly, involve employees; this item shows an increase of 9,158 thousand euro.

The variance shown is linked to the recognition, as required by IAS 19, of the pro-rata economic impact of a monetary incentive plan for the Group's management for a total of 12.7 million euro, the disbursement of which is subject to the successful completion of the sale of the equity investment.

Capitalisation for intangible assets rose by 3,131 thousand euro from the previous financial statements, due to the increased involvement of internal staff in the development of the assets.

The table below shows employee variations in the year by category.

	Executives	Middle Managers	White-collar employees	Blue-collar workers	Total
Personnel at 31 December 2023	**35**	**123**	**1,355**	**664**	**2,177**
Increase	-	-	87	38	125
Decrease	(1)	(10)	(65)	(68)	(144)
Change in category	-	5	(2)	(3)	-
Personnel at 31 December 2024	**34**	**118**	**1,375**	**631**	**2,158**

6.d Amortisation, depreciation and impairment losses – 239,164 thousand euro

Amortisation, depreciation and impairment losses totalled 239,164 thousand euro, compared to 230,286 thousand euro in the previous year.
It is noted that, with the application of IFRIC 12, amortisation mainly concerns the rights over concessions in which the Company manages the gas distribution networks.
Depreciation related to IFRS 16 right-of-use assets stood at 7,935 thousand euro and accounted for the portion of annual cost relating to the exclusive use of leased or rented assets that are subject to IFRS 16.
The impairment of intangible assets has increased by 1,012 thousand euro due to an agreement with the contracting authority regarding the valuation of certain assets. Additionally, some impairments were made on receivables deemed unrecoverable following an analysis conducted during the year, amounting to a total of 842 thousand euro.
This item is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Depreciation of tangible assets	4,325	4,362	36
Depreciation of IFRS 16 right-of-use assets	7,604	7,935	330
Amortisation of intangible assets	219,182	224,986	5,804
Impairment losses:			-
- Impairment of tangible assets	-	28	28
- Impairment of intangible assets	-	1,012	1,012
- Write-down of trade and other receivables	(825)	842	1,668
Total amortisation, depreciation and impairment losses	**230,286**	**239,164**	**8,878**
- of which costs relating to the construction and improvement of the infrastructure	*3,589*	*3,780*	*191*

6.e Other operating costs – 47,969 thousand euro

"Other operating costs" show a total increase of 2,138 thousand euro due to an increase of 5,940 thousand euro on customer indemnities and penalties. This balance includes 5,030 thousand euro relating to the so-called "Delta In-Out", 1,052 thousand euro for estimated indemnities to customers following the implementation, starting from 1.4.2023, of Resolution 269/2022/R/gas, which addresses the service level performance of PDRs (redelivery points) equipped with smart meters.

In 2023, the item also had a net balance of 1,185 thousand euro for the purchase of Energy Efficiency Certificates, while in the current year the balance relating to EECs appears under Other revenue as it presents a positive margin.

Capital losses were partly absorbed by the use of provisions specifically allocated for faulty meters that need replacing. A portion of the capital losses, where related to meters that at the date of replacement had not been fully amortised from a tariff perspective, is repaid by means of a tariff based on an annual payment.

During the year, they decreased by 5,352 thousand euro due to a greater use of said provision.

Finally, the change is also due to higher net provisions for risks and charges, amounting to 3,005 thousand euro, which result in an anticipated change of 2,138 thousand euro.

For a better description of relative trends, please refer to point 29 (Provisions for risks and charges) of these notes.

This item is broken down as follows:

Other operating costs

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Third parties:			
Remuneration of statutory auditors, Supervisory Body and Committees	90	91	1
Remuneration of members of the Board of Directors	341	363	21
Membership fees	421	409	(12)
Contribution to the Supervisory Authority	116	169	53
Compensation to customers and penalties	2,759	8,699	5,940
Municipal tax on property	476	474	(2)
CCIAA (chamber of commerce) fees and duties	500	521	21
Net costs for energy efficiency certificates	1,185	-	(1,185)
Tax on the occupation of public space (Tosap)	5	2	(3)
Capital losses on the disposal of assets	14,234	8,882	(5,352)
Capital losses on the sale of assets	7	30	24
Local and sundry taxes	594	607	13
Other costs	1,523	1,189	(334)
(Net) provision for risks and charges	23,421	26,426	3,005
Group companies:			
Other costs	159	108	(51)
Total other operating costs	**45,832**	**47,969**	**2,138**
- of which costs relating to the construction and improvement of the infrastructure	*748*	*742*	*(6)*

6.f Capitalised costs for internal work – 0 thousand euro

The item includes residual costs that can be capitalised but do not relate to concession assets.

7. Income/(Expenses) from equity investments - 449 thousand euro

The item in question includes the economic impact of dividend income and valuations of the investees, in particular the result deriving from the settlement agreement regarding Azienda Elettrica Valtellina and Valchiavenna equal to 448 thousand euro.

8. Financial income/(expenses) - (62,263) thousand euro

This item is broken down as follows:

Financial income

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Third parties:			
- Interest income from loans to employees	0	-	(0)
- Sundry financial income			
- Interest income from current accounts and post office deposits	4,533	8,689	4,156
- Interest income from receivables from customers	31	10	(21)
- Other financial interest and income	2,076	662	(1,414)
Group companies:			
- Interest income	1,344	1,557	213
Total income	**7,983**	**10,917**	**2,933**
Financial expenses			
Third parties:			
- Interest expense on medium/long-term loans	8,842	8,571	(271)
- Other expenses on medium/long-term loans from banks	507	955	448
- Financial expenses on debenture loans	62,758	65,251	2,493
- Financial expenses from amortised cost	2,639	2,933	294
- Interest expense on short-term bank loans	653	4,322	3,668
- Interest expense on current bank accounts	386	204	(181)
- Discounting of post-employment and other employee benefits	1,074	859	(215)
- Interests on taxes and contributions	9	6	(2)
- Change in fair value of hedging derivatives reclassified from comprehensive income	(6,707)	(10,867)	(4,160)
- Other financial and interest expense	1,616	49	(1,567)
- IFRS16 Financial Expenses	478	623	145
Group companies:			
- Interest expense	212	274	62
Total expenses	**72,468**	**73,180**	**712**
TOTAL FINANCIAL INCOME AND (EXPENSES)	**(64,484)**	**(62,263)**	**2,221**

Financial income and expenses posted a negative result (62,263 thousand euro), mainly due to the recognition in the year of interest relating to debenture loans and the related amortised cost, partially offset by the reversal from the equity reserve to the profit and loss account of the fair value of the hedging derivatives closed in 2018 and 2023; the balance also includes interest payable for the credit lines used during the year, both short-term and medium-to-long-term.

At 31.12.2024, the company has outstanding financing totalling 3,254,091 thousand euro, of which 2,715,000 thousand euro relates to five tranches of the debenture loan maturing between 2025 and 2033, 334,091 thousand euro is divided across three credit lines, and a further 205,000 thousand euro consists of revolving credit facilities and short-term loans.

The company's debt structure is more than 90% at a fixed rate (3,145,000 thousand euro), primarily due to the presence of bond loan tranches, which has simultaneously allowed for an extension of the average maturity of existing debt and a significant reduction in its cost.

As regards interest income, a net increase in the amount was recorded during the year (4,156 thousand euro) due to a series of liquidity management transactions carried out after the last tranche of the debenture loan was issued.

9. Taxes – 93,748 thousand euro

This item is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024-2023
Current taxes			
Current income taxes: IRES (corporate income tax)	64,768	83,387	18,619
Current income taxes: IRAP (regional business tax)	14,789	17,982	3,193
Total current taxes	**79,557**	**101,368**	**21,811**
Adjustments for income taxes relating to previous years			
Negative adjustments for income taxes relating to previous years	-	187	187
Positive adjustments for income taxes relating to previous years	-	(15)	(15)
Total adjustments for income taxes relating to previous years	**-**	**172**	**172**
Deferred and prepaid taxes			
Deferred taxes (use)/allocation	(3,396)	(2,331)	1,065
Prepaid taxes (allocation)/use	(5,705)	(5,399)	305
Total current deferred and prepaid taxes	(9,101)	(7,730)	1,371
Adjustments to deferred taxes from previous years	-	-	-
Adjustments to prepaid taxes from previous years	-	(62)	(62)
Total adjustment of deferred and prepaid taxes	-	(62)	(62)
Total deferred and prepaid taxes	**(9,101)**	**(7,792)**	**1,308**
TOTAL TAXES	**70,457**	**93,748**	**23,292**

Income taxes for 2024 totalled 93,748 thousand euro, up by 23,292 thousand euro year-on-year.

The increase is due to normal operations, which saw an increase in the profit before taxes of 62,884 thousand euro. Specifically, taxes represent the recognition of the charge for current taxes for the year, including IRES of 83,387 thousand euro and IRAP of 17,982 thousand euro.

The actual IRES tax rate for 2024 was 26.5%.

The table below shows the reconciliation of the actual and theoretical tax rates, determined by applying the tax rate in force during the year to profit before tax, without taking into account the adjustments from previous years:

Thousands of euro

	31.12.2023	31.12.2024
Profit/(loss) before tax	251,536	314,420
Theoretical IRES taxes - 2024:	**60,369**	**75,461**
Lower taxes:	**25,169**	**27,412**
- capital gains from exempt equity investments	-	52
- release of contributions taxed in prior years	1,327	1,278
- use of provisions	5,308	7,225
- release of provisions	2,797	5,277
- reversal of statutory amortisation/depreciation not deducted in prior years	3,921	4,239
- deducted tax amortisation	7,414	7,414
- other	4,403	1,926
Higher taxes:	**29,568**	**35,338**
- allocations to provisions	12,793	17,857
- amortisation/depreciation on amounts that are not recognised for tax purposes	3,501	2,783
- statutory amortisation/depreciation exceeding the fiscal limits	11,481	11,882
- reversal of excess fiscal amortisation/depreciation deducted in prior years	714	725
- partially deductible costs	938	969
- taxes and duties	10	3
- other	131	1,119
Total current income taxes (IRES)	**64,768**	**83,387**
IRAP - Year 2024:	**14,789**	**17,982**
Difference on tax estimates from previous years	**-**	**172**
Total deferred taxes	**(9,101)**	**(7,792)**
TOTAL INCOME TAXES FROM CONTINUING AND DISCONTINUED OPERATIONS	**70,457**	**93,748**

10. Discontinued operations – 0 thousand euro

The result from discontinued operations was zero.

Information on the Statement of Financial Position

Assets

Non-current assets

11. Property, plant and equipment – 22,167 thousand euro

Following the introduction of IFRIC 12, property, plant and equipment include those assets that are not related to gas distribution concessions.

The breakdown and changes in tangible assets for 2023 and 2024 are shown below:

	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Improvements on third-party assets	Fixed assets under construction and advances	Total
Historical cost	7,051	31,841	1,115	27,356	30,696	12,841	(0)	110,900
Accumulated depreciation	-	(22,944)	(1,065)	(25,198)	(22,969)	(11,751)	-	(83,926)
Balance at 31.12.2022	**7,051**	**8,897**	**50**	**2,159**	**7,727**	**1,091**	**(0)**	**26,975**
Increases (including Fixed assets classified as available-for-sale)	-	145	-	373	2,380	248	-	3,146
Commissioning	-	-	-	-	-	-	-	-
Disposals	-	(5)	-	-	(37)	(3)	-	(46)
Gross value	-	(13)	-	(30)	(2,121)	(3,012)	-	(5,176)
Acc. depr.	-	8	-	30	2,083	3,008	-	5,129
Reclassifications	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Fixed assets classified as available-for-sale	-	(12)	-	-	-	-	-	(12)
Gross value	-	(249)	-	-	-	-	-	(249)
Acc. depr.	-	237	-	-	-	-	-	237
Depreciation	-	(558)	(8)	(545)	(2,873)	(342)	-	(4,325)
Total changes	**-**	**(430)**	**(8)**	**(172)**	**(530)**	**(97)**	**-**	**(1,238)**
Historical cost	7,051	31,724	1,115	27,699	30,955	10,078	(0)	108,622
Accumulated depreciation	-	(23,257)	(1,073)	(25,712)	(23,758)	(9,084)	-	(82,885)
Balance at 31.12.2023	**7,051**	**8,467**	**42**	**1,987**	**7,197**	**993**	**(0)**	**25,737**

continues >>

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	Land	Buildings	Plant and equipment	Industrial and commercial equipment	Other assets	Improvements on third-party assets	Fixed assets under construction and advances	Total
Increases (including Fixed assets classified as available-for-sale)	-	1,026	-	454	148	190	-	1,819
Commissioning	-	-	-	-	-	-	-	-
Disposals	(222)	(3)	-	-	(17)	(0)	-	(242)
Gross value	(222)	(350)	-	(33)	(950)	(3,549)	-	(5,103)
Acc. depr.	-	347	-	33	933	3,549	-	4,862
Reclassifications	(3)	-	-	-	-	-	-	(3)
Gross value	(3)	-	-	-	-	-	-	(3)
Acc. depr.	-	-	-	-	-	-	-	-
Impairment losses	(15)	(12)	-	-	-	-	-	(28)
Fixed assets classified as available-for-sale	(454)	(301)	-	-	-	-	-	(754)
Gross value	(454)	(1,777)	-	-	-	-	-	(2,231)
Acc. depr.	-	1,477	-	-	-	-	-	1,477
Depreciation	-	(509)	(8)	(440)	(3,064)	(340)	-	(4,362)
Total changes	**(694)**	**201**	**(8)**	**15**	**(2,933)**	**(151)**	**-**	**(3,570)**
Historical cost	6,357	30,623	1,115	28,120	30,154	6,719	(0)	103,088
Accumulated depreciation	-	(21,955)	(1,081)	(26,119)	(25,889)	(5,876)	-	(80,920)
Balance at 31.12.2024	**6,357**	**8,668**	**34**	**2,002**	**4,264**	**843**	**(0)**	**22,167**

At 31.12.2024, this item recorded a total movement of 3,570 thousand euro. This includes annual investment increases of 1,819 thousand euro, disposals amounting to 242 thousand euro, reclassifications to available-for-sale assets totalling 754 thousand euro, impairment losses of 28 thousand euro and depreciation of 4,362 thousand euro.

Investments in property, plant and equipment are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024
Increases for internal services	-	-
Increases for materials	-	-
Increases for external acquisitions / services	3,146	1,819
Increases for intercompany acquisitions / services	-	-
Total	**3,146**	**1,819**

In compliance with the provisions of art. 10 of Law 72/83, the historical figures (expressed in thousands of euro) for the monetary revaluations included in the asset categories and contained in the item in question and for intangible assets are broken down as follows:

LAND

Revaluation Law 576/75	12
Revaluation Law 72/83	12
Revaluation Law 413/91	221
Revaluation Law 350/03	1,500
Total revaluation of land and buildings	**1,745**

LAND CONC

Revaluation Law 576/75	1
Revaluation Law 72/83	15
Revaluation Law 413/91	0
Revaluation Law 350/03	77
Total revaluation of land and buildings	**93**

BUILDINGS

Revaluation Law 576/75	7
Revaluation Law 72/83	5
Revaluation Law 413/91	222
Revaluation Law 350/03	1,971
Total revaluation of land and buildings	**2,205**

BUILDINGS CONC

Revaluation Law 576/75	16
Revaluation Law 72/83	96
Revaluation Law 413/91	138
Revaluation Law 350/03	2,155
Total revaluation of land and buildings	**2,404**

PLANT AND EQUIPMENT

Revaluation Law 576/75	2,213
Revaluation Law 72/83	17,914
Revaluation Law 413/91	6
Revaluation Law 342/00	8,807
Revaluation Law 350/03	489,984
Total revaluation of plant and equipment	**518,925**

INDUSTRIAL AND COMMERCIAL EQUIPMENT

Revaluation Law 576/75	1
Revaluation Law 72/83	8
Revaluation Law 350/03	6
Total revaluation of industrial and commercial equipment	**15**

OTHER ASSETS

Revaluation Law 576/75	1
Revaluation Law 72/83	11
Revaluation Law 350/03	1
Total revaluation of other assets	**12**

12. IFRS 16 right-of-use assets – 23,340 thousand euro

Following the application of IFRS 16 standard, hire, rental or lease contracts are carried as the sum of the discounted value of future fees, in a capacity as exclusive use rights.

Below is the table of changes in fixed assets for 2023 and 2024.

Thousands of euro

	IFRS 16 Property	IFRS 16 Vehicles	IFRS 16 ICT	Total
Historical cost	33,652	13,490	597	47,739
Accumulated depreciation	(14,672)	(6,580)	(414)	(21,666)
Balance at 31.12.2022	**18,981**	**6,910**	**182**	**26,073**
Increase and change in right-of-use assets	3,343	2,966	244	6,552
Disposal and changes in right-of-use assets	(721)	(214)	(27)	(962)
Gross value	(1,424)	(1,408)	(27)	(2,860)
Acc. depr.	703	1,194	-	1,897
Depreciation	(4,551)	(2,845)	(208)	(7,604)
Total changes	(1,930)	(94)	8	(2,015)
Historical cost	35,571	15,047	813	51,431
Accumulated depreciation	(18,520)	(8,231)	(622)	(27,373)
Balance at 31.12.2023	**17,051**	**6,816**	**191**	**24,058**
Increase and change in right-of-use assets	3,621	4,207	249	8,077
Disposal and changes in right-of-use assets	(607)	(254)	(0)	(861)
Gross value	(731)	(2,402)	(0)	(3,134)
Acc. depr.	124	2,149	-	2,273
Depreciation	(4,702)	(2,991)	(241)	(7,935)
Total changes	**(1,688)**	**962**	**8**	**(718)**
Historical cost	38,460	16,852	1,062	56,375
Accumulated depreciation	(23,098)	(9,074)	(863)	(33,035)
Balance at 31.12.2024	**15,363**	**7,778**	**199**	**23,340**

13. Intangible assets – 4,764,878 thousand euro

It should be noted that, following the introduction of IFRIC 12, intangible assets also include fixed assets related to gas distribution concessions.

The breakdown and changes in intangible assets for 2023 and 2024 are shown below:

Thousands of euro

	Patent and intellectual property rights	Concessions and similar rights	Concessions and similar rights - Fixed assets under development	Fixed assets under development	Other intangible assets	Goodwill	Advances	Total
Balance at 31.12.2022	1,535	4,151,140	41,547	3,139	38,997	304,402	15	4,540,774
Increases (including Fixed assets classified as available-for-sale)	2,277	310,746	32,293	525	17,202	-	-	363,044
Commissioning	-	28,347	(28,334)	(2,759)	2,759	-	(14)	0
Decreases	-	(24,644)	(144)	(21)	-	-	-	(24,809)
Reclassifications	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	(153)	-	(153)
Fixed assets classified as available-for-sale	-	(4)	(3)	-	-	-	-	(7)
Amortisation	(1,135)	(203,838)	-	-	(14,209)	-	-	(219,182)
Total changes	1,142	110,609	3,813	(2,255)	5,752	(153)	(14)	118,893
Balance at 31.12.2023	2,676	4,261,749	45,360	884	44,749	304,249	1	4,659,667
Increases (including Fixed assets classified as available-for-sale)	-	300,536	44,613	371	14,997	-	-	360,518
Commissioning	-	30,693	(30,692)	(512)	512	-	(1)	0
Decreases	-	(28,564)	(604)	-	-	-	-	(29,168)
Reclassifications	-	3	-	-	-	-	-	3
Impairment losses	-	(947)	-	-	(65)	(145)	-	(1,157)
Fixed assets classified as available-for-sale	-	-	-	-	-	-	-	-
Amortisation	(940)	(207,676)	-	-	(16,370)	-	-	(224,986)
Total changes	(940)	94,046	13,317	(140)	(927)	(145)	(1)	105,211
Balance at 31.12.2024	1,737	4,355,795	58,677	744	43,822	304,104	-	4,764,878
of which historical cost	102,577	8,547,744	58,677	744	196,122	304,104	-	9,209,968
of which Accumulated amortisation	(100,840)	(4,191,949)	-	-	(152,300)	-	-	(4,445,089)

Intangible assets increased during the year mainly due to the investments made in concessions, amounting to 345,149 thousand euro out of a total of 360,518 thousand euro; on the other hand, divestments decreased the balance by 29,168 thousand euro, as did impairment losses, by 1,157 thousand euro, while reclassifications amounted to 3 thousand euro and amortisation came to 224,986 thousand euro.

The item "Concessions and similar rights" includes the amounts relating to the recognition of the Company's rights as concession holder and gas distribution service provider, as well as one-off fees for the acquisition of natural gas distribution concessions. For a more comprehensive overview of the data, they should be considered with the relevant item fixed assets under development. The total of the two items actually shows a final balance after amortisation of 4,414,472 thousand euro.

The amortisation of concession charges was determined on a straight-line basis and on the basis of the estimated realisable value at the end of the concession. The Company determined the terms of the concessions using the same criteria adopted in the previous year.

In the case of concessions obtained through an ATEM tender, as per existing regulations, the useful life of the fixed assets making up the concession has been revised to come into line with tariff rules.

For concessions that have expired at the reporting date, and therefore operating in an extension regime (prorogatio), the residual value has been restated to take into consideration the postponement of the effective expiry of these concessions.

It is stressed that under the Decree of the Ministry of Economic Development dated 19 January 2011, "Determination of territorial ambits in the natural gas distribution sector", which came into force on 1 April 2011, according to art. 3(3) of the decree: "as from the entry into force of this measure, the tenders for the award of the gas distribution service as per article 14(1) of Legislative Decree no. 164 of 23 May 2000, for which the call for tenders has not been published or for which the deadline for the submission of tenders has not expired, shall be awarded only in respect of the areas determined in annex 1, which forms an integral part of this measure" and that, in accordance with article 14(7) of Legislative Decree no. 164/2000, "The outgoing operator, pursuant to article 14(7) of Legislative Decree no. 164 of 23 May 2000, remains obliged, however, to continue the management of the service until the start date of the new assignment."

"Other intangible assets" of 43,822 thousand euro include other long-term costs, such as capitalised costs linked to the implementation of the remote reading system for smart meters.

"Goodwill" totalled 304,104 thousand euro and relates to the deficit from the merger of companies that had previously been subsidiaries. This item was recognised in agreement with the Board of Statutory Auditors. It decreased during the year following the sale of certain assets relating to the Locate di Triulzi, Riva Ligure and Santo Stefano al Mare concession, in compliance with paragraph 86 of IAS 36.

The recoverable value of the goodwill recognised in the financial statements was estimated using the RAB method as at 31 December 2024. The recoverable amount of the "Gas Distribution and Metering" Cash Generating Unit is higher than the Net Invested Capital as at 31 December 2024.

In addition, a sensitivity analysis was carried out on the impairment test. The recoverable amount was determined using two empirical valuation methods: the market transaction price method (based on Italgas' proposal to acquire the majority stake in 2i Rete Gas on 5 October 2024) and the market multiples method of comparable companies. The sensitivity analysis also showed that the recoverable amount, determined according to the methods described above, was higher than the net invested capital recorded in the financial statements.

14. Deferred tax assets and deferred taxes liabilities - 137,616 thousand euro

Deferred tax assets and deferred tax liabilities are determined based on the tax rates in force at the reporting date. Deferred tax assets totalled 265,841 thousand euro, while deferred tax liabilities totalled 128,225 thousand euro.

Deferred tax assets and liabilities at 31 December 2023 were determined using the tax rates in force: 24% for IRES and 4.69% for IRAP.

Net deferred tax assets changed in line with normal business trends, recording variations due to the financial statements items with deferred or advance deductibility.

Considering, among other things, the flows estimated in the most recent business plans, the Company believes it can use deferred tax assets in the ordinary course of business.

The table below details changes in "deferred tax assets and liabilities" by type of temporary difference, determined according to the tax rates in force, and the portion of recoverable and non-recoverable deferred taxes.

Thousands of euro

	Balance at 31.12.2023	Increases recognised in		Decreases recognised in		Other changes			Balance at 31.12.2024
		Profit and loss account	Equity	Profit and loss account	Equity	Profit and loss account	Equity	Other reclassifications	
Deferred income tax assets:									
allocation to provisions for risks and charges with deferred deductibility	21,984	14,356	-	(9,950)	-	62	-	-	26,453
allocation to provisions for incentives to leave and stock options	573	1	-	(72)	-	-	-	-	502
allocation to provisions for disputes	4,073	2,377	-	(2,183)	-	-	-	-	4,267
allocation to provisions for inventory obsolescence	3,409	147	-	(172)	-	-	-	-	3,384
impairment losses with deferred deductibility (impairment of receivables)	1,884	122	-	(1,209)	-	-	-	-	797
impairment losses with deferred deductibility (impairment of plants)	1,903	3	-	-	-	-	-	-	1,907
depreciation and amortisation with deferred deductibility	147,489	11,901	-	(3,930)	-	-	-	-	155,460
separation of land-buildings and component analysis	114	0	-	-	-	-	-	-	115
start-up costs	2,225	0	-	-	-	-	-	-	2,225
Post-employment and other employee benefits	4,318	4,045	-	(989)	-	-	-	-	7,373
cash deductible taxes and duties	4	-	-	-	-	-	-	-	4
proceeds subject to deferred taxation (connection fees)	27,054	43	-	(320)	-	-	-	-	26,777
deferred deductibility charges	9,908	17	-	(1,876)	-	-	-	-	8,049
goodwill	33,420	57	-	(6,969)	-	-	-	-	26,508
post-employment and other employee benefits - OCI	2,017	-	4	-	-	-	-	-	2,021
for losses recoverable in future years	0	-	-	-	-	-	-	-	0
Total	**260,376**	**33,068**	**4**	**(27,669)**	**-**	**62**	**-**	**-**	**265,841**
Deferred income tax liabilities:									
differences on tangible and intangible assets – additional depreciation and amortisation	23,442	288	-	(725)	-	-	-	-	23,005
differences on intangible assets – goodwill	4,825	2	-	-	-	-	-	-	4,827
separation of land-buildings and component analysis	3,835	8	-	-	-	-	-	-	3,843
allocation to assets of costs relating to company operations	28,037	66	-	(1,673)	-	-	-	-	26,430
Post-employment and other employee benefits	814	-	19	-	(0)	-	-	-	832
proceeds subject to deferred taxation	3,730	338	-	-	-	-	-	-	4,068
derivative financial instruments (in case of a net positive change in the relevant equity reserve)	23,222	-	-	-	(2,608)	-	-	-	20,614
other...	398	567	-	(209)	-	-	-	-	757
Derivative financial instruments and ASEM - Italian Accounting Body (OCI)	163	-	9	-	-	-	-	-	172
recognition of deferred taxes due to merger	44,671	386	-	(1,379)	-	-	-	-	43,678
Total	**133,137**	**1,655**	**28**	**(3,986)**	**(2,608)**	**-**	**-**	**-**	**128,225**
Net deferred tax assets	**127,239**	**31,413**	**(24)**	**(23,683)**	**2,608**	**62**	**-**	**-**	**137,616**

15. Equity investments – 18,004 thousand euro

The table below shows the changes in the year for each equity investment, with the corresponding values at the beginning and end of the year, as well as the list of equity investments held in other companies.

Thousands of euro

	Carrying amount	% ownership	Merger contribution	Disposals	Increases	Decreases	Adjustments	Original cost	Increase/ (Decrease)	Carrying amount	% ownership
	31.12.2023		Movimenti del 2024						31.12.2024		
A) Subsidiaries											
Cilento Reti Gas S.r.l.	2,580	60%						2,580	-	2,580	60%
2i Rete Dati S.r.l.	11,764	100%						20	-	11,764	100%
Total subsidiaries	**14,344**		**-**	**-**	**-**		**-**	**2,600**	**-**	**14,344**	
B) Associates											
Melegnano Energie Ambiente S.p.A.	2,451	40%						2,451	-	2,451	40%
2i Servizi Energetici S.r.l.	1,086	60%						6	-	1,086	60%
Total associates	**3,537**		**-**	**-**	**-**		**-**	**2,457**	**-**	**3,537**	
C) Other companies											
Interporto di Rovigo S.p.A.	42	0.30%						42	-	42	0.30%
Fingranda S.p.A. in liquidazione	26	0.58%						26	-	26	0.58%
Agenzia di Pollenzo S.p.A.	33	0.27%						33	-	33	0.27%
Industria e Università S.r.l.	11	0.09%						11	-	11	0.09%
Banca Popolare Pugliese	11	0.01%						11	-	11	0.01%
Immobiliare Cestia	0	0.05%						0	-	0	0.05%
Total other companies	*123*		-	-	-		-	*123*	-	*123*	
TOTAL EQUITY INVESTMENTS	**18,004**		**-**	**-**	**-**		**-**	**5,180**	**-**	**18,004**	

The tables below show the list of equity investments in subsidiaries and their values as recognised in the Company's financial statements at 31 December 2024:

A) Subsidiaries	Registered office	Share Capital (euro)	Equity (euro)	Profit / (Loss)	End of the reporting period	% ownership	Carrying amount	Equity (ITA GAAP) (euro)
Cilento Reti Gas S.r.l.	Acquaviva delle Fonti (BA)	4,300,000	4,610,556	334,234	31.12.2024	60%	2,580,000	2,766,333
2i Rete Dati S.r.l.	Milan	120,000	16,694,039	1,378,233	31.12.2024	100%	11,764,238	16,694,039

As regards associates, the values at 31 December 2024 were as follows:

B) Associates	Registered office	Share Capital (euro)	Equity (euro)	Revenue (euro)	Profit/loss in previous year (euro)	End of the reporting period	% ownership	Carrying amount (euro)
Melegnano Energie Ambiente S.p.A.	Melegnano (MI)	4,800,000	8,883,415	2,620,193	12,345	31.12.2023	40%	2,451,467
2i Servizi Energetici S.r.l.	Milan	10,000	187,884	1,489,328	(81,941)	31.12.2024	60%	1,086,000

Finally, the equity investments in other companies at the same date were:

C) Other companies	Registered office	Share Capital (euro)	Equity (euro)	Revenue (euro)	Profit/loss in previous year (euro)	End of the reporting period	% ownership	Carrying amount (euro)
Interporto di Rovigo S.p.A.	Rovigo	6,904,887	8,214,390	3,995,009	514,646	31.12.2023	0.30%	41,634
Fingranda S.p.A. in liquidazione	Cuneo	2,662,507	1,155,810	1,000	11,608	31.12.2023	0.58%	25,822
Agenzia di Pollenzo S.p.A.	Bra (CN)	23,079,108	22,987,710	1,083,242	124,877	31.12.2023	0.27%	33,082
Industria e Università S.r.l.	Varese	13,440,528	11,000,163	-	(27,624)	31.12.2023	0.09%	10,989
Banca Popolare Pugliese	Parabita (LE)	182,516,877	366,017,972	180,147,106	22,103,137	31.12.2023	0.01%	11,127
Immobiliare Cestia	Rome (RM)	50,000	329,338	140,463	(55,484)	31.12.2023	0.05%	26

16. Non-current financial assets – 14,444 thousand euro

The item includes primarily receivables for sums paid to contracting authorities for the purpose of tender preparation and which could be returned at the end of the procedure if it is lost.
Lastly, there is a residual deferral of transaction costs incurred in obtaining loan facilities unused at 31 December 2024.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Non-current deferred financial charges	236	1,469	1,233
Long-term loans to employees	86	36	(50)
Financial receivables from others	12,446	12,939	492
Total	**12,768**	**14,444**	**1,676**

17. Other non-current assets – 52,743 thousand euro

The item includes the following entries:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Security deposits	3,717	3,774	57
Receivables for grants related to plants	560	560	-
Tax receivables claimed for reimbursement	306	306	-
Prepaid promotional expenses	41	34	(7)
From municipalities for disposals of assets due to expiration of Concessions	824	625	(199)
Non-current receivables from CSEA	16,114	46,220	30,106
Other non-current assets	2,447	2,554	107
Bad debt provision - other non-current assets	(153)	(1,330)	(1,177)
Total	**23,856**	**52,743**	**28,887**

Guarantee deposits of 3,774 thousand euro refer to receivables for work to be performed on distribution plants as well as from user contracts.

The receivable for contributions to be received (560 thousand euro) consisted of the recognition of the medium/long-term portion of receivables for plant-related contributions to be received: this item was unchanged during the year.

Tax receivables of 306 thousand euro relate to reimbursement requests pursuant to art. 6 of Legislative Decree 185/2008 (deduction from IRES of the IRAP portion for labour costs and interest expense). There were no changes to this item in the year.

Receivables due from municipalities for disposals of assets due to the expiration of concessions totalled 625 thousand euro. This was the result of disputes or similar proceedings ongoing with some municipalities to define the amount of the refund owed to the Company as outgoing operator for the redelivery of the relevant concessions and plants.

The balance of long-term receivables from CSEA increased overall, reflecting the recovery of losses incurred from replacing traditional meters with electronic ones (as per Resolution 155/09, impacting negatively by 5,064 thousand euro) and first-generation electronic meters (as per Decision 1/23, contributing positively by 36,891 thousand euro). At 31.12.2023, the item reported a balance of 16,114 thousand euro.

These receivables will be settled by CSEA over the next few years, in correspondence with the residual useful life of the replaced meters.

Finally, the balance of miscellaneous non-current assets includes the residual value of prepaid expenses in the form of rent paid in advance to API, the Company that owns the networks managed in the municipality of Rozzano (1,016 thousand euro).

Current assets

18. Inventories – 21,417 thousand euro

Closing inventories of raw materials, ancillaries and consumables mainly consisted of materials for construction and maintenance of gas distribution plants and, in particular, new smart meters.

Compared to the previous year, this item decreased by 1,877 thousand euro, due to purchases of smart meters during the year, set against the growing material prices.

The item includes the provision for the write-down of inventories of 835 thousand euro. The provision was set up to take into account inventories with unlikely future use. The Company uses the weighted average cost method.

19. Trade receivables – 272.678 thousand euro

Trade receivables are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Third-party customers:			
Receivables from customers	199,141	271,618	72,477
- Bad debt provision	(5,200)	(2,233)	2,967
Receivables for returns under warranty	8,580	6,336	(2,244)
- Bad debt provision for returns under warranty	(5,614)	(3,996)	1,618
Total	**196,906**	**271,724**	**74,819**
Group companies:			
Receivables from subsidiaries	3,121	954	(2,167)
Total	**3,121**	**954**	**(2,167)**
TOTAL	**200,026**	**272,678**	**72,651**

Receivables due from third-party customers consist of trade receivables and receivables from operations, and largely relate to gas distribution operations.

The significant positive difference compared to the previous year is primarily due to both the variation in tariffs applied in 2024 and differing weather conditions, which led to higher billing in the final months of the year.

Such receivables are recognised net of a 2,233 thousand euro bad debt provision.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Receivables not past due	184,412	258,424	74,012
Past due receivables	14,729	13,194	(1,535)
- 0 to 90 days	201	1,956	1,755
- 91 to 180 days	248	730	482
- 181 to 360 days	339	1,305	966
- beyond 360 days	13,940	9,204	(4,737)
Total	**199,141**	**271,618**	**72,477**

With regard to the impact assessment pursuant to IFRS 9, the Company did not consider it necessary to update its assessments, since the guarantees hedging receivables significantly reduce the risk of insolvency.

Receivables for returns under warranty, which are recognised net of the relevant bad debt provision, concern receivables from the manufacturers of meters for non-functioning assets that have long-term warranties. The amount is stated net of the bad debt provision to take account of changed contractual conditions and findings that lead to the belief that part of said receivable is no longer collectable.

Changes in the bad debt provision are set out in the table below.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Opening balance	**7,502**	**5,200**	**(2,302)**
Merger contributions	10		(10)
Allocations	399	650	251
Releases	(1,240)	(1,015)	226
Uses	(1,471)	(2,576)	(1,105)
Other changes		(27)	(27)
Closing balance	**5,200**	**2,233**	**(2,967)**

The bad debt provision at 31 December 2024 was taxed to the tune of 1,599 thousand euro (4,801 thousand euro in previous year).

The bad debt provision for returns under warranty instead recorded the following changes during the year:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Opening balance	**646**	**5,614**	**4,969**
Allocations	4,969	2,553	(2,416)
Releases		(2,167)	(2,167)
Uses	-	(2,004)	(2,004)
Closing balance	**5,614**	**3,996**	**(1,618)**

The breakdown of receivables from subsidiaries is as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Receivables due from subsidiaries:			
2I Rete Dati S.r.l	1,774	359	(1,416)
Cilento Reti Gas S.r.l.	1,346	595	(751)
TOTAL	**3,121**	**954**	**(2,167)**

All the company's operations are in Italy.

20. Short-term financial receivables – 27,539 thousand euro

Short-term financial receivables mainly consist of 25,955 thousand euro in receivables from the subsidiary Cilento Reti Gas S.r.l. for an intercompany financing agreement entered into in 2023, 1,350 thousand euro from the associate 2i Servizi Energetici S.r.l. for a financing agreement signed in 2022, as well as 154 thousand euro in employee microcredit loans and other minor items.

21.Other current financial assets – 4,336 thousand euro

This item includes prepayments and accrued income of 3,961 thousand euro, plus current financial receivables from subsidiary Cilento Reti Gas S.r.l. amounting to 374 thousand euro and from 2i Servizi Energetici S.r.l. totalling 20 thousand euro.

22. Cash and cash equivalents – 80,668 thousand euro

Cash and cash equivalents decreased by 244,197 thousand euro compared to the balance at 31 December of the previous year, following the repayment of the debenture loan tranche under the Company's EMTN Programme and as a result of normal business operations.
Cash and cash equivalents are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Bank deposits	324,701	80,519	(244,182)
Post office deposits	5	5	(0)
Cash in hand	158	144	(14)
Total	**324,865**	**80,668**	**(244,197)**

Cash associated with operating activities is held in bank and post office deposits.

23. Income tax receivables – 2,377 thousand euro

Receivables from Italian tax authorities for income taxes mainly include IRES receivables of 1,253 thousand euro, IRAP receivables of 5 thousand euro and tax relief mostly for the Industry Framework 4.0 (1,119 thousand euro).

24. Other current assets – 233,088 thousand euro

This item is broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Other tax receivables:			
VAT receivables claimed for reimbursement	35,786	275	(35,511)
Receivables due from tax authorities for VAT	11,380	30	(11,349)
Other tax receivables	277	62	(215)
Other receivables:			
From social security and insurance agencies	473	565	92
Receivables from CSEA	241,298	214,117	(27,181)
Receivables from third parties for sale of plants/tender/concession expiration	1,955	1,189	(766)
Receivables for grants related to plants	846	846	(0)
Receivables from municipalities	246	246	0
Receivables from suppliers	2,418	3,700	1,283
Other receivables	1,947	1,452	(495)
Provision for other doubtful debts	(2,402)	(1,074)	1,328
Accrued income	25	17	(8)
Deferred charges for other multi-year fees	35	58	23
Deferred charges for property lease fees	445	375	(70)
Deferred charges for promotional expenses	7	7	(0)
Deferred charges for insurance premiums	2,385	2,476	91
Other deferred charges	11,903	8,748	(3,155)
Total	**309,023**	**233,088**	**(75,935)**

This item shows a decrease of 75,935 thousand euro during the year, mainly due to lower VAT credits of 46,861 thousand euro — of which 35,511 thousand euro was requested for reimbursement — and lower receivables from CSEA (Cassa per i Servizi Energetici e Ambientali) amounting to 27,181 thousand euro.

Both balances from the previous year were due to the particular situation that arose in 2022 and continued into part of 2023, involving the introduction of some negative pass-through components and the elimination of certain tariff components, which fully normalised in 2024 as part of normal business dynamics.

At 31.12.2024, receivables from CSEA include not only the amount deriving from receivables from the equalisation of the gas distribution service (81,263 thousand euro), but the amount deriving from receivables for the UG2 and Gas Bonus "pass-through" items (52,454 thousand euro in total) and from the recognition of Technical Quality (63,522 thousand euro). The balance of short-term receivables for Decision 1/23 and Resolution 155/09 amounts to a total of 12,141 thousand euro.

The item must always be correlated with payables to the Equalisation Fund, as reported in note 40 "Other current liabilities".

25. Assets held for sale – 283 thousand euro

Under assets held for sale, in 2024 the Company reports the value of three properties, which is expected to be sold in the next 12 months.

Liabilities

Equity

26. Equity – 1,442,145 thousand euro

Equity rose by 87,392 thousand euro as a result of the net effect of the following changes:

- decreases due to the ordinary dividend payout of 125,019 thousand euro;
- a decrease in reserves for the valuation of derivatives of 8,259 thousand euro (relating to the value of the hedging derivatives now closed, but whose effects unfold over time based on the underlying hedged) and a decrease in other reserves (1 thousand euro, relating mainly to the discounting of defined benefits) due to the profit for the year being recognised directly in equity;
- an increase of 220,672 thousand euro in profit for the year.

SHARE CAPITAL – 3,639 THOUSAND EURO

At 31.12.2023, the share capital consisted of 363,851,660 ordinary shares, fully subscribed and paid up, with no change during the year.

SHARE PREMIUM RESERVE – 286,546 THOUSAND EURO

The reserve was established at the time of the capital increase, and did not change during the year.

LEGAL RESERVE – 728 THOUSAND EURO

The legal reserve amounted to 728 thousand euro and was unchanged, as it reached the legal limit.

RESERVES FOR VALUATION OF DERIVATIVES – (65,276) THOUSAND EURO

The reserve for the valuation of derivative instruments was created in 2016 following the subscription of Forward Starting Interest Rate Swap contracts. At 31.12.2024, all swaps had been closed, while the effect on the profit and loss account for the reversal of the reserve for the valuation of derivatives is recorded on the basis of the interest expense flow of the Debenture Loan for the following 10 years.

OTHER RESERVES – 239,921 THOUSAND EURO

Other reserves show a change compared to the previous year of 1 thousand euro, due mainly to the recognition in equity of the actuarial valuation of the Company's defined benefit plan.

RETAINED EARNINGS – 625,364 THOUSAND EURO

Retained earnings rose by 56,060 thousand euro from the previous year as the shareholders' meeting resolved to distribute part of the profit for 2023 and allocate the rest to increase this reserve.

NET PROFIT/(LOSS) FOR THE YEAR – 220,672 THOUSAND EURO

The table relating to the availability and possibility of distributing equity from a statutory perspective is shown below:

	Amount	Possibility of use	Amount available	Amount unavailable
Share capital	3,638,517		-	3,638,517
Share premium reserve	286,546,491	A.B.C	286,546,491	
Legal reserve	727,703	B	-	727,703
Other reserves	195,596,638	A.B.C	195,596,638	
Reserves other than merger surplus	133,404,740	A.B	133,404,740	
Reserves other than FTA	(86,021,234)		(86,021,234)	
Reserves other than post-employment benefit (TFR)	(3,059,172)		(3,059,172)	
Reserves other than derivative measurement	65,276,122		65,276,122	
Retained earnings/(accumulated losses)	625,363,901	A.B.C	625,363,901	
Profit/(loss) for the year	220,671,624	A.B.C	220,671,624	
Total	**1,442,145,330**		**1,437,779,110**	**4,366,220**

From a tax point of view, the Company has blocked some reserves. These reserves, subject to the Company's tax suspension arrangements, amounted to 349,963,428 thousand euro.

Non-current liabilities

27. Long-term loans – 2,520,672 thousand euro

The item refers to the four tranches of the long-term debenture loan issued by the Company maturing between 2026 and 2033 as part of the overhaul of its financial structure, as well as the loans in place with the European Investment Bank and another leading lender.

The table below shows short- and long-term debt expressed in the original currency and the relevant interest rate. The notional amount of the loan is the same as its carrying amount.

Thousands of euro

	Carrying amount		Notional amount		Interest rate	Interest rate
	31,12,2023	31,12,2024	31,12,2023	31,12,2024	in force	actual
Fixed-rate debt	70,000	70,000	70,000	70,000	1.39%	1.39%
Fixed-rate debt	155,000	155,000	155,000	155,000	1.40%	1.40%
Floating-rate debt	109,091	90,909	109,091	90,909	Eur+0.59%	3.19%
Debenture loan expiring 2025	500,000	-	500,000	-		
Debenture loan expiring 2026	435,000	435,000	435,000	435,000	1.75%	1.91%
Debenture loan expiring 2027	730,000	730,000	730,000	730,000	1.61%	1.62%
Debenture loan expiring 2031	500,000	500,000	500,000	500,000	0.58%	0.64%
Debenture loan expiring 2033	550,000	550,000	550,000	550,000	4.38%	4.48%
Costs linked to loans (long term)	(12,795)	(10,237)				
TOTAL LONG-TERM	**3,036,295**	**2,520,672**	**3,049,091**	**2,530,909**		
Floating-rate debt	18,182	18,182	18,182	18,182	Eur+0.59%	3.19%
Short-term debt (hot money)		25,000		25,000	3.92%	3.92%
Short-term debt (hot money)		50,000		50,000	4.47%	4.47%
Loan - Revolving Credit Facility		130,000		130,000	4.37%	4.37%
Debenture loan expiring 2024	489,705	-	489,705	-		
Debenture loan expiring 2025		500,000		500,000	2.20%	2.29%
Costs linked to loans (short-term)	(450)	(376)				
TOTAL SHORT-TERM	**507,437**	**722,806**	**507,887**	**723,182**		

The maturity schedule for financial liabilities, whether medium-/long-term (notional amount of 2,530,909 thousand euro) or short-term (723,182 thousand euro – see points 33 and 34 of these notes), is shown in the following table:

Thousands of euro

	Notional		1 year	2 - 5 years	Beyond 5 years
	31.12.2023	31.12.2024			
Short and medium/long-term bank loans and debenture loans					
Loan - Medium/long-term Capex Line	334,091	315,909	-	297,727	18,182
Loan - Short-term Capex Line	18,182	223,182	223,182	-	-
Medium/long-term debenture loans	2,715,000	2,215,000	-	1,165,000	1,050,000
Debenture loans due within next year	489,705	500,000	500,000	-	-
Total	**3,556,978**	**3,254,091**	**723,182**	**1,462,727**	**1,068,182**

The terms and conditions of the debenture loan, issued for a market of institutional investors, do not provide for covenants.

The loans taken out with the European Investment Bank are subject to some covenants calculated on the basis of the consolidated financial statements that the Company must meet to continue using the credit lines.

The covenants relate to the following indicators:

- Total net financial debt;
- RAB (Regulatory Asset Base);
- EBITDA;
- Net Financial Charges.

At 31.12.2024 the Company had met all covenants.

28. Post-employment and other employee benefits – 26,961 thousand euro

The Company provides employees with various types of benefits, including post-employment benefits, health benefits, compensation due instead of notice of dismissal (Indennità Sostitutive del Preavviso - ISP) and compensation due instead of energy discount (Indennità Sostitutive Sconto Energia).

The item includes provisions for post-employment defined benefit plans and other long-term employee benefits required by law or contract.

Pursuant to IAS 19, these "defined benefit obligations" were determined using the "Projected Unit Credit Method", which requires the liability to be calculated in proportion to the service already rendered at the reporting date, and not the service that could presumably be rendered overall.

In greater detail, the plans provided for the following benefits:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Post-employment benefits	22,135	21,089	(1,046)
ASEM health service	1,293	1,323	30
GAS Fund	5,181	4,549	(632)
TOTAL	**28,609**	**26,961**	**(1,648)**

Below are comments on the main items making up the aggregate.

POST-EMPLOYMENT BENEFITS (TFR)

Under Italian law, when the employment relationship ends, the employee is entitled to receive post-employment benefits, corresponding, for each year of service, to an amount calculated by dividing their gross annual salary by 13.5.

It is noted that following the approval of Law 296 of 27 December 2006 (2007 finance law) and subsequent decrees and implementing regulations, only the portions of post-employment benefits held with the Company qualify as a defined benefit plan, while the accrued portions allocated to supplementary pension schemes and the treasury fund held by INPS (the Italian Social Security Agency) qualify as a defined contribution plan.

HEALTHCARE BENEFITS

Based on the Italian collective bargaining agreement for executives in the industrial sector, executives have the right to supplementary healthcare in addition to that provided by the Italian Health Service, during both the employment relationship and retirement. ASEM and FASI, the healthcare fund set up for workers in Italy's electricity industry, reimburse medical expenses.

FONDO GAS (GAS FUND)

Italian Law Decree no. 78/2015, coordinated with Law no. 125/2015 (Official Journal 14.08/2015), ordered the elimination of the "Fondo Gas" (Gas Fund) as from 1 December 2015. The decree also provided for the payment, either to current employees or as a voluntary continuation of the contribution to Fondo Gas, of an amount (to be paid by the employer) equal to 1% of the 2014 contribution to Fondo Gas, for each full year or any part thereof that the person has been a member of the fund. Said amount can be set aside with the employer or paid as a contribution to a supplementary pension scheme (hereinafter referred to as Contribution to the former Fondo Gas). The provision shall be made in 240 equal monthly instalments. Should the employment relationship end before the payments are completed, the remaining amount to be paid to Fondo Gas shall be paid in a lump sum at the time of the final wage.

The main assumptions in the actuarial estimates of employee benefit liabilities (Fondo Gas and post-employment benefits) are set out below.

	31.12.2023	31.12.2024
Actuarial assumptions		
Discount rate	3.10%	3.20%
Annual rate of increase in cost of living	2.00%	2.00%
Rate of increase in cost of health spending	3.30%	3.00%
Demographic assumptions		
Mortality rate	ISTAT Table 2017	ISTAT Table 2017
Resignation rate < 50 years of age	2.00%	2.00%
Resignation rate > 50 years of age	nil	nil

29. Provisions for risks and charges – 15,881 thousand euro

Provisions for risks and charges are used to cover contingent liabilities that might arise from litigation or other disputes of the Company, without taking into account the effects of disputes that might have a positive outcome and those for which a possible charge cannot be reasonably quantified.

The table below shows the total provisions for risks and charges (both the short-term and medium/long-term portions). The long-term portion is disclosed separately.

Thousands of euro

	At 31.12.2023	Of which current portion	Of which non-current portion	Allocations	Releases	Uses	At 31.12.2024	Of which current portion	Of which non-current portion
Provision for litigation and disputes	4,404	-	4,404	1,668	(848)	(871)	4,352	-	4,352
Provision for taxes and duties	2,125	-	2,125	463	(367)	(16)	2,204	-	2,204
Provision for disputes with personnel	100	-	100	-	-	-	100	-	100
Provision for disputes on concessions	33,735	33,735	-	7,370	(4,074)	(109)	36,921	36,921	-
Other provisions for risks and charges	47,848	45,457	2,391	34,002	(6,770)	(18,808)	56,272	47,046	9,226
Total	**88,211**	**79,192**	**9,019**	**43,502**	**(12,061)**	**(19,804)**	**99,849**	**83,967**	**15,881**
Provision for charges pertaining to leave incentives	2,000	2,000	-	-	-	(252)	1,748	1,748	-
Total	**90,211**	**81,192**	**9,019**	**43,502**	**(12,061)**	**(20,056)**	**101,597**	**85,715**	**15,881**

Provisions for risks and charges amounted to 101,597 thousand euro overall. They consisted of a short-term portion (85,715 thousand euro) and a long-term portion (15,881 thousand euro), and were broken down as follows:

- The "Provision for litigation and disputes", which is essentially stable, amounting to 4,352 thousand euro, to cover contingent liabilities mainly arising from ongoing litigation cases.
- "Provision for taxes and duties", standing at 2,204 thousand euro, mainly concerning ongoing litigation or disputes concerning local taxes;
- "Provision for disputes with personnel", amounting to 100 thousand euro, covering expected charges arising from disputes with personnel of a company acquired in previous financial years. The Company did not consider it necessary to change this item in the year;
- The "Provision for disputes on concessions", amounting to 36,921 thousand euro, generally covers estimated expenses for various disputes with municipalities. The item shows movements, including releases and provisions totalling 3,296 thousand euro, reflecting increased risks from claims by municipalities regarding the revision of agreed concession fees, as well as uses amounting to 109 thousand euro;
- "Other provisions for risks and charges", amounting to 56,272 thousand euro, mainly cover charges that might arise from the need for maintenance or replacement of metering equipment that fails to meet company standards. During the year, the item increased by 8,423 thousand euro, due to net releases for risks no longer relevant and net provisions for emerging risks. This item also includes a provision of 5,442 thousand euro, set aside during the year, related to tariff penalties;
- The "Provision for charges pertaining to leave incentives", amounting to 1,748 thousand euro, decreased during the year due to some uses related to employee departures. The provision addresses possible liabilities that may arise from agreements defined or in the process of being defined for incentives for personnel to leave, which started during the year and are still under way.

The fiscal position of the Company has been defined up to 2019.

30. Non-current financial liabilities – 0 thousand euro

At 31 December 2024, non-current financial liabilities stood at zero.

31. Non-current IFRS 16 financial liabilities – 15,544 thousand euro

This item included financial liabilities falling due after 12 months deriving from the application of IFRS 16, i.e. payables arising from future leases that the Company will have to pay for the exclusive use of those assets whose hire, rental or lease contracts fall under the application of the aforesaid standard.

The table below shows details of maturities broken down by short, medium and long-term debt and by type of contract.

Thousands of euro

		Present value of IFRS 16 cash flows 31.12.2024	1 year	2 - 5 years	Beyond 5 years
ST/LT IFRS 16 financial liabilities					
Non-current IFRS 16 financial liabilities		**15,544**	**-**	**15,264**	**280**
	IFRS 16 Property			10,273	280
	IFRS 16 Vehicles			4,991	-
	IFRS 16 ICT			-	-
Current IFRS 16 financial liabilities		**7,384**	**7,384**	**-**	**-**
	IFRS 16 Property		4,691		
	IFRS 16 Vehicles		2,491		
	IFRS 16 ICT		203		
Total		**22,928**	**7,384**	**15,264**	**280**

32. Other non-current liabilities – 344,150 thousand euro

The item includes the following entries:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Deferred income:			
Sundry payables	1,056	1,063	7
Deferred income for grants related to plants	48,605	46,420	(2,185)
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	296,410	296,667	256
Total other non-current liabilities	**346,071**	**344,150**	**(1,921)**

In addition to normal operating trends, the change in deferred income also accommodates the representation of the value of those assets heavily impacted by contributions following the awarding of ATEM Naples 1.

The item must be seen in conjunction with the short-term portion of "Other current liabilities".

Current liabilities

33. Short-term loans – 211,280 thousand euro

The item increased by 205,652 thousand euro, primarily due to the drawdown of certain short-term lines. The residual part refers to intercompany payables with the subsidiary 2i Rete Dati S.r.L.

The following table shows the details of the item:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Short-term bank borrowings	-	204,997	204,997
Intercompany financial payables	5,628	6,283	655
Total	**5,628**	**211,280**	**205,652**

34. Current portion of medium/long-term bank loans – 517.809 thousand euro

At 31.12.2024, the item included the Company's total short-term debt to bond-holders and to the banking system, including tranches of debt to the EIB that are contractually due to be repaid within the next 12 months.

For details, see note 27.

35. Current portion of long-term provisions and short-term provisions – 85,715 thousand euro

The line item represents the current portion of the Company's provisions for risks. Comments and details of this item are provided in the section on provisions for risks and charges (note 29).

36. Trade payables – 207,074 thousand euro

This item includes all trade and operating liabilities of certain amount and timing.

The item decreased by 6,211 thousand euro compared to the previous year due to normal dynamics for the period.

The breakdown of trade payables to third-party suppliers and Group suppliers is set out below, broken down by financial statements item:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Suppliers	212,488	206,325	(6,162)
Total	**212,488**	**206,325**	**(6,162)**
Payables due to subsidiaries	797	748	(49)
Total	**797**	**748**	**(49)**
Total	**213,285**	**207,074**	**(6,211)**

As in the previous year, the balance at 31.12.2024 mainly consisted of the residual amount payable to companies to which gas distribution plant construction and maintenance is outsourced, to suppliers of materials and payables for the purchase of electricity and gas services for internal use.

As regards dealings with subsidiaries, the relevant payables are shown below:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Subsidiaries:			
2i Rete Dati S.r.l.	797	748	(49)
Cilento Reti Gas S.r.l.	1	-	(1)
Total	**797**	**748**	**(49)**
TOTAL	**797**	**748**	**(49)**

37. Income tax payables – 20,924 thousand euro

At 31 December 2024, the Company had a negative balance due to the trends of payments made on account.

38. Current financial liabilities – 30,041 thousand euro

Current financial liabilities mostly refer to interest expenses accrued and not yet paid relating to the issued tranches of the debenture loan.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Accrued liabilities for interest on short-term bank loans	31,761	29,030	(2,731)
Other current financial payables	890	949	59
Other Group's current financial payables	**64**	**62**	**(2)**
Total	**32,715**	**30,041**	**(2,674)**

39. Current financial liabilities IFRS 16 – 7,384 thousand euro

At 31.12.2024, this item included financial liabilities falling due within 12 months deriving from the application of IFRS 16. A breakdown of maturities by type of contract is provided under note 31 above.

40. Other current liabilities – 229,985 thousand euro

Other current liabilities show an increase of 101,719 thousand euro, mainly due to the dynamics of the "Other payables" item, which also includes indebtedness to CSEA for items related to various tariff components.

In summary, other current liabilities are set out below:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Other tax payables	3,928	11,913	7,986
Payables to social security and pension agencies	9,825	11,715	1,890
Sundry payables	95,293	187,111	91,818
Accrued liabilities	3,971	4,118	147
Deferred income	15,250	15,129	(121)
Total	**128,266**	**229,985**	**101,719**

Other tax payables, equal to 11.913 thousand euro, mainly reflect changes in VAT owed to the tax authorities due to seasonal fluctuations, and are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Due to tax authorities for VAT	31	7,596	7,565
Due to tax authorities for taxes withheld from employees	3,852	4,293	442
Due to tax authorities for withholding taxes	45	24	(21)
Total	**3,928**	**11,913**	**7,986**

Payables to social security and pension agencies, amounting to 11,715 thousand euro, are set out in the table below:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Due to INPS (NATIONAL SOCIAL SECURITY INSTITUTE)	8,772	10,535	1,763
Due to other agencies	1,053	1,180	127
Total	**9,825**	**11,715**	**1,890**

Other payables, which are the most important item with a total balance of 187,111 thousand euro, are broken down as follows:

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Payables to employees	13,134	20,983	7,849
Payables to municipalities for rights and fees	1,048	1,009	(39)
Payables for connections, network extension and other payables to customers	12,474	18,253	5,779
Payables for security deposits and user advances	7,848	9,441	1,593
Payables to CSEA	54,753	130,814	76,061
Other payables	6,036	6,610	574
Total	**95,293**	**187,111**	**91,818**

Payables to CSEA consist of payables for items passing through the invoicing mechanism to trading companies and then paid to CSEA, generally on a bi-monthly basis (UG1, UG2, UG3, Gs, Re and Rs) (108,020 thousand euro), payables relating to the equalisation amount both for the current year and previous years (11,065 thousand euro), mainly due to equalisation adjustments. This position must be considered in light of relevant receivables from CSEA included under Other current assets.

Accrued liabilities and deferred income, amounting to 19,246 thousand euro, are set out below.

Thousands of euro

	31.12.2023	31.12.2024	2024 - 2023
Accrued liabilities			
Accrued liability for additional monthly salaries paid to employees	3,742	3,841	99
Other accrued liabilities	229	276	48
Total accrued liabilities	**3,971**	**4,118**	**147**
Deferred income			
Deferred income for grants related to plants	2,371	2,175	(195)
Deferred income for connection fees, property subdivision, plant transfer and network extension contributions	10,207	10,294	87
Other deferred income	2,672	2,659	(12)
Total deferred income	**15,250**	**15,129**	**(121)**
Total accrued liabilities and deferred income	**19,220**	**19,246**	**26**

25. Liabilities held for sale – 33 thousand euro

At 31.12.2024, the item amounts to 33 thousand euro for a security deposit on a property.

Related party disclosure

Related parties are identified in accordance with international accounting standards.

The following were defined as related parties for 2024:

- F2i SGR S.p.A. – as the operating company of "F2i – Third Italian Infrastructure Fund, closed-end investment fund, reserved for qualified investors" ("F2i – Secondo Fondo Italiano per le Infrastrutture, fondo di investimento mobiliare di tipo chiuso, riservato a investitori qualificati");
- Finavias S.à.r.l.;
- MEA S.p.A;
- Cilento Reti Gas S.r.l.;
- 2i Rete Dati S.r.l.;
- 2i Servizi Energetici S.r.l.;
- APG Infrastructure Pool 2017 II.

The definition of related parties also includes key management personnel, including their close relatives, of the Company and of companies controlled directly and/or indirectly by them, jointly controlled companies and those in which the Company exercises considerable influence. Key management personnel are those who have direct and indirect power and responsibility for planning, management, and control of company operations, including the chief executive officer and the managers reporting to him, as well as Directors and Auditors.

The Parent Company has implemented a centralised cash management system equipped with intercompany current accounts as well as a tax consolidation contract which generates financial movements.

All trade balances relate to transactions undertaken at market values.

Trade, financial and other transactions involving the Company, parent companies and subsidiaries are shown below.

TRADE AND OTHER TRANSACTIONS

2024

Thousands of euro

	Trade		Trade	
	Receivables	Payables	Costs	Revenue
F2i SGR S.p.A.	-	59	59	-
MEA S.p.A	-	-	-	9
Cilento Reti Gas S.r.l.	595	-	1	1,170
2i Servizi Energetici S.r.l.	25	50	94	64
2i Rete Dati S.r.l.	359	748	7,427	1,341
APG Infrastructure Pool 2017 II	-	20	20	-
Key management personnel, including directors and statutory auditors	-	3,322	4,812	-
Overall total	**978**	**4,199**	**12,413**	**2,583**

2023

Thousands of euro

	Trade		Trade	
	Receivables	Payables	Costs	Revenue
F2i SGR S.p.A.	-	60	60	-
MEA S.p.A	9	-	-	9
Cilento Reti Gas S.r.l.	1,346	1	1	888
2i Servizi Energetici S.r.l.	28	194	66	62
2i Rete Dati S.r.l.	1,774	797	7,117	2,347
APG Infrastructure Pool 2017 II	-	20	20	-
Key management personnel, including directors and statutory auditors	-	52	3,039	-
Overall total	**3,157**	**1,123**	**10,304**	**3,306**

FINANCIAL TRANSACTIONS

2024

Thousands of euro

	Financial and tax		Financial and tax		Dividends paid
	Receivables	Payables	Costs	Revenue	
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i SGR S.p.A.)					79,887
Finavias S. à r.l.					45,058
MEA S.p.A	-	-	-	-	
Cilento Reti Gas S.r.l.	26,329	44	-	1,557	
2i Servizi Energetici S.r.l.	1,370	-	-	84	
2i Rete Dati S.r.l.	-	6,345	274	-	
Key management personnel, including directors and statutory auditors					
Overall total	**27,699**	**6,389**	**274**	**1,641**	**124,945**

2023

Thousands of euro

	Financial and tax		Financial and tax		Dividends paid
	Receivables	Payables	Costs	Revenue	
F2i – Terzo Fondo Italiano per le Infrastrutture (managed by F2i SGR S.p.A.)					70,936
Finavias S. à r.l.					40,009
MEA S.p.A	-	-	-	30	
Cilento Reti Gas S.r.l.	24,784	77	-	1,344	
2i Servizi Energetici S.r.l.	1,370	-	-	39	
2i Rete Dati S.r.l.	-	5,692	212	-	
Key management personnel, including directors and statutory auditors					
Overall total	**26,155**	**5,768**	**212**	**1,413**	**110,945**

Key information regarding subsidiaries is shown below:

EQUITY INVESTMENTS

Cilento Reti Gas S.r.l.

Share capital: 4,300,000 euro
Registered office: Acquaviva delle Fonti
Equity investment: 60%.

Cilento Reti Gas S.r.l. is concession holder of the natural gas distribution service in 28 Municipalities in the Cilento area.
The financial statements at 31 December 2024 show a profit of 334 thousand euro and equity of 4,611 thousand euro.

2i Rete Dati S.r.l.

Share capital – 120,000 euro
Registered office: Milan
Equity investment: 100%.

2i Rete Dati is a company created to maximise the know-how acquired by the Group in managing the data transmission infrastructure during the network's development of smart meter readings.
The financial statements at 31 December 2024 show a profit of 1,378 thousand euro and equity of 16,694 thousand euro.

SIGNIFICANT EXTRAORDINARY EVENTS AND OPERATIONS

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, there were no significant extraordinary events or operations during the year.

POSITIONS OR TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to CONSOB Communication no. DEM/6064293 of 28 July 2006, it is noted that there were no positions or transactions arising from atypical and/or unusual transactions.

FEES FOR DIRECTORS, AUDITORS AND KEY MANAGEMENT PERSONNEL

Fees for directors totalled 363 thousand euro in 2023 (of which 284 thousand euro to personnel given strategic responsibility); fees for Statutory Auditors totalled 52 thousand euro (fully included in the category of personnel given strategic responsibility) and fees for key management personnel came to 4,461 thousand euro.

PUBLIC GRANTS RECEIVED

With regard to the changes contained in Law no. 124 of 4 August 2014, the "Annual competition law", more precisely article 1(paragraphs 125-129), it is reported that during the course of 2023 the following grants were received from public bodies regarding the construction of gas networks:

Thousands of euro

Name	Prov.	31.12.2024	Type
GSE - Gestore Servizi Energetici S.p.A.		122,585	incentives for photovoltaic projects
Total public grants collected		**122,585**	

It is noted that the amount did not include any grants received from public administrations not yet refunded to the Company.

CONTRACTUAL COMMITMENTS AND GUARANTEES

The Company provided 128,50 thousand euro by way of guarantees in the interests of third parties. These guarantees include 104,829 thousand euro in bank guarantees and 23,676 thousand euro in insurance and other guarantees.

These guarantees were provided as collateral for maintenance and extension work relating to distribution networks as well as participation in tenders for operating gas distribution services.

Furthermore, pursuant to section 22-ter of Article 2427 of the Italian Civil Code, it is noted that there are no agreements that have not been disclosed in the financial statements that might significantly impact the Company's financial statements.

Contingent liabilities and assets

CONTINGENT LIABILITIES

Currently there are no significant contingent liabilities.

CONTINGENT ASSETS

Currently there are no significant contingent assets.

Credit, liquidity and market risk

CREDIT RISK

2i Rete Gas provides its distribution services to over 260 sales companies, the most significant of which, in terms of turnover, is Enel Energia S.p.A.

With regard to invoiced volumes, in 2024 too there were some non-relevant cases of counterparty non-compliance.

User access to the gas distribution service is governed by the Network Code which, in compliance with the provisions of ARERA, establishes the rights and obligations of the entities involved in the distribution service process, as well as the contractual clauses that reduce the risk of breach by sales companies.

As part of gas distribution operations, the credit lines to external counterparties are carefully monitored by assessing the relevant credit risk and requiring adequate guarantees and/or security deposits, ensuring an appropriate level of protection against the risk of default by the counterparty.

Outstanding guarantees and security deposits on trade receivables totalled 251,103 thousand euro.

The credit risk is therefore mitigated.
A summary quantitative indication of the maximum exposure to credit risk can be derived from the carrying amount of financial assets, before the relevant bad debt provision.

At 31 December 2024, the maximum credit risk exposure was 682.1 million euro.

Millions of euro

	31.12.2023	31.12.2024	2024 - 2023
Third parties:			
Non-current financial assets	12.8	14.4	1.7
Other non-current financial assets (gross of bad debt provision)	24.0	54.0	30.0
Trade receivables (gross of bad debt provision)	207.7	278.0	70.2
Other current financial assets	7.1	5.6	(1.5)
Cash and cash equivalents	324.9	80.7	(244.2)
Other receivables (gross of bad debt provision)	249.2	222.1	(27.1)
Group companies:			-
Trade receivables	3.1	1.0	(2.2)
Short-term financial receivables	24.8	26.3	1.5
Total	**853.6**	**682.1**	**(171.5)**

LIQUIDITY RISK

Based on the current financial structure and the expected cash flows as projected in the business plans, 2i Rete Gas is able to autonomously meet the financial requirements of its ordinary operations and to ensure business continuity.

In addition to the debenture loans maturing between 2025 and 2033, two loans were taken out with the European Investment Bank, and financing with major Italian institutions.

In order to properly disclose liquidity risk as required by IFRS 7, below are details of the Company's debt.

The contractual maturities of the financial liabilities outstanding at 31 December 2024 are set forth below:

For comparative purposes, the contractual maturities of the financial liabilities outstand-ing at 31 December 2023 are set forth below:

Millions of euro

	1 year	2 - 5 years	Beyond 5 years
Financial liabilities at 31 December 2024			
Long-term loans	-	297.7	18.2
Medium/long-term debenture loans	-	1,165.0	1,050.0
Medium/long-term debenture loans maturing within 12 months	500.0		
Short-term loans	211.3		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	30.0		
Non-current IFRS 16 financial liabilities		15.3	0.3
Current IFRS 16 financial liabilities	7.4		
Total	**766.9**	**1,478.0**	**1,068.5**

Regarding liabilities due within one year, the group repaid the revolving credit facility in January 2025 for an amount of 130 million euro. At the reporting date, the Group al-so has available committed credit lines and loans in excess of the financial liabilities falling due within the next 12 months.

For comparative purposes, the contractual maturities of the financial liabilities out-stand-ing at 31 December 2023 are set forth below:

Millions of euro

	1 year	2 - 5 years	Beyond 5 years
Financial liabilities at 31 December 2023			
Long-term loans	-	297.7	36.4
Medium/long-term debenture loans	-	1,665.0	1,050.0
Medium/long-term debenture loans maturing within 12 months	489.7		
Short-term loans	5.6		
Current portion of long-term loans	18.2		
Other short-term financial liabilities	32.7		
Non-current IFRS 16 financial liabilities		15.8	0.6
Current IFRS 16 financial liabilities	7.3		
Total	**553.5**	**1,978.5**	**1,086.9**

The projected liquidity requirements are estimated based on the cash flows expected from ordinary operations.

It should be noted that loans are regularly monitored for compliance with some financial covenants at a consolidated level.

At 31.12.2024, these covenants had been fully met.

The Company's growth plan requires the refinancing of existing debt, but given the Company's excellent performance, the rating obtained, and ongoing compliance with the financial covenants established by lending banks, the Company should not face any difficulties in obtaining said refinancing.

The Company regularly monitors opportunities to optimise its financial structure.

For an in-depth analysis of long-term loans, see note 27 in these financial statements.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices as a result of changes in exchange rates, interest rates, or the prices of equity instruments.

Transactions that qualify for hedge accounting pursuant to the requirements of the accounting standards are designated as hedging transactions, while those that do not meet such requirements are classified as trading transactions, even though, from a management point of view, they have been entered into for hedging purposes.

In accordance with IFRS 7, the table below shows financial assets and liabilities, disclosing their carrying amount and fair value at 31.12.2024. The Company has no financial assets held to maturity, available for sale or held for trading.

Thousands of euro

	Notes	Measured at fair value	Derivatives	Receivables	Available for sale	Other financial liabilities and payables	Total	Fair value
Financial assets designated at fair value								
Non-current financial assets	16		-				-	-
Financial assets not measured at fair value								
Non-current financial assets	16			14,444			14,444	14,444
Other non-current assets	17			52,709			52,709	52,709
Trade receivables	19-25			272,678			272,678	272,678
Short-term financial receivables	20			27,540			27,540	27,540
Other current financial assets	21			4,356			4,356	4,356
Cash and cash equivalents	22			80,668			80,668	80,668
Other current assets	24			221,425			221,425	221,425
TOTAL ASSETS		**-**	**-**	**673,819**	**-**	**-**	**673,819**	**673,819**
Financial liabilities measured at fair value								
IRS Derivatives	38		-				-	-
Financial liabilities not measured at fair value								
Long-term loan	27					315,909	315,909	315,909
Long-term loans	27					2,204,763	2,204,763	2,141,647
Medium/long-term debenture loans maturing within 12 months	33-34					499,627	499,627	498,000
Non-current IFRS 16 financial liabilities	31	15,544					15,544	15,544
Other non-current liabilities	32					1,063	1,063	1,063
Short-term loans	33-34					229,462	229,462	229,462
Trade payables	36-25					207,074	207,074	207,074
Current financial liabilities	38					29,092	29,092	29,092
Current IFRS 16 financial liabilities	39	7,384					7,384	7,384
Other current liabilities	40				33	214,857	214,890	214,890
TOTAL LIABILITIES		**22,928**	**-**	**-**	**33**	**3,701,846**	**3,724,807**	**3,660,065**

In order to enable comparison, the same table as the one used in 2023 is provided:

Thousands of euro

	Notes	Measured at fair value	*Derivatives*	Receivables	Available for sale	Other financial liabilities and payables	Total	Fair value
Financial assets designated at fair value								
Non-current financial assets	16						-	-
Financial assets not measured at fair value								
Non-current financial assets	16			12,768			12,768	12,768
Other non-current assets	17			23,816			23,816	23,816
Trade receivables	19-25			200,026			200,026	200,026
Short-term financial receivables	20			27,239			27,239	27,239
Other current financial assets	21			4,648			4,648	4,648
Cash and cash equivalents	22			324,865			324,865	324,865
Other current assets	24			294,248			294,248	294,248
TOTAL ASSETS		**-**		**887,609**	**-**	**-**	**887,609**	**887,609**
Financial liabilities measured at fair value								
IRS Derivatives	38						-	-
Financial liabilities not measured at fair value								
Long-term loan	27					334,091	334,091	334,091
Medium/long-term debenture loans	27					2,702,205	2,702,205	2,537,939
Medium/long-term debenture loans maturing within 12 months	33-34					489,255	489,255	486,953
Non-current IFRS 16 financial liabilities	31	16,361					16,361	16,361
Other non-current liabilities	32					1,056	1,056	1,056
Short-term loans	33-34					23,809	23,809	23,809
Trade payables	36-25					213,285	213,285	213,285
Current financial liabilities	38					31,825	31,825	31,825
Current IFRS 16 financial liabilities	39	7,303					7,303	7,303
Other current liabilities	40					113,016	113,016	113,016
TOTAL LIABILITIES		**23,664**		**-**	**-**	**3,908,542**	**3,932,205**	**3,765,638**

It should also be pointed out that the Company has no financial assets held to maturity, available for sale or held for trading.

With regard to the financial assets that are not measured at fair value, and the value of trade payables and other current liabilities, the carrying amount is considered to be a reasonable approximation of the fair value, as shown in the tables above.

For the purposes of determining the fair value of the debenture loan, the Group has used the market valuations at the reporting period end date.

INTEREST RATE RISK

The Company manages interest rate risk with the aim of achieving a balanced debt structure, reducing the amount of financial debt exposed to changes in interest rates and minimising funding costs over time, thereby limiting volatility in performance.

With regard to the current debt structure, 3,145 million euro out of a reported 3,254 million euro was not exposed to interest rate risk at 31 December 2024.

At 31.12.2024, an increase or decrease of 50 bps on the interest rate applied to floating rate debt of approximately 109.1 million euro (EIB) would have an impact on gross financial charges of approximately +/-0.5 million euro.

At 31.12.2024, the Company did not have any interest rate derivatives.

Significant events after the close of the year

No significant events occurred after the end of the year.

Management and coordination activities

The Company is not subject to management and coordination, while it provides management and coordination to the following companies:

- Cilento Reti Gas S.r.l.
- 2i Rete Dati S.r.l.

7. Proposed profit allocation for the year

In relation to the above, we propose:

- that the statutory financial statements of 2i Rete Gas S.p.A. for the period ended 31.12.2024, which present a profit for the year of 220,671,624.07 euro, and the accompanying Directors' report, be approved;
- that the Shareholders' Meeting be presented with the proposal to fully carry forward the year's profit amounting to 220,671,624.07 euro.

2i Rete Gas S.p.A
The Chief Executive Officer
Francesco Forleo

8. Report of the Board of Statutory Auditors

2i RETE GAS S.p.A.

Report of the Board of Statutory Auditors to the Shareholders' Meeting of 2i Rete Gas S.p.A. on the Financial Statements as of December 31, 2024, prepared pursuant to Article 2429 of the Italian Civil Code

To the Shareholders' Meeting of 2i Rete Gas S.p.A.,

Dear Shareholders,

This report has been prepared pursuant to Article 2429, paragraph 2, of the Italian Civil Code.

The Board of Statutory Auditors (hereinafter also referred to as "the Board") currently in office was appointed by the Shareholders' Meeting of 2i Rete Gas S.p.A. (hereinafter also referred to as "the Company") on April 24, 2024, when it formally assumed its functions. Its mandate will conclude with the Shareholders' Meeting called to approve the financial statements as of December 31, 2026.

During the 2024 financial year, the Board carried out its supervisory activities pursuant to Articles 2403 et seq. of the Italian Civil Code, verifying the adequacy of the organizational structure, compliance with the principles of proper administration, the adequacy of the internal control system, and the reliability and regular functioning of the administrative and accounting system.

The Board also carried out the functions of the Internal Control and Audit Committee (hereinafter also referred to as "ICAC") pursuant to Article 19 of Legislative Decree No. 39/2010, as the parent company 2i Rete Gas S.p.A. qualifies as a Public Interest Entity ("PIE").

The Board performed its duties in compliance with Article 149 of Legislative Decree No. 58/1998 ("TUF") and in accordance with best practices, particularly the rules of conduct for boards of statutory auditors issued by the Italian National Council of Chartered Accountants and Accounting Experts (hereinafter also referred to as "CNDCEC").

The Board carried out its supervisory activities mainly through the acquisition of information, as detailed below:

- Participation in meetings of the Board of Directors;
- Attendance at Shareholders' Meetings;
- Regular meetings with the Company's senior management, including more frequent interactions than legally required whenever circumstances demanded;
- Meetings with the Company's internal control functions;
- Specific meetings to examine particular issues arising from extraordinary transactions or other significant management events;

- Periodic meetings with the auditing firm EY for the customary exchange of information;
- Meetings with the Supervisory Body (hereinafter also referred to as "SB").

The Board recorded the minutes of its meetings, which were duly transcribed in the appropriate register pursuant to Article 2404 of the Italian Civil Code.

1. Significant Transactions

For the 2024 financial year, the Board highlights the ongoing extraordinary transaction following the execution, on October 5, 2024, of a Share Purchase Agreement ("SPA") between the Company's shareholders (F2i SGR S.p.A. and Finavias S.à r.l.) and Italgas S.p.A. This agreement establishes the key terms for the potential acquisition by Italgas S.p.A. of the entire share capital of 2i Rete Gas S.p.A.

The transaction would result in the two companies controlling more than half of the Italian gas distribution market, creating a major European operator that would serve as a global benchmark in innovation and digitalization, with the aim of achieving decarbonization goals through more resilient infrastructures at a sustainable energy cost.

The completion of the transaction is subject to approval by the Italian Antitrust Authority ("AGCM") and the Government's authorization under the Golden Power regulations ("Golden Power Authorization").

Italgas has submitted the required documentation to AGCM for approval, as the transaction represents a concentration exceeding both revenue thresholds that mandate prior notification. Since Italgas would be acquiring its main competitor in territorial tenders for gas distribution concessions, AGCM may require certain divestments. The review process is ongoing and is expected to be concluded by next March.

Regarding the Golden Power authorization and the Government's potential veto, the transaction does not constitute a threat to national security or supply continuity, as it does not result in the transfer of substantial control over the distribution infrastructure to a foreign entity, considering that Italgas is controlled by CDP Reti S.p.A. and the Snam Group.

The transaction has impacted the Company, which has taken measures to facilitate a constructive relationship with Italgas as outlined in the SPA. Specifically, a phase of Interim Management activities has commenced, with structured working groups and planned meetings to ensure operational continuity and provide the necessary information in anticipation of the closing, expected by May 2025.

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2. Supervision of Compliance with Laws and the Articles of Association

Throughout 2024, the Board participated in Board of Directors and Shareholders' Meetings as part of its supervisory activities regarding compliance with statutory, legislative, and regulatory requirements.

In particular, the Board attended Shareholders' Meetings and Board of Directors' meetings and held meetings of the Board of Statutory Auditors.

The Board ensured that, within the framework of the decisions taken by the Board of Directors, the management operations and actions performed by the Directors were in compliance with legal and statutory provisions, as well as with general principles of prudence and diligence. The Board received the necessary documentation and information flows in a timely manner, particularly during the meetings mentioned above.

The Board conducted its activities both remotely and in person, in compliance with the Articles of Association, legal provisions, and the rules of conduct for statutory auditors issued by the CNDCEC regarding teleconference meetings.

3. Supervision of the Adequacy of the Organizational Structure

The Board has acquired knowledge, within its scope of competence, regarding the adequacy of the organizational structure of the Company and the Group. It considers that the information required pursuant to Article 2381, paragraph 5, of the Italian Civil Code has been provided by the Chief Executive Officer during meetings of the Board of Directors and the Board of Statutory Auditors at intervals closer than the legally prescribed deadlines.

The Board recalls the process of strengthening the organizational structure that began in September 2023, with the appointment of the Head of the Operations Division and the Head of the Human Resources Division. Subsequent modifications took place in 2024, including the need to redefine the scope of activities using internal resources following the consensual termination of the General Affairs Director's employment relationship. Specifically, responsibility for the Regulatory Affairs and General Institutional Relations structure and the Governance and Legal Affairs structure was assigned to Eng. Gianni Rossetto and Lawyer Simone Agulini, respectively.

Further changes involved the Staff structure, which was renewed within the Network Digitalization and Engineering function to support the development of new digital management technologies, and within the Measurement function to enhance personnel management with a focus on valuing human capital. The Operations structure was reorganized by completing the integration of the Naples area's organizational processes into the Company's operational model.

The Board also takes note of the ongoing activities related to the Group's "total reward" policies, which continued throughout 2024 by incorporating non-monetary compensation elements into the Company's overall compensation package.

The Board considers that the organizational structure, strengthened in 2023 and reorganized in 2024, is adequate for the size and operational needs of the Company. This assessment also takes into account the extraordinary transaction initiated in 2024, which has positioned the Company as the "target" in various activities during the Interim Period. In this context, the Company has defined, together with Italgas, the activities within the scope of the agreed and shared Interim Management process under the SPA.

4. Supervision of Compliance with the Principles of Proper Administration

The Board carried out its supervisory activity regarding compliance with the principles of proper administration primarily through participation in meetings of the Board of Directors. During these meetings, the Chief Executive Officer provided detailed reports on the Company's management performance and compliance with proper administration principles, particularly concerning the most significant transactions from an economic, financial, and asset-related perspective carried out by the Company and its subsidiaries during the 2024 financial year.

The Board has not become aware of any atypical or manifestly imprudent transactions that could compromise the integrity of the Company's assets, including intragroup transactions or those with related parties. In this regard, the Board acknowledges that information regarding intragroup and related party transactions is provided in the Management Report and is in compliance with applicable regulations.

The Board has verified the process and information flows underlying the resolutions of the Board of Directors, reaffirming the Board's full autonomy and responsibility. The Board of Directors has consistently adopted appropriate measures, including those addressing issues identified by the control functions.

5. Supervision of the Adequacy of the Internal Control System and the Reliability of the Administrative and Accounting System

The Board has assessed the adequacy of the internal control system, also in its capacity as the Internal Control and Audit Committee (ICAC), by carrying out supervisory activities, particularly regarding the financial reporting process. This involved meetings with the Head of Internal Audit, who is also responsible for Compliance and Risk Management, as well as the review of reports on the activities performed and the semi-annual reports on the internal control system.

The Chairwoman, in her capacity as a member of the Supervisory Body, reports on a meeting with the Internal Audit function ("IA"), which has been outsourced to Cogitek S.r.l. in a co-sourcing arrangement supporting the IA function. The audit program was substantially completed, highlighting situations maintained at a "medium" level of risk concerning the securing of certain properties located in earthquake-prone areas. The Company has undertaken appropriate corrective measures to ensure seismic safety.

IT-related interventions, specifically regarding the cybersecurity project, including the "Cloud Project," were suspended in light of the ongoing acquisition by Italgas.

The audit activities postponed to 2025 include verifications at the headquarters and territorial departments, with a specific focus on the IT system and the security of the aforementioned properties and infrastructure, particularly in the presence of climate change-related risks, waste disposal processes, implementation of measures to counter phishing attacks on employees and inspections of electronic meters concerning fraud

prevention, meter failures, and improvements in technological issues.

The audit function will continue to be supported by the so-called "continuous auditing" model, which is more effective than the traditional "sampling audit" approach in detecting critical points. However, the risks identified are deemed to be under adequate monitoring by the Company. Therefore, based on the review of reports and information obtained, no significant critical issues have emerged.

The Board has examined the reports issued by the Supervisory Body (SB) concerning compliance with the Code of Ethics and the Organization, Management, and Control Model pursuant to Legislative Decree No. 231/2001, adopted by the Company. The Model is deemed adequate to prevent the occurrence of relevant offenses. The SB operates with independent supervisory duties and is structured as a collegiate body, currently composed of the President Lawyer Daniela Mainini (external member), member Lawyer Simone Agulini, Head of Governance and Legal Affairs (internal member of the Company) and member Dr. Giovanna Conca, Chairwoman of the Board of Statutory Auditors.

The review of periodic reports issued by the SB, as well as the information received during meetings, revealed no reports of non-compliance with the application of Model 231. This finding is further confirmed by the 2024 Annual Report, presented to the Board of Directors at its meeting on February 12, 2025.

The Board has specifically monitored the adequacy of the internal control system in relation to the Company's management needs by analyzing the findings of EY's audit work, particularly concerning the internal control system over the financial reporting process, in meetings held between the audit firm and the Board.

Following the completion of its supervisory activities regarding the adequacy of the administrative and accounting system and its reliability in correctly representing management events, the Board deems that the Company has adequate procedures in place to ensure the reliability and timeliness of financial reporting. The responsibility for the Accounting and Administrative Control Model lies with the Chief Financial Officer (CFO), who oversees it in coordination with the heads of relevant functions and the audit firm.

Based on the supervisory activities carried out during 2024, the Board acknowledges the adequacy of the internal control system and the reliability of the administrative and accounting system.

6. Supervision in the Capacity of the Internal Control and Audit Committee

The Board, in its capacity as the Internal Control and Audit Committee (ICAC), has carried out its supervisory activities regarding the financial reporting process, the statutory audit of the accounts, and the independence of the audit firm EY, which was appointed on April 24, 2024, to conduct the statutory audit for the 2024-2032 nine-year period, following a reasoned proposal by the Board pursuant to Article 13 of Legislative Decree No. 39/2010.

The Board has verified compliance with the regulations governing engagements other than the statutory audit performed by EY or engagements requiring prior reasoned proposal by the Board.

On February 27, 2025, EY issued its Independent Auditors' Report pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of EU Regulation No. 537/2014 on the financial statements and the consolidated financial statements as of December 31, 2024. The report states that these financial statements provide a true and fair view of the financial position, results of operations, and cash flows of both the Company and the Group as of December 31, 2024.

The financial statements and consolidated financial statements were prepared in accordance with international accounting standards adopted by the European Union, in full compliance with Italian regulations governing financial reporting. EY conducted its audit in conformity with International Standards on Auditing (ISA Italia), as developed under Article 11 of Legislative Decree No. 39/2010.

Furthermore, pursuant to Article 14, paragraph 2, letter e) of Legislative Decree No. 39/2010, EY issued a statement of no findings, confirming that no significant errors were identified in the Management Report.

The Board acknowledges that, in its capacity as ICAC, it received from the audit firm on February 27, 2025, the Additional Report pursuant to Article 11 of EU Regulation No. 537/2014, which will be submitted to the Board of Directors. This report did not identify any additional Key Audit Matters (KAMs) beyond those already included in the Independent Auditors' Report on the 2024 Financial Statements, specifically regarding (i) verification of the recoverable value of intangible assets related to concession assets and goodwill and (ii) capitalization of costs related to investments in intangible assets for concession assets.

The Board also notes that the KAM concerning the "Assessment of Provisions for Risks and Charges", which had been reported in the audit reports of the previous auditor PwC, was not included in EY's 2024 audit reports. Despite the significance of the balance of the "Provisions for Risks and Charges" (approximately €103 million as of December 31, 2024), EY determined that the limited use of estimates by the Company did not warrant its classification as a Key Audit Matter.

Lastly, the Board acknowledges (i) EY's declaration of independence, pursuant to Article 6, paragraph 2, letter a) of EU Regulation No. 537/2014, (ii) EY's transparency report, issued in compliance with Article 13 of the same Regulation, (iii) EY's statement confirming that it has not provided any non-audit services prohibited under Article 5, paragraph 1, of the Regulation.

7. Financial Statements, Consolidated Financial Statements, and Management Report

On February 12, 2025, at the conclusion of the Board of Directors' meeting, the Board of Statutory Auditors received, within the legal deadlines set forth by Article 2429 of the Italian Civil Code for filing at the Company's registered office, the 2024 Annual Financial Report, which includes the draft financial statements of 2i Rete Gas S.p.A. as of December 31, 2024, the consolidated financial statements of the 2i Rete Gas Group as of December 31, 2024, the Management Report.

These financial statements were prepared in accordance with International Financial Reporting Standards

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(IFRS-EU) adopted by the European Union, pursuant to Article 6 of Regulation (EC) No. 1606/2002, in force at the end of the financial year.

The Board proceeded with the examination of the draft financial statements, from which it notes that:

- The valuation criteria for assets and liabilities are substantially in line with those applied in previous years and comply with Article 2426 of the Italian Civil Code;
- The preparation and structure of the financial statement formats comply with legal provisions and were prepared in accordance with IFRS-EU;
- The Management Report is compliant with legal requirements and consistent with the resolutions of the Board of Directors and the facts represented in the financial statements;
- No exceptions were made pursuant to Article 2423, paragraph 4, of the Italian Civil Code, meaning the draft financial statements were prepared in accordance with the applicable regulations.

The draft financial statements were prepared in compliance with sound management principles and in accordance with the going concern assumption, pursuant to Article 2086 of the Italian Civil Code.

The Board is not responsible for the statutory audit of the financial statements; therefore, it has examined, within its scope of competence, the general compliance of the financial statement preparation process with legal requirements, as well as its structure. On the same date, the Board also received the draft consolidated financial statements of the 2i Rete Gas Group as of December 31, 2024, which it reviewed, particularly with regard to the consolidation scope, which remains unchanged from the previous financial year and includes the subsidiaries 2i Reti Dati S.r.l., operating in the telecommunications sector for remote meter reading and data management of electronic meters and Cilento Reti Gas S.r.l., engaged in the design and construction of gas distribution networks.

The consolidation criteria are outlined in the relevant section of the notes to the consolidated financial statements, and the individual financial statements of the subsidiaries used for consolidation purposes were prepared in accordance with the accounting standards of the Parent Company.

The Board conducted verifications within its supervisory competence regarding the financial reporting process during meetings with Company representatives and the audit firm, with particular focus on the correct recognition of key audit matters (KAMs), as described by the Directors in the draft financial statements. The Board urges the Company to maintain continuous monitoring of these matters and their potential impacts on its financial, asset, and economic structure.

The Board met periodically with EY, as recorded in the minutes of the meetings, for the customary exchange of information, particularly regarding the progress of the audit work, the examination of identified issues and any findings on the internal control system, pursuant to Article 19 of Legislative Decree No. 39/2010, with specific attention to the Key Audit Matters (KAMs).

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8. Sustainability Reporting

The Board highlights the progress of ESG-related activities following the enactment of Legislative Decree No. 125/2024, which transposed the EU Directive on Sustainability Reporting (Corporate Sustainability Reporting Directive – CSRD) and introduced the new European Sustainability Reporting Standards (ESRS).

The Company has prepared its Sustainability Report (SR) in accordance with the ESRS, which define the required ESG disclosures related to impacts, risks, and opportunities (IRO), differentiating between "Material impact" the effects the Company may have on the external environment and Financial materiality: the impacts that ESG-related issues may have on the Company's economic and financial results.

The Sustainability Report underwent a limited assurance engagement conducted by the Sustainability Auditor, who issued the "Independent Auditors' Report on the Limited Examination of the Consolidated Sustainability Report", pursuant to Article 14-bis of Legislative Decree No. 39 of January 27, 2010.

The Sustainability Auditor is the same entity responsible for the statutory audit of the Company's 2024 financial statements.

9. Appointment of the Statutory Auditor for the 2024-2032 Nine-Year Period

On April 24, 2024, the Shareholders' Meeting of 2i Rete Gas S.p.A. appointed EY as the statutory audit firm for the 2024-2032 nine-year period, following a reasoned proposal by the Board of Statutory Auditors, issued on April 5, 2024, pursuant to Article 13 of Legislative Decree No. 39/2010..

10. Altre informazioni

<u>Reports of Irregularities and Censurable Acts</u>

- The Board has not received any reports of irregularities pursuant to Article 2408 of the Italian Civil Code during 2024 up to the date of this Report.
- The Board has not had to intervene for any omissions by the Directors pursuant to Article 2406 of the Italian Civil Code during 2024 up to the date of this Report.
- The Board has not adopted any measures pursuant to Article 2409 of the Italian Civil Code during 2024 up to the date of this Report.

<u>Proposals and Opinions Issued by the Board</u>

- Reasoned proposal, issued on April 5, 2024, pursuant to Article 13 of Legislative Decree No. 39/2010, for the appointment of EY as the statutory audit firm for the 2024-2032 nine-year period.

11. Conclusions

The Board received, within the legal deadlines, on February 12, 2025, from the Board of Directors, the 2024 Annual Financial Report, which includes, among other documents:

- The draft financial statements of 2i Rete Gas S.p.A. as of December 31, 2024;
- The draft consolidated financial statements of the 2i Rete Gas Group as of December 31, 2024;
- The Management Report.
- These financial statements have been prepared under the going concern assumption, pursuant to Article 2086, second paragraph, of the Italian Civil Code.

Based on the supervisory activities carried out and the information made available, the Board finds no obstacles to the approval by the Shareholders' Meeting of 2i Rete Gas S.p.A. of the 2024 draft financial statements and the proposal to carry forward the net profit for the year, amounting to €220,671,624.07, in full, as proposed by the Board of Directors in the Annual Financial Report as of December 31, 2024..

Milan, February 28th, 2025

The Board of Statutory Auditors
Dr.ssa Giovanna Conca (Chairwoman of the Board)
Rag. Giovanni Cappa (Effective member)
Dott. Marco Giuliani (Effective member)

9. Report of the Independent Auditors

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2i Rete Gas S.p.A.

Financial statements as at 31 December 2024

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

Shape the future with confidence

EY S.p.A.
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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
2i Rete Gas S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of 2i Rete Gas S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2024, the profit and loss account, the statement of comprehensive income, the statement of changes in equity and statement of cash-flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of the Company for the year ended 31 December 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 5 April 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole,and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
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Iscritta alla S.O. del Registro delle Imprese presso la CCIAA di Milano Monza Brianza Lodi
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We identified the following key audit matters:

Key Audit Matter	Audit Response
Impairment test of intangible assets related to gas distribution concessions and goodwill	
As at 31 December 2024, the financial statements include "Intangible assets" equal to euro 4,764,878 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy, and "Goodwill" equals to euro 304,104 thousands. Such intangible assets and Goodwill are allocated to the CGU "Gas distribution and metering" and their recoverability is tested by the directors at the year-end in accordance with IAS 36 – Impairment of assets. The carrying amount of the CGU "Gas distribution and metering" and the Goodwill allocated to such CGU is compared with its recoverable amount that has been determined based on the net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base) at 31 December 2024. We believe that the impairment test of Intangible assets, related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services, and goodwill represent a key audit matter for the financial statements as at 31 December 2024 due to the relevance of the balance. Paragraphs "Notes to the financial statements - Impairment losses" and 13 "Intangible assets" of the notes to the financial statements include the disclosure on the impairment test, and the sensitivity analyses performed.	Our audit procedures related to this key audit matters included, among others: • assessment of the processes implemented by the Company related to the preparation of the impairment test; • discussion meetings with the Group's Management in order to understand the impairment test methodology.; • assessment of the appropriateness of the determination of the CGUs and the allocation of assets and liabilities to the carrying value of each CGU; • assessment of the assumptions underlying the determination of the RAB 2024; • assessment of the reasonableness of the impairment test methodology. In performing our procedures, we assessed the sensitivity analyses prepared by the Group management and involved our EY valuation specialists who also verified the mathematical accuracy of the impairment test and performed an independent calculation. Lastly, we reviewed the adequacy of the disclosures included in the notes to the financial statements.

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Capitalization in intangible assets of capital expenditure on the gas distribution network under service concession agreements	
As at 31 December 2024, the Company accounts for intangible assets including the captions "Concessions and similar rights" and "Concessions and similar rights – fixed assets under development", respectively equal to euro 4,355,795 thousand and euro 58,677 thousand, mainly related to investments made for development and maintenance of the infrastructures related to the service concession agreements for the natural gas distribution and metering services located in Italy. Investments made in the financial year 2024 relating to these items of intangible assets totaled euro 345,149 thousand. The natural gas distribution and metering activity is regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA"), which define, among the others, the rules for the remuneration of the natural gas distribution and metering services. In particular, the regulated revenues for the natural gas distribution and metering services provided by the Group are determined by ARERA and provide for recognition of a predefined return on net invested capital recognized for regulatory purposes (RAB – Regulatory Asset Base), the related depreciation expenses and certain operating expenses – the so-called "revenue cap". We believe that investments in service concession agreements related to the natural gas distribution and metering services represent a key audit matter for the financial statements as at 31 December 2024 due to the relevance of the investments made during the year and their impact in determining the revenue cap for the remuneration of the natural gas distribution and metering services. Paragraphs "Notes to the financial statements – Intangibles assets" and 13 "Intangible assets" of the notes to the financial statements include the disclosure on the investments made during the year.	Our audit procedures related to this key audit matters included, among others: • assessment of the processes and relevant controls related to the recognition of such investments in the financial statements, including those related to Information Technology (IT), and assessment of their operating effectiveness; • test of the compliance with the capitalization criteria provided by accounting standards; • test of details, on a sample basis, analyzing the documentary evidence for amounts capitalized, in order to verify their accuracy, completeness and recognition in the appropriate reporting period; • assessment of the consistency between the useful life used for the depreciation of the assets under concession and their regulatory useful life determined by ARERA and reperforming of the period depreciation. Lastly, we reviewed the adequacy of the disclosures included in the notes to the financial statements.

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Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS accounting standards issued by International Accounting Standards Board as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required

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to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated them all matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken to eliminate relevant risks or the safeguard measures applied.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of 2i Rete Gas S.p.A., in the general meeting held on 24 April 2024, engaged us to perform the audits of the financial statements for each of the years ending 31 December 2024 to 31 December 2032.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion and statement pursuant to article 14, paragraph 2, subparagraph e), e-bis) and e-ter) of Legislative Decree n. 39 dated 27 January 2010

The Directors of 2i Rete Gas S.p.A. are responsible for the preparation of the Directors' Report of 2i Rete Gas S.p.A. as at 31 December 2024, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to:

- express an opinion on the consistency of the Directors' Report with the financial statements;
- express an opinion of the compliance with the laws and regulations of the Directors' Report;
- issue a statement on any material misstatement in the Directors' Report.

In our opinion, the Directors' Report is consistent with the financial statements of 2i Rete Gas S.p.A. as at 31 December 2024.

Furthermore, in our opinion, the Directors' Report complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e-ter), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, 27 February 2025

EY S.p.A.
Signed by: Paolo Zocchi, Auditor

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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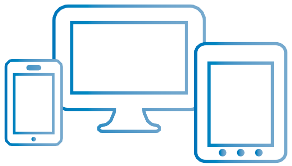

2I ReteGas, in order to reduce the environmental impact
caused by paper consumption,
has produced this Report in digital format only.

Date
March 2025