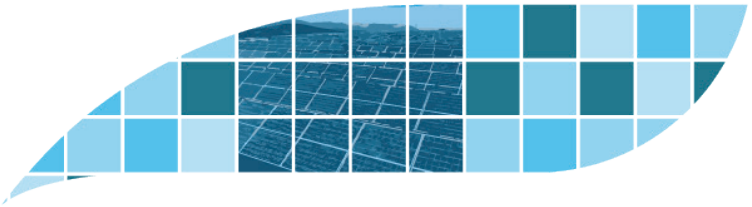

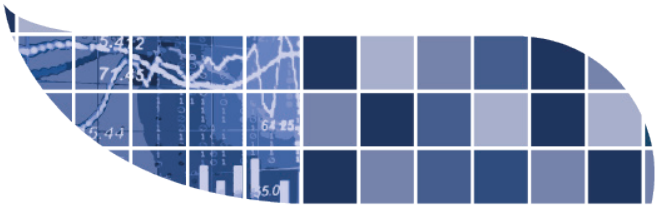

Integrated Annual Report 2024

at 31 December

The Integrated Annual Report 2024 constitues non-official version which is not compliant with the provisions of the Comission Delegated Regulation (EU) 2019/815.

INSPIRING CHANGE TO POWER THE FUTURE

ERG
EVOLVING ENERGIES

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LETTER TO SHAREHOLDERS AND STAKEHOLDERS

Dear Shareholders and Stakeholders,

2024 was a particularly complex year from a political, social and climate perspective. It was the second warmest year ever recorded in Europe, and the first in which the increase in global average temperature exceeded the 1.5°C threshold, and in which an unprecedented number of extreme events such as floods and fires occurred.

In this context, the development of renewable energy remains essential to mitigate the effects of climate change, as well as to ensure energy independence and economic competitiveness. Nonetheless, the decarbonisation process is progressing very slowly in an increasingly complex, uncertain and unstable context. The anti-renewables policy of the newly elected US President, geopolitical tensions and market instability are only a few of the main challenges to be addressed.

The recovery of electricity demand is one possibility for reversing the trend and supporting the development of renewables, as in recent years the demand had stagnated. More ambitious electrification policies, as well as the spread of artificial intelligence systems (already in strong expansion in Europe and the United States) could drive energy consumption.

In this context, we have chosen to reiterate our commitment to renewable energy: consistency with climate objectives represents a duty towards future generations and the sustainability of the planet.

Precisely in consideration of the geopolitical and regulatory framework in which we operate in Italy and abroad, with the update of the 2024-2026 Business Plan we have confirmed and strengthened the "Value over Volume" approach. Already introduced last year, it is based on selective and flexible growth in order to be able to seize and make the most of business opportunities.

More specifically, in consideration of the longer than expected timeframes for the approval of the FERX Decree, which could now unlock important opportunities for the development of our pipeline and in particular of the already authorised repowering projects in Italy available, as well as a more cautious approach in the United States, pending a better understanding of the guidelines of the new administration, we have reduced investments for the 2024-2026 three-year period by 20% to EUR 1 billion. As a result, the portfolio's growth target was set at 4.2 GW in 2026, with a greater focus on assets currently under construction and on the pipeline of organic and repowering projects, of which we are pioneers.

Indeed, Repowering is a fundamental tool for achieving the decarbonisation objectives by 2030 and remains central to the growth strategy of our portfolio. We can currently count on 269 MW already operational, 29 MW under construction in France and Germany and a project pipeline of approximately 800 MW, of which 380 MW already authorised. Despite less investments, we continue to expect an EBITDA of over EUR 600 million in 2026.

Given the context, characterised by much less winds in 2024 and the historical averages of the period, and in particular in the last quarter, the financial results are solid with an EBITDA of 535 million, slightly higher than the previous year and a net profit of EUR 175 million. The particularly unfavourable wind conditions in terms of operating margin were offset by the contribution of the new installed capacity, totalling approximately 580 MW in 2024, of which over 300 MW in the United States, Thanks to a balanced mix of organic growth, repowering in our farms in Sicily and greenfields in Italy and abroad, and M&A, our asset portfolio at the end of 2024 has an installed capacity of over 3.8 GW.

In line with our strategy of securing revenue, between the end of 2024 and the beginning of 2025 we also signed important PPA agreements with leading industrial counterparties for a total of around 500 GWh per year, securing a total of about 3.3 TWh annually, representing around 33% of our annual production.

Our investment grade rating has been confirmed, we successfully issued a new green bond and signed the first loan with the European Investments Bank (EIB) for EUR 243 million to promote the development of renewable energy in Italy, France and Germany. We confirmed the annual dividend of EUR 1 per share, maintaining the flexibility to enhance shareholder returns through additional buy-backs based on performance and growth perspectives.

In the current scenario where decarbonisation policies are proceeding slowly, despite the urgency, and are often penalised or hindered, we have confirmed our commitment to sustainability with the update of the 2024-2026 ESG Plan, reiterating its centrality within our business model. We continue to be firmly committed not only to the Net-Zero goal by 2040, but also to the creation of sustainable, tangible and socially shareable value for communities, territories, and first and foremost our People. We consider sustainability as a shared path within the Group, in all its forms, such as the commitment to spreading an inclusive culture through the promotion of DE&I policies. Once again this year, our strategy was rewarded by the main international ESG rating agencies, which recognised ERG as a leader on sustainability issues, positioning it among the top performers at global level.

We ended perhaps one of the most challenging years of recent times, once again demonstrating our experience and our financial soundness. We continue our commitment to renewables with conviction, because we believe that they will continue to play a key role in the energy market. We look to the future with a strategic vision, thanks to our deep-rooted knowledge of the market and a long industrial tradition that our People are interpreting with foresight, inspiring the change towards the energy of tomorrow.

WE ARE ERG
#VALUES

"Over the years we have been able to combine our history and our ethical values with innovation, anticipating change and completing the energy transition towards a sustainable model. We have faced every challenge with passion, driven by the desire to create value for all stakeholders. Even in a complex and uncertain context, we continue to look to the future with a strategic vision, inspiring change towards the energy of tomorrow.

Edoardo Garrone
Chairman of the Board

"We are proud of the growth and achievements of our people in a complex context. Sustainability is an integral part of our business model, an indispensable principle that guides our evolution. We do this by promoting inclusion and enhancing talent, to build teams of excellence ready to face the challenges of the market with enthuisiasm, with the aim of leaving a better world for future generations."

Alessandro Garrone
Executive Vice Chairman

"We find ourselves in a changing, uncertain context, more aware of the consequences of climate change than ever before. We therefore want to continue our energy transition path and believe that renewable energies are safe and accessible sources that represent the key to a sustainable future. For this reason, the essential objective is precisely the continuous improvement of the industrial performance of our assets. We want to pursue a path of sustainable growth that generates positive impacts on our people and in the territories where we operate.

Paolo Merli
Chief Executive Officer

PURPOSE, VISION & MISSION

PURPOSE

We inspire change to power the future

- Unprecedented industrial transformation
- Inclusive and ethical approach
- Financial strength
- Sustainable and equitable energy transition
- Contribution of our people to the fight against climate change

VISION

We pursue sustainable growth

- Continued growth in the international renewables market
- Spreading our values
- Proven ability to develop and anticipate trends and quickly seize opportunities
- Long-term vision

MISSION

Pioneers of the clean energy shift

- Commitment to supporting the energy transition for businesses, people and communities
- Sound industrial approach
- Implementation of valuable projects, respecting the needs of local communities
- Pride, passion and team spirit

Directors' report

BASIS FOR PREPARATION

Disclosure pursuant to Articles 70 and 71 of the Issuers' Regulation
The Parent has selected the option, introduced by CONSOB with its resolution no. 18079 of 20 January 2012, of waiving the obligation to make available to the public an information document upon carrying out significant transactions, i.e. mergers, demergers, capital increases by contributions in kind, acquisitions and sales.

Operating segments
Operating performance figures are presented and commented on with reference to the various geographical segments in which ERG operates, in line with the Group's internal performance measurement methods. It should be noted that the results, shown by geographical segment, reflect the energy sales on markets by Group Energy Management, in addition to the application of effective hedges of the generation margin. Said hedges include, among other things, the use of price risk hedging instruments by Energy Management. In order to give a clearer representation of business by geographic segment and, secondarily, by technology, the wind and solar results include the hedging carried out in respect of renewables ("RES").

Alternative Performance Indicators (APIs) and adjusted results
Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.
These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.

In order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an exceptional nature (special items): these results are indicated with the term "Adjusted results". The results that include significant income statement components of an exceptional nature (special items) are also defined as "Reported results". A definition of the indicators and the reconciliation of the amounts involved are provided in the "Alternative Performance Indicators" section.

IFRS 16
Starting from 2024, the Group, in line with industry practice, also includes the effects of IFRS 16 on its adjusted operating results. The comparative data were restated in line with the new approach.
Net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned financial liabilities.

Risks and uncertainties in relation to the business outlook
With reference to the estimates and forecasts contained in this document, and in particular in the section "Business outlook", it should be noted that the actual results could differ from those presented due to a number of factors, including: future price trends, the operating performances of plants, wind and irradiance conditions, the impact of energy industry and environmental regulations, and other changes in business conditions and competitors' actions.

THE ERG GROUP

CORPORATE BODIES

BOARD OF DIRECTORS[1]

Chairman:	Edoardo Garrone (executive)
Deputy chairman:	Alessandro Garrone (executive)[2] Giovanni Mondini (non-executive)
Chief executive officer:	Paolo Luigi Merli
Directors:	Luca Bettonte (non-executive) Elisabetta Caldera (indipendent)[3] Federica Lolli (indipendent)[3] Marina Natale (indipendent)[3] Elisabetta Oliveri (indipendent)[3] Barbara Poggiali (non-executive) Renato Pizzolla (non-executive) Daniela Toscani (indipendent)[3]

BOARD OF STATUTORY AUDITORS[4]

Chairwoman:	Monica Mannino[5]
Standing auditors:	Giulia De Martino Fabrizio Cavalli

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS (Italian Law no. 262/05)

Michele Pedemonte[6]

INDEPENDENT AUDITORS

KPMG S.p.A.[7]

1 Board of Directors appointed on 23 April 2024.
2 Director in charge of the Internal Control and Risk Management System.
3 With reference to the provisions of Article 148, third paragraph, of the Italian Consolidated Finance Act, and the provisions of the current Corporate Governance Code promoted by Borsa Italiana S.p.A., also taking into account the "quantitative" and "qualitative" criteria defined in the Regulation for the operation of the Board of Directors, the Risk and Sustainability Committee and the Nominations and Remuneration Committee.
4 Board of Statutory Auditors appointed on 26 April 2022.
5 Appointed on 26 April 2023, in the office of Standing Auditor and Chairwoman of the Board of Statutory Auditors of ERG S.p.A. and expiring, together with the other members of the Board of Statutory Auditors, on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2024.
6 Appointed on 26 April 2021 at the same time as appointment to the office of Group CFO.
7 Appointed on 23 April 2018 for the period 2018 – 2026.

BUSINESS DESCRIPTION

The ERG Group is a leading independent operator of clean energy from renewable sources, operating in nine countries at European level and, from 24 April 2024, in the United States.
The leading wind power operator in Italy and among the top ten in Europe in the onshore wind sector, the Group is also active in the generation of energy from solar sources, being among the top five in Italy and with a gradually increasing presence in France and Spain.
A major player in the oil market until 2008, ERG radically changed its business portfolio in anticipation of long-term energy scenarios, successfully transforming towards a sustainable development model. Today the company is a leading European player in the renewable energy sector.

Starting from 2021, the Group embarked on an important Asset Rotation [8] process aimed at completing its transformation towards a pure "Wind&Solar" business model, which materialised at the end of 2023 with the divestment of the thermoelectric business, pursuing the strategic objective of the 2022-2026 Business Plan to focus on the core business of electricity generation entirely from renewable sources.
As a result of the completion of these important transactions, the Group, whose industrial strategy integrates the ESG (Environmental, Social and Governance) plan, in line with the United Nations Sustainable Development Goals (SDGs), has become a 100% Renewable operator, a key player in the decarbonisation process underway globally, as well as in the realisation of a fair and inclusive energy transition.
Management of the industrial and commercial processes of the ERG Group is entrusted to the subsidiary ERG Power Generation S.p.A., which carries out:

- centralised Energy Management & Sales activities for all generation technologies in which the ERG Group operates with the mission of securing output through long-term contracts and managing the hedging of merchant positions in line with the Group's risk policies;
- he Operation & Maintenance activities of its wind and solar farms, which involves insourcing the maintenance of the Italian wind farms and some of the plants in France and Germany.

The ERG Group, with generation facilities of 3,845-MW installed renewable capacity (3,184 MW wind, 661 MW solar), operates directly or through its subsidiaries, in the following Geographical Segments:

ITALY

In Italy, ERG has a total installed capacity of 1.643 MW in the sector of electricity generation from wind and solar sources.
Specifically, ERG is the leading operator in the wind power sector in Italy with 1,468 MW of installed capacity, and a leading operator in solar power generation with 175 MW of installed capacity.

ABROAD

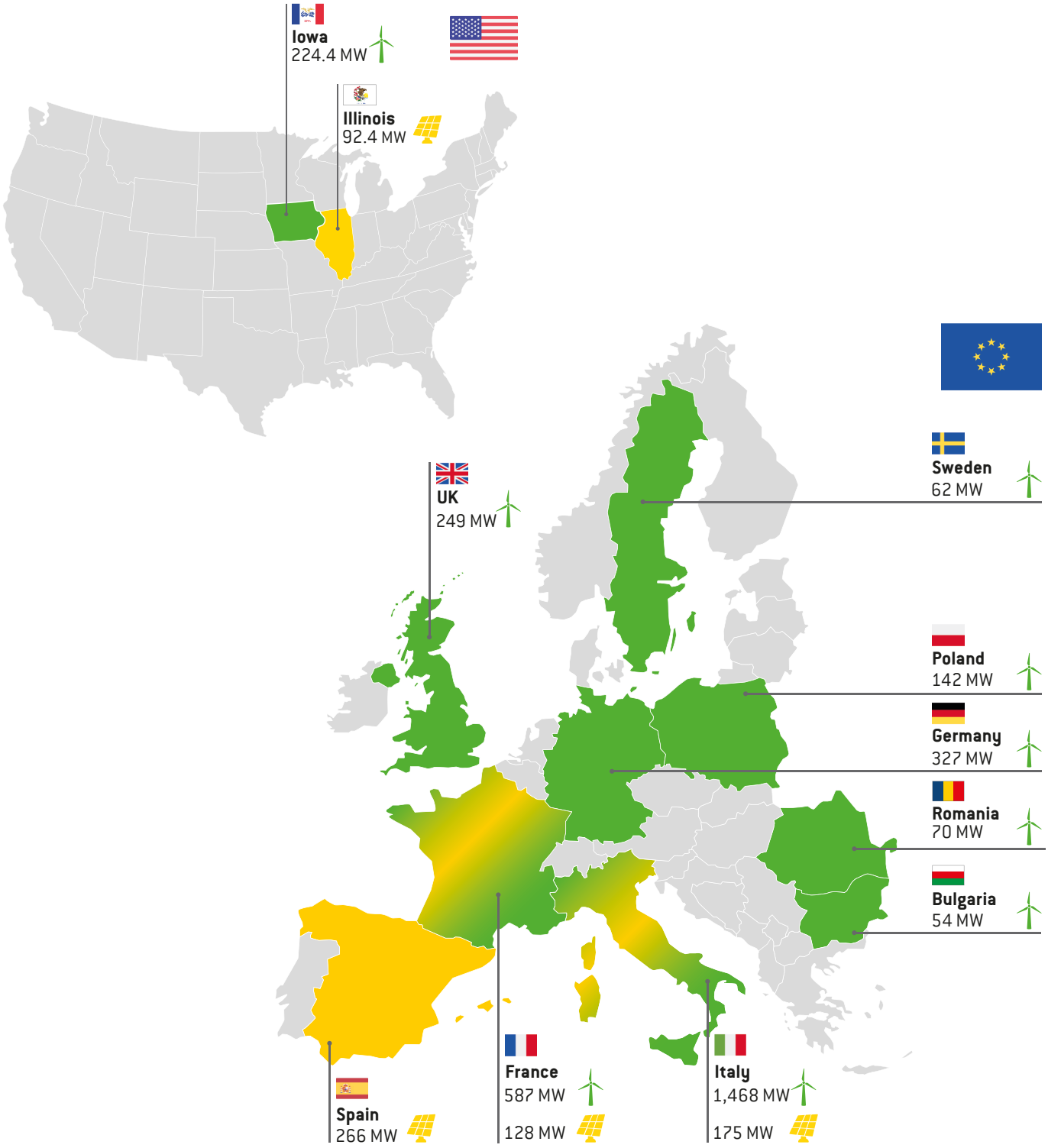
Outside Italy, ERG has a total installed capacity of 2,202 MW.
In wind power, ERG is one of the leading operators in Europe with a significant and growing presence (1,491 MW operational), particularly in France (587 MW), Germany (327 MW), the UK (249 MW), Poland (142 MW), Romania (70 MW), Bulgaria (54 MW) and Sweden (62 MW).
ERG operates in France and Spain in the generation of electricity from solar sources with 393 MW of installed capacity, of which 128 MW in France and 266 MW in Spain.
In addition, since April 2024 the Group has been present in the United States with 317 MW of installed capacity, of which 224 MW in wind power and 92 MW in photovoltaic power.

ERG ENTERS THE US RENEWABLE ENERGY MARKET

On 24 April 2024, the Group completed the closing of a major agreement with Apex Clean Energy Holdings LLC (Apex), a leading independent US clean energy developer, to create a strategic partnership with the mission of managing a portfolio of wind and solar power plants already in operation and potentially develop it.
This transaction represents the Group's first step into the overseas market and involved the creation of a holding company under US law into which a wind farm and a solar plant, both in operation, for a total of 317 MW of installed capacity and an estimated output of approximately 1 TWh have been conferred, as well as a cooperation agreement relating to approximately 1 GW of new onshore solar and wind projects under development in the United States.

8 It should be noted that on 3 January 2022 ERG completed the sale of the hydroelectric assets, while on 17 October 2023 the sale of the thermoelectric business was completed.

GEOGRAPHICAL SEGMENTS AT 31 DECEMBER 2024



SCOPE OF LINE-BY-LINE CONSOLIDATION AT 31 DECEMBER 2024

ORGANISATIONAL MODEL

The Group's organisational structure features a strong focus on process logic and the implementation of strategic business leverages, and provides for the definition of two macro-roles:

- ERG S.p.A. – which provides strategic guidance – is directly responsible for business development and ensures the management of all business support processes ("Corporate processes"), also through personnel from other Group companies.
  The company is organised in the following areas:
  - Corporate Strategy and Mergers & Acquisitions
  - Business Development, Engineering & Construction
  - Administration, Finance, Control & Procurement
  - Human Capital & ICT
  - Regulatory & Public Affairs
  - Corporate & Legal Affairs
  - ESG, IR & Communication

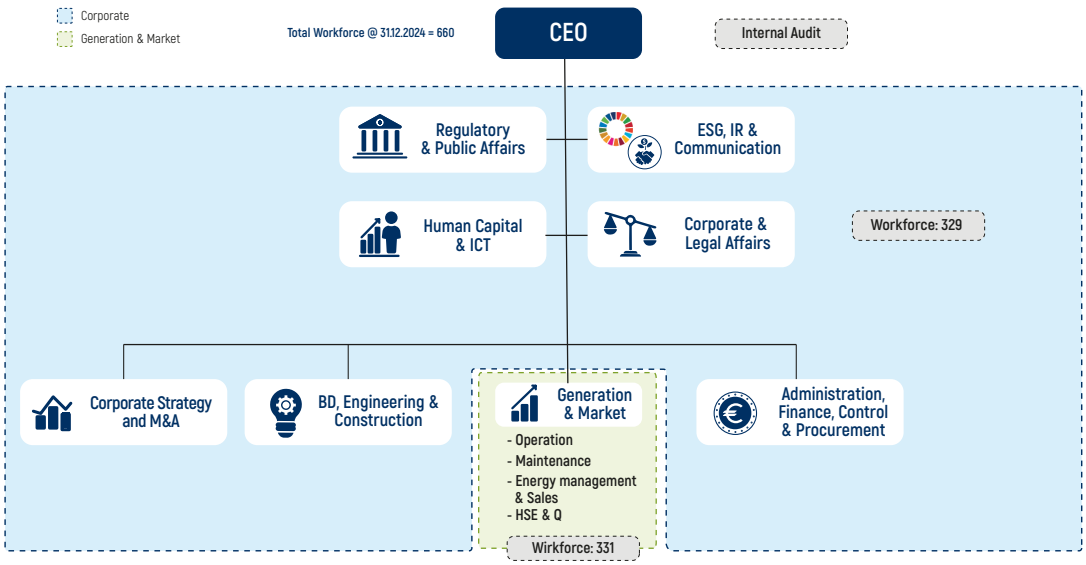
- ERG Power Generation S.p.A. – which ensures the management of the engineering and construction activities and the industrial and commercial processes of the Group, also through personnel belonging to other subsidiaries, organised as part of the "Generation & Market" department in:
  - Wind & Solar generation units, which in turn are organised on a geographical basis;
  - an Energy Management & Sales structure, as a single entry point to organised markets and the main clients/counterparties;
  - a centre of expertise that ensures the efficiency of the operating model and the related global standardisation of processes;
  - a structure dedicated to managing health, safety, quality and environmental protection topics for the entire Group;
  - an area dedicated to the development and digitalisation of business systems.

Throughout 2024, the Group continued to evolve its operating model in order to develop more flexible investment strategies and capitalise on the best market opportunities. Accordingly, the organisational changes include (i) the establishment of a new Corporate Strategy and M&A area that aims to create value in Europe and the United States through M&A initiatives, Joint Ventures, commercial partnerships, co-development agreements and innovative projects, and (ii) the establishment of a single Business Development, Engineering & Construction area in order to enhance the skills present in the Group and make the end-to-end organic development process more effective. Additionally, to better address the challenges of the current context, the operating model of the Generation & Market area has also evolved. This evolution focuses on enhancing plant performance, advancing commercial offerings, and leveraging digitalisation as a crucial tool for increasing efficiency, innovation and competitiveness.
Finally, as a confirmation of the interest in Battery Energy Storage Systems (BESS) and with the aim of continuing the development and enhancement of this technology, the BESS Development Programme was established with the objectives of:

- identifying, designing, authorising and analysing the business cases of storage facilities in the various countries where ERG operates, in line with the objectives of the Business Plan;
- analysing and evaluating any additional opportunities identified and proposed by the Corporate Strategy and Mergers & Acquisitions Organisational Unit.

The implementation of this programme requires a highly cross-functional approach, with the ability to integrate and enhance contributions and knowledge from various business areas. This need has been met through the establishment of a dedicated Working Group.

A NEW ORGANIZATION TO SPEED UP DECISION MAKING PROCESS



STRATEGY

2024 was a challenging year in many respects, both politically and socially, as well as from a climate perspective. It witnessed an unprecedented rise in global temperatures, accompanied in particular by a decline in wind activity, especially in the fourth quarter in certain European regions, and extreme weather events such as wildfires, exceptionally intense rainfall and flooding.
In this context, the development of renewable energy remains essential not only to counter the effects of climate change but also to enhance energy independence and the competitiveness of our economies. Global electricity demand could increase significantly, provided that electrification policies are implemented decisively, alongside the development of artificial intelligence systems, which are already rapidly gaining traction in both Europe and the USA. However, these prospects are now intertwined with a decarbonisation process that is progressing slowly, within an increasingly challenging, risky and unpredictable environment. Anti-renewable policies, geopolitical tensions and financial market instability are just some of the current challenges to be addressed.
In this scenario, ERG, with its pure renewable wind & solar model – achieved through a unique business transformation process – renewed its commitment to the development of renewables and decarbonised storage technologies on 12 March 2025, leveraging its vision and solid experience in this market. A strategic "Value over volume" approach based on selective and flexible growth capable of seizing the most valuable business opportunities.

VALUE OVER VOLUME APPROACH REINFORCED

Selective growth	**4.2GW** installed Capacity in 2026 (vs 4.5GW); focus on repowering & organic
Investments/EBITDA	**CAPEX: €1.0bn 2024-2026 (-20% vs prev. €1.2bn); EBITDA >€600mn @2026**
Route to market	**Confirmed target 85%-90%** quasi-regulated on total EBITDA through CFD & PPA
Balance Sheet / Value creation	Commitment to **IG rating: DCM as best option** for sizable/competitive funding **Value over Volume approach confirmed** (IRR targeted 200bps+ over WACC)
Geographical diversification	Geographic **focus on tier-1 countries**: grow and consolidate Assessing **asset rotation** opportunities in tier-2 countries
Storage, hybridization & digitilisation	**Storage as a new stream** of development **Hybridization** as an opportunistic technology to mainly protect our assets **Digitalization** to optimize the performance of assets
ESG	A **strategic priority**: consolidating ERG's tier-1 positioning
Shareholder Remuneration	**2025: €1/sh** to be paid as dividend plus SBB (already done) equal to €0.15/sh **2026+: floor at €1/sh as dividend** + potential upside from buybacks

UPDATED STRATEGY AND OBJECTIVES FOR THE 2025-2026 PERIOD

In this particularly challenging context, ERG reaffirms its commitment to the development of the renewable energy sector, strengthening the "Value over Volume" approach aimed at maximising the return on investments through selective growth, focussing on projects currently under construction and seeking to capitalise on opportunities arising from the development of its 5GW pipeline of organic projects. Repowering remains central to the Group's growth strategy, positioning it as a leader in this type of intervention which is essential to the energy transition thanks to a solid and visible project pipeline. Capital expenditure initially planned at EUR 1.2 billion for the 2024-2026 period are now expected to amount to EUR 1 billion, while we reaffirm our target of achieving EBITDA above EUR 600 million in 2026. We anticipate installing 4.2 GW by 2026 (compared to the 4.5 GW projected last year). Growth will be focused on the geographies where we are already present, with asset rotation serving as a potential lever to maximise the value of our investments.
Our technological diversification strategy continues, with an increased focus on battery storage (BESS) projects and hybridisation of wind and solar plants. This approach aims to enhance asset portfolio flexibility by integrating solar and wind power generation with systems capable of balancing production and improving efficiency. The digitalisation of our wind and solar assets will further optimise performance.
As far as Route-to-Market is concerned, the Group intends to leverage its consolidated experience in energy management to optimise its market access strategy. We reaffirm our commitment to achieving the target of 85%-90% of quasi-regulated EBITDA through long-term support mechanisms, particularly government CFDs and PPAs with leading corporate counterparties across the various geographies in which we operate. These long-term contractual arrangements remain fundamental tools for addressing ongoing market volatility.
ERG maintains a solid financial structure, capable of supporting both growth and shareholder remuneration in a sustainable manner.

CHANGE IN BUSINESS SCOPE DURING THE YEAR

- **Wind/Solar – France: Falcon**
  On 28 December 2023, ERG, through its subsidiary ERG Eolienne France SAS, has signed an agreement with QEnergy France SAS, a leading operator in the renewable energy sector in France, for the acquisition of 100% of CEPE Renouvellement Haut Cabardès SAS, a company that owns a 73.2-MW wind and solar portfolio in France. The portfolio of plants subject to the acquisition consists of two photovoltaic systems, which entered into operation between June and September 2022, for a total of 20.4 MWp of installed capacity, a 28.8-MWp photovoltaic system that entered into operation at the end of June and a 24-MW wind farm undergoing a total repowering. The total estimated output is about 125 GWh annually, equivalent to 64 kilotons of CO2 emissions avoided. The two operational solar plants and the wind farm benefit from a tariff regime with a 20-year CfD, while the production of the photovoltaic park, which began operation at the end of the second quarter of 2024, is linked to a 15-year PPA with a leading corporate counterparty.
  The value of the transaction in terms of enterprise value was approximately EUR 86 million, with an equity value of approximately EUR 17 million. The closing was completed in January 2024. It should be noted that the newly acquired French companies are consolidated starting from 1 January 2024.

- **Wind/Solar – USA: Pinnacle**
  On 24 April 2024, the Group completed the closing of a major agreement with Apex Clean Energy Holdings LLC (Apex), a leading independent US clean energy developer, to create a strategic partnership with the mission of managing a portfolio of wind and solar power plants already in operation and potentially develop it.
  This transaction represents the Group's first step into the overseas market and involved the creation of a holding company under US law into which a wind farm and a solar plant, both in operation, for a total of 317 MW of installed capacity and an estimated output of approximately 1 TWh have been conferred, as well as a cooperation agreement relating to approximately 1 GW of new onshore solar and wind projects under development in the United States. The holding company is 75% owned by ERG and 25% by Apex, which continues with the operational management of the assets. The portfolio consists of a 224.4-MW onshore wind farm located in Iowa that entered into operation in the first half of 2023, with an estimated annual output of over 800 GWh, and a 92.4-MW photovoltaic system located in Illinois that entered into operation in the second half of 2022, with an estimated annual output of over 150 GWh, equal to a total of 387 kt of CO2 avoided. Both plants are part of the Midcontinent Independent System Operator (MISO), the largest US electricity market in terms of geographical area and second largest in terms of installed capacity. The two plants benefit from Tax Equity agreements with financial counterparties and were debt-free at closing, except for those related to the structure deriving from the Tax Equity Partnership agreements. Revenue is secured by long-term sales contracts (PPAs) signed with leading corporate counterparties. The consideration for the acquisition of the majority stake of 75% was equal to USD 270 million. This Annual Financial Report reflects the impact of the line-by-line consolidation of the wind and solar portfolio as of 1 April 2024.

During the year, the following came into operation:
- the Roccapalumba wind farm, in the province of Palermo, with a total capacity of 47 MW, which was developed and constructed in-house. The farm's output is enhanced through the Power Purchase Agreement (PPA) signed with Google;
- the photovoltaic park in France with a total capacity of 28.8 MW, acquired as part of the recent Falcon acquisition;
- the Mineo-Militello-Vizzini wind farm in Sicily with a total capacity of 101 MW (+51 MW incremental), the third and largest Repowering project in the Group's plant portfolio;
- the Salemi-Castelvetrano wind farm, located in the province of Trapani, the Group's fourth repowering project in Italy. The wind farm has a total installed capacity of 75.6 MW (+50 MW incremental);
- two greenfield wind farms in France for a total of 41 MW.

It should be noted, moreover, that on 20 December 2024 ERG, through its subsidiary ERG UK Holding Ltd, signed a Share Purchase Agreement (SPA) with BayWa r.e. AG, for the acquisition of 100% of the shares of BayWa r.e. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in South Lanarkshire, Scotland. The wind farm, which entered into operation in the fourth quarter of 2024, consists of nine Nordex N133 turbines, each with a capacity of 4.8 MW and benefits from a 15-year Contract for Difference (CfD) awarded in the AR4 auction, in line with the Group's revenue securitisation strategy. The annual production is estimated at approximately 120 GWh, equivalent to 46 kt of CO2 emissions avoided each year, equal to the energy needs of over 28,000 households. The enterprise value of the transaction amounts to GBP 60 million and the closing of the transaction was completed in January 2025. Therefore, this Annual Report does not yet reflect the impacts of the company's consolidation.

ERG'S STOCK MARKET PERFORMANCE

At 30 December 2024, the reference price of ERG stock was EUR 19.65, down (-31.9%) compared to the end of the previous year and worse than the performance of the S&P Global Clean Energy Index (-21.0%) and the Euro Stoxx Utilities Index (-3.4%).
In the same period, positive performance was recorded for the FTSE MIB (+12.6%), the FTSE All Share (+12.0%) and the FTSE Mid Cap (+7.2%).
During the period under review, the listed price of ERG stock ranged between a minimum of EUR 18.90 (6 November) and a maximum of EUR 29.06 (2 January).

The figures relating to the prices and exchange volumes of ERG stock at 30 December 2024 are set out below:

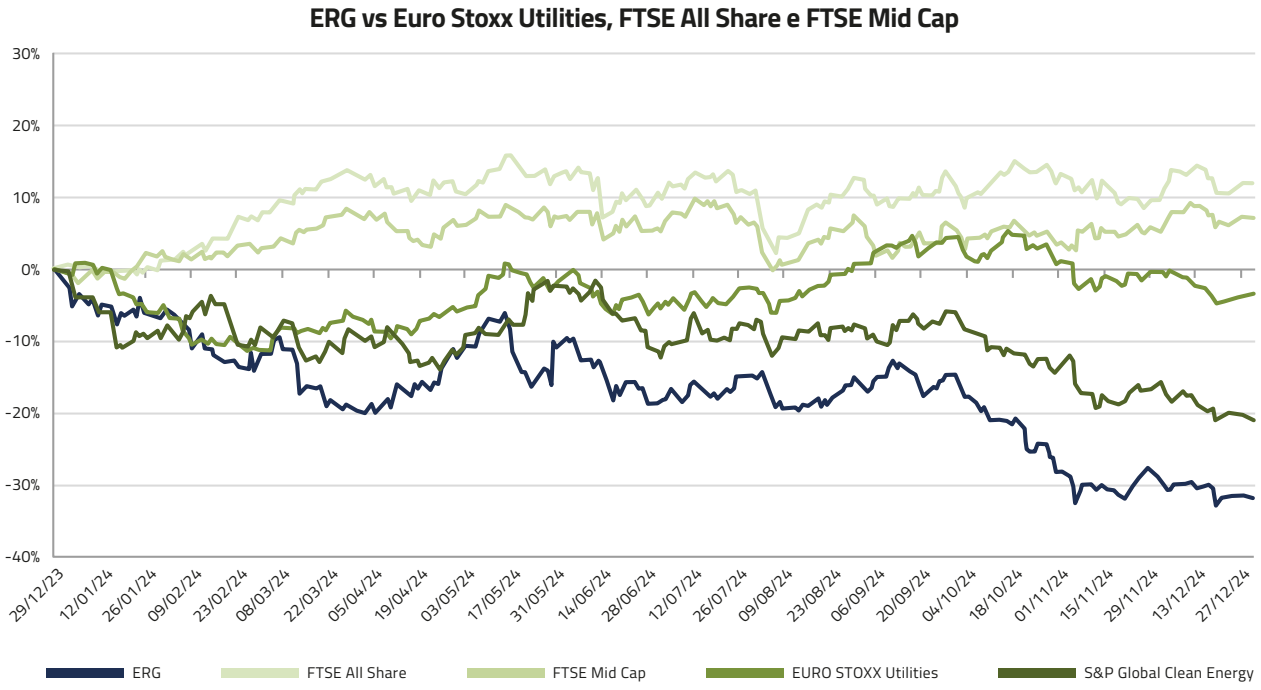
Share price	EUR
Reference price at 30.12.2024	19.65
Maximum price (02.01.2024)(1)	29.06
Minimum price (06.11.2024)(1)	18.90
Average price	23.95

(1) lowest and highest price reached during the day's trading; hence they do not match the official reference prices on the same date.

Volumes traded	No. of shares
Maximum volume (13.03.2024)	3,017,393
Minimum volume (26.08.2024)	104,856
Average volume	470,305

Market capitalisation was approximately EUR 2,954 million at the end of the year (EUR 4,338 million at the end of 2023).
The average number of shares outstanding at 30 December was 145,953,855.

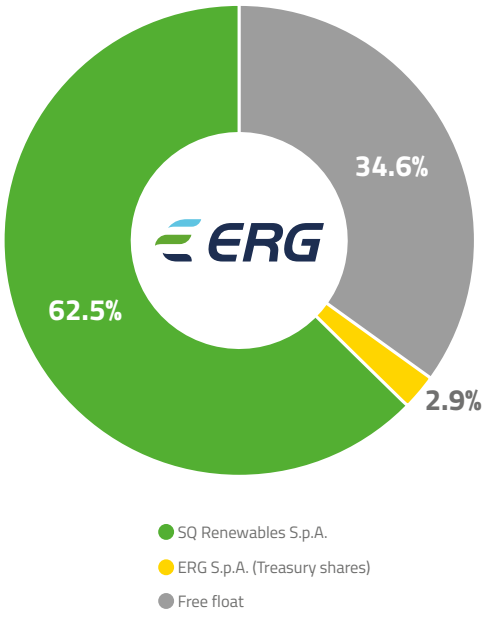
ERG SHARE PRICE PERFORMANCE AND SHAREHOLDING STRUCTURE AT 31 DECEMBER 2024



SHARE BUY-BACK PROGRAMME

On 12 October 2023, the Board of Directors of ERG S.p.A. resolved to start the share buy-back programme, in compliance with the resolution passed by the Shareholders' Meeting on 26 April 2023.
The share buy-back programme was completed on 12 February 2024; since the start of the programme, 3,758,000 ordinary shares (maximum number of shares that can be purchased) have been repurchased at a weighted average price of EUR 26.0 per share. Considering the shares already held in the portfolio prior to the start of the programme, at the end of the programme ERG S.p.A. holds 4,540,080 treasury shares, equivalent to 3.02% of its share capital.
Furthermore, on 14 November 2024, the Board of Directors of ERG S.p.A. approved the launch of an additional share buy-back programme, implementing the resolution adopted by the Shareholders' Meeting on 23 April 2024. This initiative is intended as an investment strategy aimed at maximising value creation for the company and its shareholders, with a maximum duration of three months from the date of the resolution. The maximum quantity of Shares that can be purchased in implementation of the Programme is 1,200,000 (e.g. a total of 0.798% of the share capital), with a maximum outlay of EUR 22,600,000, without prejudice to any other limitation possibly deriving from legislative or regulatory provisions.
At 31 December 2024, ERG S.p.A. held 4,366,145 treasury shares, equal to 2.9% of its share capital.
The share buy-back programme was completed on 31 January 2025; since the start of the programme, 1,133,766 ordinary shares (maximum number of shares that can be purchased) have been repurchased at a weighted average price of EUR 19.90 per share. Considering the shares already in its portfolio prior to the start of the programme, ERG S.p.A. holds 4,965,240 treasury shares, equal to 3.3% of the related share capital.

Information on the purchase of treasury shares was updated weekly on the company's website (www.erg.eu) in the "Media/Press Releases" section.
Below is the company's shareholding structure at the reporting date of 31 December 2024:



SIGNIFICANT EVENTS DURING THE YEAR

Date	Geographical segment	Sector	Significant event
17 January 2024	Italy	Corporate	ERG is confirmed among the Corporate Knights "Global 100". ERG ranked first among Italian companies, 28th in the 2024 ranking, a significant improvement compared to the 54th position in 2023.
24 January 2024	Italy	Corporate	TIM and ERG: kick-off for the "Missione Ambiente – Generazioni a scuola di Sostenibilità" (Mission Environment – Generations at Sustainability School) project, aimed at promoting the spread of a sustainability culture. The project involved ten Italian cities and included in-depth courses on sustainability, environmental protection and ecological transition for secondary schools.
29 January 2024	France	Wind Solar	Completion of the acquisition of a 73.2-MW wind and solar portfolio in France. The acquisition portfolio consists of two photovoltaic systems in operation (20.4 MW), one in an advanced state of construction (28.8 MW) and a wind farm in the commissioning phase (24 MW).
1 February 2024	Italy	Wind	ERG and Google sign a 20-year agreement for the supply of 2 TWh of renewable energy. The pay-as-produced agreement provides for the supply of renewable energy and guarantees of origin produced by the Roccapalumba wind farm, in the province of Palermo.
6 February 2024	Italy	Corporate	ERG is confirmed as being on the Carbon Disclosure Project's "A list" for the second year.
19 February 2024	Italy	Corporate	Conclusion of the share buy-back programme, launched in the fourth quarter of 2023..
23 February 2024	Italy	Wind	ERG continues to grow in Italy with the completion of the construction and start-up of the greenfield plant at Roccapalumba in Sicily (47 MW). .
29 February 2024	Italy	Corporate	The Board of Directors of ERG S.p.A. approved the Policy for Gender Equality, strengthening its commitment to Diversity & Inclusion.
1 March 2024	Italy	Solar	"Social Purpose for Solar Revamping", the project conceived by ERG to guarantee a second life to photovoltaic panels resulting from the revamping activities of its solar systems, was presented today at Key Energy 2024.
13 March 2024	Italy	Corporate	The Board of Directors of ERG S.p.A. has approved the Draft Financial Statements for 2023, the Report on Corporate Governance and ownership, and the consolidated non-financial statement.
9 April 2024	Italy	Corporate	Fitch Ratings agency ("Fitch") confirmed for ERG S.p.A. a Long Term Issuer Default Rating (IDR) of BBB- with stable outlook and a senior unsecured rating of BBB-. (see also Press Release of 7 June 2024).
23 April 2024	Italy	Corporate	The Ordinary Shareholders' Meeting of ERG S.p.A. has approved the Separate Financial Statements at 31 December 2023, resolved the payment of EUR 1 per share, appointed the new Board of Directors, confirmed Edoardo Garrone as the Chairman and approved the long-term incentive plan (2024-2026 LTI System). The Board of Directors, in its meeting on the same date, confirmed Alessandro Garrone as Executive Deputy Chairman, Giovanni Mondini as Deputy Chairman and Paolo Luigi Merli as Chief Executive Officer.
24 April 2024	Italy	Wind	ERG has finalised the third Repowering project with the start-up of the 101-MW wind farm at Mineo-Militello-Vizzini in Sicily.

24 April 2024	**United States**	**Wind Solar**	ERG officially enters the US renewables market thanks to the launch of a strategic partnership with APEX Clean Energy (see press release above of 21 December 2023).
15 May 2024	**Italy**	**Corporate**	The Board of Directors of ERG S.p.A. approved the Business Plan and the 2024-2026 ESG Plan.
26 June 2024	**Italy**	**Corporate**	ERG placed its fourth Green Bond for EUR 500 million, with a 6-year fixed-rate maturity. The issue is in the form of a Green Bond and the proceeds will be earmarked for wind, solar and storage projects located in Europe, the United Kingdom and the United States of America.
10 July 2024	**Italy**	**Corporate**	MSCI Inc., one of the world's leading ESG Rating Agencies, has confirmed its "AAA" rating for ERG and its positioning in the "Leader" category. ERG was ranked among the top 14 Utilities internationally among the 137 companies in the sector analysed by MSCI for ESG performance, and among over 2,800 companies globally.
24 July 2024	**France**	**Wind**	ERG completed the construction and started the energisation of the Saint-Maurice-La Clouere wind farm, for a total capacity of 9 MW.
1 August 2024	**Italy**	**Corporate**	The ERG Group has achieved the UNI/PdR 125:2022 Gender Equality Certification for its operations in Italy, marking a significant milestone in its commitment to fostering an inclusive culture that ensures equal opportunities for everyone, regardless of gender.
20 August 2024	**France**	**Wind**	ERG has completed the construction and started the energisation of the Bourgogne I (Moulins du Bois) greenfield wind farm in the Bourgogne-Franche-Comté region, with an installed capacity of 32.4 MW.
18 September 2024	**Italy**	**Corporate**	Fourth 'Social Purpose for Solar Revamping' project launched at Dynamo Camp in Limestre, Pistoia: ERG programme gives second life to solar panels from plant upgrades.
10 October 2024	**Italy**	**Corporate**	GGRESB, the international rating agency that evaluates companies' ESG performance globally, awarded ERG an overall score of 98/100, ranking it second in Europe in the 'Onshore Wind Power Generation' sector.
28 October 2024	**Italy**	**Corporate**	With reference to the news that has appeared in the press in recent days, the ERG Group has clarified that, following a report received in 2023 outlining potentially significant events for the company, it conducted and completed an investigation in the following months in accordance with its Whistleblowing Guidelines, which were approved by the Board of Directors and aligned with market best practices. In carrying out this activity, the company believes it has acted in full compliance with the law and its corporate policies and remains at the complete disposal of the investigating authorities.
2 December 2024	**Italy**	**Wind**	ERG has completed the construction and initiated the energisation of the Salemi-Castelvetrano wind farm, located in the province of Trapani, the Group's fourth repowering project in Italy. The park now consists of 18 Vestas turbines, each with a capacity of 4.2 MW (compared to the previous 30 turbines of 850 kW, totalling 25.5 MW), resulting in a total installed capacity of 75.6 MW.
16 December 2024	**Italy**	**Corporate**	The European Investment Bank (EIB) financed the ERG group with EUR 243 million to promote the development of renewable energy in Italy, France and Germany. With the exit from the thermoelectric sector in 2023, 100% of the Group's generation is now based on renewable sources.
20 December 2024	**Italy**	**Corporate**	ERG and Duferco Energia have signed a 5-year Pay As Produced Power Purchase Agreement (PPA) for the supply of approximately 100 GWh/year of green energy produced by the Rotello wind plant in Molise, with an installed capacity of 42 MW.
20 December 20244	**UK & Nordics**	**Wind**	ERG, through its subsidiary ERG UK Holding Ltd, has signed a Share Purchase Agreement (SPA) with BayWa r.e. AG, a leading renewable energy operator, for the acquisition of 100% of BayWa r.e.'s shares. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in Scotland. The enterprise value of the transaction amounts to GBP 60 million and the closing of the transaction was completed in January 2025.

OTHER INFORMATION

It should be noted that a criminal investigation is underway at the Milan Court Prosecutor's Office concerning the activities carried out by an investigative company (Equalize S.r.l.), which ERG S.p.A. engaged as part of a defensive investigation following a report received in 2023 under its Whistleblowing Guidelines regarding potentially serious events detrimental to the company.
Based on the information available, this investigation would also concern some employees of ERG S.p.A., however, without any involvement of the company itself, which remains, to date, uninvolved in any allegations.
As already stated in the Press Release of 28 October 2024, ERG S.p.A. believes that it has acted in full compliance with the law and its corporate policies in carrying out the aforementioned defensive investigation.
Finally, for the sake of completeness, it should be noted that the National Commission for Companies and the Stock Exchange (CONSOB) sent some information requests in November 2024 regarding the aforementioned investigation. The company promptly and duly responded, and CONSOB has not taken any further action to date.

HIGHLIGHTS

(EUR million)		Reported (1) 2024	Reported (1) 2023	Adjusted (2) 2024	Adjusted (2) 2023
MAIN INCOME STATEMENT FIGURES					
Revenue		738	741	738	741
Gross operating profit (EBITDA)		**531**	**529**	**535**	**534**
Operating profit (EBIT)		**253**	**304**	**271**	**312**
Profit attributable to the owners of the parent (3)		**187**	**179**	**175**	**226**
EBITDA Margin %		**72%**	**71%**	**72%**	**72%**
MAIN FINANCIAL FIGURES					
Net invested capital		**4,246**	**3,757**		
Equity		2,223	2,140		
Net financial indebtedness (before IFRS 16) (4)		1,793	1,445		
Net financial indebtedness (after IFRS 16) (4)		2,023	1,617		
Financial leverage before IFRS 16 (5)		45%	40%		
OPERATING DATA					
Total installed capacity at the end of the year	**MW**			**3,845**	**3.266**
New installed capacity for the year	**MW**			**579**	
of which Wind Italy	*MW*			148	
of which Wind Abroad	*MW*			290	
of which Solar Abroad	*MW*			142	
Total electricity output	**GWh**			**6,959**	**6,139**
Production linked to the new capacity for the year				**1,357**	
of which Wind Italy	*GWh*			280	
of which Wind Abroad	*GWh*			652	
of which Solar Abroad	*GWh*			425	
Gross operating profit (EBITDA)				**535**	**534**
Wind Italy				250	220
Solar Italy				90	79
Wind Abroad				192	230
Solar Abroad				24	26
Corporate				(21)	(21)
Net unit revenue (6)	**EUR/MWh**			**102**	**117**
Capital expenditure (7)	**EUR million**			**553**	**489**
Employees at the end of the year (8)	**Unit**			**660**	**636**

(1) Reported economic indicators are calculated on the basis of the Financial Statements and include special items and related taxes.
(2) Starting from 2024, the adjusted operating results include the accounting impacts of IFRS 16. The comparative results for 2023 were therefore restated in line with the new approach defined by the Group. Adjusted economic indicators do not include special items and related applicable taxes.
(3) It should be noted that the reported net result of the Group for the comparative period includes the contribution of the thermoelectric business, sold on 17 October 2023. The Group's adjusted net result reflects the net result of its continuing operations and, therefore, does not include the contribution of the thermoelectric business.
(4) Net indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned liabilities.
(5) Financial leverage before IFRS 16 is calculated by comparing the net financial indebtedness before IFRS 16 with the net invested capital, not including Right of Use assets amounting to EUR 219 million.
(6) Net unit revenue (net of clawbacks) is expressed in EUR/MWh and is calculated by dividing the technology output by the revenue achieved on energy markets, inclusive of the impact of hedges, of any incentives due and the relative variable costs associated to generation/sale including, for example, imbalance costs and market access fees.
(7) In property, plant and equipment and intangible assets. The 2024 figure includes investments related to Merger & Acquisition transactions in the United States amounting to EUR 235 million and in France amounting to EUR 84 million, while the 2023 figure included investments related to Merger & Acquisition transactions in Spain for EUR 184 million.
(8) The 2023 comparative figure does not include personnel dedicated to ensuring the operation of the CCGT cogeneration plant, sold in October 2023.

COMMENTS ON THE YEAR'S PERFORMANCE

In 2024, **adjusted revenue** amounted to EUR 738 million, a slight decrease compared to 2023 (EUR 741 million). The lower wind conditions recorded during the period, which were significantly below historical averages, were largely offset by the contribution from the new capacity brought into operation (579 MW).
The weaker market conditions observed in the first part of the year had only a partial impact on the results, as the Group follows a hedging policy that includes sales through fixed tariffs, Power Purchase Agreements (PPAs) with predetermined price conditions, and financial contracts.

Production amounted to 7.0 TWh, an increase of 0.8 TWh compared to 2023, thanks to 1.4 TWh from the contribution of new assets brought into operation, partially offset by the lower wind conditions recorded on the assets in operation (-0.5 TWh, -9% on a like-for-like basis).

Adjusted EBITDA, net of special items, stood at EUR 535 million, substantially in line with the EUR 534 million recorded in 2023.

ITALY

- **Wind (EUR +30 million)**: EBITDA amounted to EUR 250 million, up from EUR 220 million in 2023, driven by higher unit revenue from the GRIN incentive (zero in 2023) and the addition of new installed capacity (148 MW), despite the significantly lower wind conditions during the period. Total production amounted to 2.5 TWh compared to 2.5 TWh in the same period of 2023, due to significantly lower wind conditions (-0.3 TWh, -13% on a like-for-like basis), partially offset by the contribution from newly commissioned assets (+0.3 TWh).
- **Solar (EUR +10 million)**: EBITDA amounted to EUR 90 million, up from EUR 79 million in 2023, driven by sales prices that benefited from forward sales made in line with the Group's policies. This was partially offset by lower production due to plant shutdowns for revamping activities. Output amounted to 241 GWh in 2024 compared to 256 GWh in 2023.

ABROAD

- **Wind (EUR -38 million)**: EBITDA of EUR 192 million, a decrease compared to EUR 230 million in 2023, primarily due to significantly lower wind conditions during the period and reduced prices achieved, particularly in France and Germany, partially offset by the new installed capacity (290 MW). Total production amounted to 3.5 GWh compared to 3.0 GWh in the same period of 2023, due to lower wind conditions (-0.2 TWh, -6% on a like-for-like basis), more than offset by the contribution from newly commissioned assets (+0.7 GWh).
- **Solar (EUR -2 million)**: EBITDA of EUR 24 million, a decrease compared to EUR 26 million in 2023, primarily due to lower electricity prices in Spain, partially offset by the scope impact resulting from acquisitions (142 MW). Production was 0.7 TWh in 2024, up from 0.3 TWh in 2023, largely due to the contribution from new assets coming online (0.4 TWh), despite a -3% decrease on a like-for-like basis.

Overall, the contribution from the new installed capacity (around EUR +75 million) is largely offset by the lower volumes recorded, mainly in the fourth quarter.
It should be noted that the overall gross operating profit is impacted by the electricity price hedging policies implemented in line with the Group's risk policies.

Adjusted EBIT amounted to EUR 271 million (EUR 312 million in 2023). Depreciation and amortisation amounted to EUR 263 million, up from 2023 (EUR 223 million) and reflecting the full contribution of new assets acquired during the period (EUR 26 million) and developed internally (EUR 14 million).

The **Adjusted profit attributable to the owners of the parent** was EUR 175 million, down from 2023 (EUR 226 million [9]), and reflects, in addition to the previously discussed operating results, higher financial expenses (EUR +14 million) mainly due to the accounting impact of the Tax Equity Partnership in the US portfolio and lower taxes amounting to EUR 4 million.

The **Reported profit attributable to the owners of the parent** totalled EUR 187 million, including the positive net tax impacts of special items, up from EUR 179 million in 2023[10].

In 2024, **capital expenditure** totalled EUR 553 million (EUR 489 million in 2023) and related to **capital expenditure in property, plant and equipment and intangible assets** for the acquisition of a portfolio of wind and solar farms in the United States (317 MW) [11], and in France (73 MW), the repowering of Italian wind farms with approximately 177 MW of new installed capacity commissioned during 2024, the construction of greenfield farms in Italy (47 MW), France (59 MW), of which 41 MW were commissioned in 2024, and the UK (47 MW), the repowering of a wind farm in Germany (6 MW), and the launch of activities for the first storage project (13 MW).

9 The comparative figure for 2023 refers to the profit of continuing operations attributable to owners of the parent, therefore not including the contribution of the thermoelectric business, sold on 17 October 2023.
10 It should be noted that the Reported profit attributable to owners of the parent for 2023 included the contribution of the thermoelectric business, sold on 17 October 2023.
11 The acquisition was finalised in April 2024.

The **net financial indebtedness before IFRS 16** totalled **EUR 1,793 million**, a significant increase (EUR +348 million) compared to 31 December 2023 (EUR 1,445 million).
The change mainly reflects the effects of capital expenditure and acquisitions carried out during the year (EUR 553 million), the distribution of dividends to shareholders (EUR 152 million), tax payments (EUR 39 million), and the two share buy-back programmes (EUR 47 million), partially offset by the positive operating cash flow for the period (EUR 485 million[12]).

Net financial indebtedness after IFRS 16 includes the liabilities (pursuant to IFRS 16) relating to the discounting of future lease payments equal to EUR 229 million at 31 December 2024 (EUR 172 million at 31 December 2023). The increase in the period is attributable to the scope effect due to the acquisitions of wind farms and photovoltaic systems in the United States and in France and the new wind farms developed internally.

12 It includes the adjusted EBITDA and the change in working capital.

REFERENCE MARKET

PRICE SCENARIO

	Year	
	2024	2023
Base load price scenario (EUR/MWh)		
Italy		
Single National Price [1]	109	127
Feed-In Premium (FIP) (former Green Certificates) – Italy	42	0
TTF	35	41
CO_2	65	83
Abroad		
France	58	97
Germany	78	95
Poland	107	144
of which Electricity	96	112
of which Certificates of Origin	11	32
Bulgaria	103	104
Romania	133	133
of which Electricity	104	104
of which Green Certificate	29	29
Northern Ireland	109	122
Great Britain	*85*	*108*
Spain	*63*	*87*
Sweden SE4	50	65
MISO-MidAm	22	n.a
MISO-Illinois	28	n.a

(1) Single National Price.

REGULATORY FRAMEWORK – INCENTIVES AND TARIFFS

INCENTIVES AND TARIFFS ITALY

Wind

- Plants that entered into operation before 2013: feed-in premium (FIP) equal to (180 EUR/MWh -P-1) x 0.78 where P-1 is the average annual value of the sale price of the electricity of the previous year. Duration of the incentive: 15 years
- Plants that entered into operation from 2013: FIP against a reference rate awarded through participation in Dutch auctions. With the Italian Ministerial Decree of 4 July 2019, wind power and photovoltaic power compete for the same quota both for the registries and for the auction procedures and the FIP is a "two-way CfD". Duration of the incentive: 20 years. As of September 2023, the reference tariff values for auction procedures are subject to updating on the basis of the national consumer price index for the entire community (NIC), to take into account the cumulative average inflation from August 2019 until the month preceding the date of the auction, in application of Italian Decree Law no. 57/2023.
- Plants subject to complete reconstruction (Repowering) can participate in auctions, competing directly with the new plants (starting from the sixth auction even if they have not endorse the so-called "Spalma-incentivi") albeit with the application of a 5% deduction on the awarded tariff. In addition, a gradient coefficient D of 0.9 is applied to the incentive component (understood as the differential between the awarded tariff and the hourly zonal price).

Solar

- Incentives for photovoltaic systems are paid through a FIP tariff on the energy fed into the grid for a duration of 20 years.
- The feed-in tariff was introduced in Italy with the Interministerial Decrees of 28 July 2005 and of 6 February 2006 (1st Feed-in Premium) which provided for a financing system for electric power generation operating expenses.
- New measures were introduced with the Italian Ministerial Decree of 19 February 2007 (2nd Feed-in Premium) such as the application of the incentive tariff on all energy produced by the plant and differentiation of tariffs also based on the type of architectural integration and the size of the plant.
- In 2010, the 3rd Feed-in Premium came into effect with the Italian Ministerial Decree of 6 August 2010, applicable to plants in operation from 1 January 2011 to 31 May 2011, which introduced specific tariffs for integrated photovoltaic systems with innovative characteristics. Italian Law no. 129/2010 (so-called "salva Alcoa" law) then confirmed the 2010 tariffs of the 2nd Feed-in Premium for all plants able to certify the conclusion of works by 31 December 2010 and become operational by 30 June 2011.
- The Italian Ministerial Decree of 5 May 2011 (4th Feed-in Premium) defined the incentive mechanism relating to plants coming into operation after 31 May 2011 and introduced an annual cumulative cost limit for incentives, set at EUR 6 billion.
- The Italian Ministerial Decree of 5 July 2012 (5th Feed-in Premium) partly confirmed the provisions of Italian Ministerial Decree of 5 May 2011 and fixed the cumulative cost of incentives at EUR 6.7 billion. The incentive provisions of the Feed-in Premium were no longer applied after 6 July 2013 when the ceiling of EUR 6.7 billion was reached.
- The Italian Ministerial Decree of 17 October 2014 (so-called "Spalmaincentivi" decree) made it mandatory for producers to choose, by November 2014, a method for remodulating the incentive:
  a. extension of the incentive period by a further 4 years with simultaneous reduction of the unit incentive by a value of between 17% and 25%, depending on the residual life of the right to incentives;
  b. an initial period of incentive reduction followed by a subsequent period of increase thereof for an equivalent amount;
  c. flat reduction applied for the remaining incentive period, variable between 6% and 8% depending on the size of the plant.
- The Italian Ministerial Decree of 4 July 2019 allows photovoltaic systems to access the incentives, for 20 years, through auctions and registries together with the wind power quota provided that:
  a. they are authorised;
  b. they use new components;
  c. they comply with the prohibition on installing ground-mounted modules in an agricultural area; this prohibition does not apply to agrivoltaic plants which, in compliance with the provisions of Article 65, paragraph 1-quater, of Italian Decree Law no. 1 of 24 January 2012, use innovative supplementary solutions that do not compromise the continuity of agricultural cultivation and pastoral activities. Access to incentives for agrivoltaic plants is also subject, in compliance with the provisions of Article 65, paragraph 1-quinquies, of Italian Decree Law no. 1 of 24 January 2012, to the simultaneous implementation of monitoring systems that make it possible to verify the impact on crops, water savings and agricultural productivity.

INCENTIVES AND TARIFFS ABROAD

Germany Wind	▪ Plants that entered into operation by July 2014: Feed-In Tariff (FIT) and, on an optional basis, FIP plus a management premium (EEG 2012). ▪ Plants that entered into operation from August 2014 to December 2016: FIP (EEG 2014). ▪ Plants authorised by the end of 2016 and in operation by 2018: a transition period is provided for, in which it is possible to continue to benefit from the tariffs set out in the EEG 2014 of declining value in relation to the actual new power installed during the year. ▪ Plants that entered into operation from 2017 onwards: FIP incentives allocated through Dutch auctions (EEG 2017, EEG 2021 and EEG 2023). The duration of the incentive is approximately 20 years. The value of the incentive is determined on the basis of a 1-way Contract for Difference (CfD) and the tariff awarded in the auction is adjusted according to the so-called "Referenzertrag" formula.
Germany Solar	▪ Systems that entered into operation from 2017 onwards: FIP incentives allocated through Dutch auctions (EEG 2017, EEG 2021, EEG 2023). Ground-mounted photovoltaic systems up to a capacity of 20 MW can access the auctions. This limit (already waived by the transitional provision for the 2023 financial year only up to 100 MW) was definitively amended up to 50 MW with SolarPackage 1 (published in the Federal Law Gazette of 15 May 2024) but is currently awaiting validation by the Commission European. ▪ The value of the incentive is determined on the basis of a one-way Contract for Difference (CfD) for around 20 years.
France Wind	▪ Plants that stipulated the application to purchase electricity generation by December 2015: a Feed-In Tariff (FIT) for 15 years, defined based on the year the application to purchase electricity generation was made and updated annually according to a formula tied to the index of hourly labour cost and to the index of the generation prices of industrial products. After 10 years of operation, it will be reduced for the subsequent 5 years of the incentive based on the wind farm's actual load factor if the annual number of hours of operation exceed 2,400. ▪ Plants that stipulated the application to purchase electricity generation in 2016: feed-in premium (FIP). The FIP is divided into several components: the incentive component (complément de rémunération), calculated as the difference between the current FIT and the average monthly price of energy weighted on the national wind power profile, plus a management premium to cover the costs for managing the sale of energy. ▪ New plants that do not fall into the above categories: recognition of incentives occurs through auction procedures (for the awarding of incentives with a duration of 20 years partially adjusted to inflation indices on an annual basis) or direct access in the case of plants with a capacity of less than 18 MW and wind turbines with a unit capacity of no more than 3 MW and meeting specific criteria.
France Solar	▪ ▪A FIT system introduced in 2000 and from 2011 auctions for photovoltaic systems with a capacity of between 250 kW and 17 MW. ▪ From 2018, auctions for photovoltaic systems with a capacity exceeding 500 kW for the assignment of a two-way CfD with 20-year term, partially adjusted for inflation indices on an annual basis.
Bulgaria Wind	▪ A feed-in tariff (FIT) in brackets based on hours of operation, which is constant in nominal terms. The duration of the incentive varies based on the date of entry into operation, and can be equal to 12 years or 15 years. From 1 January 2019, for existing plants with capacity of over 4 MW, the incentive scheme moved from a FIT structure to a FIP structure. The incentive is calculated as the difference between the value of the FIT, as previously recognised, and a Reference Price calculated on the estimate of the future price of electricity adjusted on the wind profile. From 1 October 2019, existing plants with capacity between 1 MW and 4 MW also moved to the FIP.
Poland Wind	▪ Plants in operation by July 2016: Certificates of Origin (CO). The Substitution Fee (the penalty applied in the event of non-compliance with the CO purchase obligation) is calculated on the basis of the weighted annual average of the prices of the CO recorded the previous year, plus 25%. ▪ From 2018 onwards, a multi-technology Dutch auction system was reintroduced, i.e. wind – photovoltaic. The quotas and the starting auction prices are defined by the Government. The incentive, which has a 15-year duration, is calculated as the difference between the awarded price, inflated on a yearly basis, and the average daily price of electricity (two-way CfD).

Romania **Wind**	▪ Green Certificates with a duration of 15 years with delayed assignment with respect to the underlying electricity output. Specifically: a. recovery period of the Green Certificates (GCs) held from 1 July 2013 to 31 March 2017 (it takes place at constant instalments through the years 2018-2025); b. the period of validity of the GCs, which is planned until 31 March 2032 (only GCs issued before 31 March 2017 maintain the validity of 12 months). ▪ The cap and the floor between which the price of the GCs may fluctuate were set respectively at 35 EUR/MWh and 29.4 EUR/MWh. ▪ From 2018 onwards, the mandatory quota for the electricity consumers shall be determined according to a pre-set fixed volume of GCs on the market and a maximum average expense on the end consumer.
Spain **Solar**	▪ Regimen Especifico, where the main element of revenue supplementation is the "Retribución a la Inversión" (Return on Investment), expressed in EUR/MW, calculated on an annual basis and paid for the entire duration of the incentive period of 30 years, based on the plant's capacity. An additional element of revenue supplementation is also envisaged, expressed in EUR/MWh, if necessary, to cover operating costs, the "Retribucion a la Operacion" (Return on Operation). ▪ From 2016: the introduction of the auction mechanism for the recognition of "Retribución a la Inversión" (Return on Investment), calculated on an annual basis and paid for the entire duration of the incentive period of 25 years, based on the plant's capacity and the winning bid. Discount offered on the standard value of the initial investment (EUR/MW), which represents the main remuneration parameter for calculation of the Return on Investment. ▪ From 2020, abandonment of the previous incentive system, based on a Return Asset Base system, in favour of the adoption of a system based on remuneration of the electricity produced. The incentive is calculated as the difference between the awarded price and the average daily price of electricity (two-way CfD). The remuneration period is not fixed but lasts for a period no less than 12 years and up to the attainment of the maximum volume of energy subject to incentives.
United States **Wind** **Solar**	▪ To promote the spread of renewable energy, a mechanism of Renewable Energy Certificates (RECs) is in place in the US. These can be issued to electricity producers for every megawatt-hour of electricity generated by RES and supplied to the grid. RECs are tradeable environmental securities, and can be sold either together with the electricity produced by the generator (bundled) or separately from the electricity (unbundled). ▪ Many States in the US have set renewable energy portfolio standards (RPS – Requirement Portfolio Standard) that electricity service providers are required to guarantee. To demonstrate compliance with the standards, electrical service providers use RECs, thereby generating demand for certificates. Within the MISO, RPSs are only applied in four States (Illinois, Minnesota, Indiana and Michigan), but RECs issued in Illinois can also be traded in the adjacent PJM electricity market, where States have set more demanding RPSs. ▪ Tax Equity Partnership (TEP): these agreements, typical of the US Renewable Energy market, are a form of project incentive that uses a combination of cash flows generated by the Project and tax benefits. The structures of Tax Equity agreements can vary, but generally, in return for an investment made by the so-called Tax Equity Partner (Partner) upon the completion of plant construction, the investment return primarily comes through the allocation of tax credits (Investment Tax Credit, ITC, or Production Tax Credit, PTC). The Mulligan Solar, LLC solar project benefited from an ITC, already finalised by its nature before closing, while the Great Pathfinder Wind, LLC wind project benefits from PTC incentives, extended over time.

RELEVANT LEGISLATIVE AND INSTITUTIONAL UPDATES DURING THE YEAR

EUROPEAN UNION

- **European Parliament elections**
  On 18 July 2024, Ursula Von der Leyen was re-elected as head of the European Commission, thanks to the support of EPP, S&D, Renew and Verdi. In his keynote speech, he confirmed the climate targets for 2050 and the Green Deal, while also opening up to e-fuels.
  Key initiatives expected to be presented in the early months of the legislative term include the launch of a Competitiveness Fund, the promotion of electricity demand through an Electrification Plan, and an industrial decarbonisation plan (Clean Industrial Deal).

- **National Energy and Climate Plans (NECP)**
  National Energy and Climate Plans were introduced by the Governance Regulation of the Energy Union and Climate Action (EU) no. 2018/1999. EU Member States were required to submit the final updated versions of their NECPs to the European Commission by 30 June 2024.
  At 15 January 2025, 21 of the 27 Member States had submitted their updated plans. The NECPs have varying levels of transparency and data quality, and the European Commission has provided formal feedback on the documents submitted.

- **Electricity Market Reform**
  At the end of June 2024, the "reform" of the electricity market design proposed by the Commission in March 2023 was published. This reform aimed at ensuring affordable and competitive electricity prices for all consumers.
  The agreement essentially includes the following modifications: two-way Contracts for Difference (CfD), or equivalent schemes with the same effects, will become the standard model for support measures for low-carbon energy. The use of long-term zero-emission power contracts (PPAs) is being reinforced, while capacity remuneration mechanisms will become a fundamental component of electricity market design. Member States must set an indicative national target for flexible electricity generation from non-fossil sources. In addition, any declaration of a crisis in electricity prices will have to be agreed by the Council on a proposal from the Commission..

- **Infringement procedures on renewable permitting**
  The European Commission has launched infringement procedures against several Member States (except Denmark) for failing to transpose the regulatory simplifications and permitting accelerations required by RED III. After examining the responses received, Brussels decided to **proceed with the second phase of the infringement procedure**, sending several countries a **reasoned opinion for failing to notify transposition measures**.
  According to the Commission, **Italy, Bulgaria, Spain, France and Sweden** are among the **eight Member States** that have not yet transposed the new provisions.

- **European Council – Extension of subsidised permitting for repowering**
  published in the Official Journal of the European Union, extending until the end of June 2025 the period of application of the authorisation procedures for the deployment of renewable energy established by Regulation (EU) no. 2022/2577.
  Among the most significant provisions, it is worth noting the maximum six-month deadline for authorisation procedures for repowering renewable plants including environmental impact assessment (where required) and grid connection applied to projects located in a "renewable/'suitable' area"..

- **TSO disconnection from the TERRE project**
  The TSO members of the TERRE project have decided to suspend the operation of the European platform for the exchange of balancing energy from replacement reserves by the end of 2025. This change could affect the formation of imbalance prices from 2025.
  The Electricity Market Design Reform (EMDR), adopted on 21 May 2024, mandates the closure of the cross-border intraday market 30 minutes before real-time, making the Replacement Reserves (RR) process incompatible due to long activation times and reduced market liquidity.
  As a result, the TSO members of TERRE have decided not to implement the 96 planned clearing sessions, avoiding significant investments for a limited operational period, and to disconnect from the Platform by 2025. Terna disconnected starting from 1 January 2025, while Red Electrica, REN, RTE and Swissgrid will complete the disconnection by the end of 2025..

- **New REMIT regulation**
  Following the approval by the Council of the European Union, on 7 May a new regulation amending the regulation on wholesale energy market integrity and transparency (Regulation (EU) no. 1227/2011, REMIT) and the regulation establishing the EU Agency for the Cooperation of Energy Regulators (ACER), (Regulation (EU) no. 2019/942) came into force in Italy and the other EU countries. The new regulation, to which ERG is subject as a market operator in the EU countries where it operates, imposes stricter requirements on EU market operators residing in a third country, requiring them to designate a representative in a Member State where they are active in the wholesale energy market. It grants ACER the authority to investigate cases with a cross-border dimension involving at least two Member States. Additionally, ACER will have new tools for conducting investigations, such as the ability to perform on-site inspections, request information, and take statements. The power to impose financial penalties for violations of prohibitions or substantive obligations under the Regulation remains with the Member States.

- **European Commission – Net Zero Industry Act (NZIA)**
  This is an initiative deriving from the Green Deal Business Plan, aimed at enhancing the European manufacturing capacity in technologies that support the clean or near-zero emission energy transition by attracting investments.
  In public contracts and energy auctions, EU countries have the right to reward project proponents on the basis of "non-economic" criteria, such as sustainability or resilience of the production chain.

ITALY

- **Publication of the "transitional" RES-X Ministerial Decree**
  Energy Security published the Ministerial Decree outlining the Italian support scheme for renewable energy to support electricity production from renewable sources, following the approval of the European Commission at the end of 2024.
  This scheme, applicable only for 2025, is part of the broader five-year mechanism for supporting renewable energy through CfDs awarded via auctions, as outlined in Italian Legislative Decree no.

199/2021. The multi-year programme includes auction quotas totalling 16.5 GW for onshore wind and 40 GW for utility-scale solar photovoltaics.
The objective of the Italian transitional FERX Ministerial Decree is to support the installation of up to 17.65 GW of new renewable capacity by 2025, with 3 GW reserved for small-scale plants (up to 1 MW) and the remaining capacity allocated to larger plants (10 GW solar and 4 GW wind). The support mechanism involves competitive bidding procedures to ensure transparency and non-discrimination. The plants must be operational within 51 months (with the last 15 months involving a progressive tariff reduction) from the publication of the award ranking. Contracts for Difference (CfD) with incentive tariffs valid for 20 years will be used.
In case of curtailment orders or zero or negative market prices, the incentive tariff will be calculated based on potential production. Only 95% of production will be covered by the CfD, leaving 5% exposed to market risk. Penalties are envisaged for early exit from the CfD, up to 20% of the standard investment cost.
A single auction per technology will be held, so that the incentive can be assigned by the end of 2025..

- **Reform of the Integrated Text on Electricity Dispatching (TIDE)**
  Starting from 1 January 2025, the new TIDE came into effect, alongside other significant measures, including the phase-out of the PUN and the transition to a 15-minute Imbalancing Settlement Period (ISP).
  The reform includes a transitional phase until 1 February 2026, followed by a consolidation phase and then a full implementation phase no earlier than 2027. During the transitional phase, the main changes include (i) the shift to a 15-minute ISP, (ii) the restructuring of energy markets and the revision of the nomination platform, introducing a separation between schedules and commercial positions for individual units, and (iii) the maintenance of all PUs (Production Units) authorised under Resolution no. 111/06 and the UPR project (Unità di Produzione Rilevanti – Significant Production Units) as UASs (Unità Abilitate Singole – Single Authorised Units), with alignment between Balancing Service Providers (BSPs) and Balancing Responsible Parties (BRPs). The Balancing and Redispatching Market (MBR) is formally introduced, effectively a renaming of the existing markets. The MBR and the reconciliation with the balancing platforms will be managed according to the current rules and methods.

- **Conversion Law of the "Sicurezza Energetica" Decree Law**
  In early 2024, Italian Law no. 11/2024 converting, with amendments, Italian Decree Law no. 181/2023, known as the "Sicurezza Energetica" (Energy Security) Decree, was published. The main changes introduced include authorisation for photovoltaic systems also in agricultural areas that are not designated as "suitable", an increase in the threshold for the simplified procedure for PV projects in suitable areas, and a clarification of the mandatory but non-binding nature of the opinion of the Italian Ministry of Culture in the EIA procedure for projects in suitable areas.
  In the energy market sector, the single national price (PUN) is expected to be phased out in favour of zonal prices for end customers, starting on 1 January 2025. During this transition, an index entirely equivalent to the PUN will be adopted.
  The subsequent Italian Ministerial Decree, approved by ARERA through a special opinion, specified the conditions to be met for this phasing out.
  An "energy release" mechanism will be introduced in favour of energy-intensive companies, which will be able to purchase electricity at a fixed price from the GSE for a period of three years.
  This mechanism, defined further by Italian Ministerial Decree no. 268/2024 of the Ministry of Environment and Energy Security (MASE), aims to incentivise the installation of renewable energy generation plants by energy-intensive end customers within a period of 40 months. It provides for a 36-month advance period during which the GSE supplies energy to energy-intensive companies, which commit to developing renewable energy plants that will return the advanced energy over the following twenty years. The generation capacity can come from new photovoltaic, wind or hydroelectric plants with a minimum power of 200 kW or from upgrades to existing plants that increase power by at least 200 kW. The total generation capacity, which can also be developed through third parties, must be at least twice the capacity required to return the energy advanced by the GSE over the 36-month period.

- **Agriculture Decree Law and conversion into law**
  Italian Legislative Decree no. 63 of 15 May 2024 (so-called "Agriculture Decree Law"), on the other hand, introduced a ban on the installation of new photovoltaic systems with ground-mounted modules and the expansion of existing systems in areas classified as agricultural by urban planning regulations. In the final version converted into law, the ban does not apply to projects involving modifications, refurbishment, upgrading or complete reconstruction of existing plants, provided that they do not result in an increase in the area occupied. Quarry and mining sites, areas under concession to Ferrovie dello Stato and airport concessionaires, highway buffer zones, areas within industrial plants, as well as projects for Renewable Energy Communities and so-called "advanced" agrivoltaic systems, also remain exempt. Excluded from the prohibition are also projects whose authorisation process has already been started, at least for one of the administrative procedures, including environmental assessment procedures.

- **Suitable Areas Decree**
  In July 2024, the Decree was published, implementing Article 20, paragraphs 1 and 2, of Italian Legislative Decree no. 199 of 2021, which regulates suitable areas for the installation of renewable energy plants. Pursuant to Article 20, paragraph 4 of Italian Legislative Decree no. 199/2021, and the principles and criteria established by this decree, the Regions are required, **within one hundred and eighty days** from the date of its entry into force, to identify by **regional law** the areas specified in Article 1, paragraph 2 of the decree: [a) suitable areas, b) unsuitable areas, c) ordinary areas, and d) areas where the installation of ground-mounted photovoltaic systems is prohibited. The Sardinia region has enacted a particularly restrictive regional law (Italian Law no. 20 of 05/12/2024), preceded by a moratorium pending its approval. At the end of January 2025, the Council of Ministers challenged Regional Law No. 20 before the Constitutional Court, contesting its legitimacy on several grounds.

- **Consolidated RES Law (Italian Legislative Decree of 25 November 2024)**
  This measure aims to simplify and harmonise the procedures for the construction, operation and modification of renewable energy plants, storage systems and related works.
  The administrative regimes have been streamlined to three: Free Activity, Simplified Authorisation Procedure and Single Authorisation, with the environmental impact assessment only being required for the latter. Additionally, stricter deadlines have been introduced for the duration of the authorisation processes to reduce delays and waiting times. Finally, by May 2025, the GSE is expected to publish a national map of available areas for renewable energy plants and their potential, which will serve as the basis for identifying acceleration zones for renewables and storage.

- **Environment Decree (Italian Decree Law no. 153/2024) and conversion law**
  The Environment Decree, issued in October 2024 and converted into law in December, aims to introduce environmental protection measures, streamline authorisation procedures, and promote

the circular economy. The revisions introduced aim to simplify and expedite authorisation procedures by providing a clearer definition of responsibilities, procedural steps and deadlines, including a reduction in the total time required to complete the process.
More specifically:
i) i) the priority of dealing with repowering projects in the environmental impact assessment procedures by the NRRP-PNIEC Commission is recognised;
ii) the possibility of expropriating land for wind installations and related works is preserved, while for other energy sources, this option is limited to areas affected by related works.

- **FER 2 Decree published**
  In August 2024, the decree supporting innovative renewable energy sources (known as FER 2) was published. It aims to incentivise innovative plants based on biogas, biomass, solar thermodynamics, zero-emission geothermal, offshore wind, floating photovoltaic and marine energy sources.
  The GSE has also published the Operational Rules, which set out the procedures for participating in the competitive processes established by the Decree and, for eligible plants, the methods for accessing incentives. The first auction procedure opened on 16 December and ended on 14 February.

- **Electricity Storage Capacity Procurement Mechanism (MACSE)**
  Italian Legislative Decree no. 210/21 introduced a new Electricity Storage Capacity Procurement Mechanism (MACSE), designed to support the systematic development of storage capacity within the system, in anticipation of increased renewable energy production and planned grid developments. This mechanism will enable the system to acquire new storage capacity through long-term procurement contracts, awarded via competitive auctions organised by Terna. Operators with new storage facilities will be able to participate in these auctions, with the first editions scheduled for the second half of 2025 and targeted at electrochemical storage systems.

- **Extra-profitti (surplus profits) – Question of constitutionality by the Regional Administrative Court**
  On 16 January, the Regional Administrative Court (TAR) of Lazio raised several questions of constitutional legitimacy concerning Italian Law no. 197 of 2022, which provided for the payment in 2023 of the "temporary solidarity contribution" on the "surplus profits" of sector operators. The order points out the possible violation of European Regulation no. 1854/2022, as the law extended the payment of the contribution also to renewable energy operators, not included in the regulation. Following the January hearing, the Constitutional Court issued Order no. 21/2025 in February, referring a preliminary question to the Court of Justice of the European Union on the compatibility of the contribution applied to energy sector operators in 2022 with EU law. Pending the response from the Court of Justice, the ongoing proceedings remain suspended.

- **Extraordinary contribution Art. 37 Italian Decree Law no. 21/2022 – Ruling no. 111/2024 Constitutional Court**
  With **Ruling no. 111/2024**, the Constitutional Court ruled on the issue of the constitutionality of the extraordinary contribution against the high cost of utility bills, as set forth in Article 37 of Italian Decree Law no. 21 of 21 March 2022, declaring it **partially unlawful**, only in the part in which it includes excise duties in the taxable base of the contribution. It should be recalled that the aforementioned judgment of legitimacy – instituted at the instigation of the Tax Courts of First Instance of Milan and Rome – identified multiple reprehensible aspects of Article 37, in respect of which ERG had also lodged an appeal.
  In view of the many censures raised, the Constitutional Court, as mentioned above, declared the **constitutional illegitimacy** of Article 37 only in relation to the **part in which it includes** in the **taxable base** of the Extraordinary Contribution also **the excise duties** paid to the State and indicated in the invoices issued. On the other hand, the Court decided **not to uphold the other** numerous **censures** (Articles 3, 23, 42, 53 and 117 of the Constitution) raised by the referring orders, thus **confirming t**he **legitimacy** of the **levy**.

FRANCE

- **Surplus profits. Ruling of the Council of State on the legitimacy of the CRIM**
  In May, the highest administrative court decided not to pass on the issue of constitutionality concerning the contribution on infra-marginal income (CRIM).
  However, the 2025 finance law does not contain an extension of this measure.

- **Development of agrivoltaics and conditions for the installation of photovoltaic systems on agricultural, natural or forest land.**
  The French government published Decree no. 2024-318 concerning the development of agrivoltaics and the conditions for installing photovoltaic systems on agricultural, natural or forest land.
  The decree defines agrivoltaics and puts farming at the centre, as it must ensure that agricultural production achieves at least 90% yield per hectare in relation to a designated control area. Furthermore, photovoltaic installations cannot cover more than 40% of the area of an agricultural plot.
  The new provisions exclude the development of agrivoltaic systems in certain protected areas according to the country's rural and maritime code.

GERMANY

- **Electricity grid development plan**
  The Federal Network Agency confirmed the Electricity Grid Development Plan 2023-2037/2045, which envisages a significant increase in electricity transmission capacities. The plan includes approximately 4,800 kilometres of new lines and 2,500 kilometres of reinforcements to existing connections compared to the current federal demand plan. In addition, five new HVDC connections with a capacity of 2 GW each and measures to integrate offshore power generation into the onshore grid are planned. The Agency believes that other 35 projects in the North Sea and the Baltic Sea are needed by 2045 to connect up to 70 GW of offshore wind capacity.
  The plan highlights the urgent need to expand the electricity transmission grid to ensure safe and reliable service. Every two years, the transmission system operators identify the measures needed to optimise, strengthen and expand the high-voltage grid. The Federal Network Agency is examining and confirming these proposals, and is preparing an environmental report on the Federal Needs Plan to assess the environmental impact of the planned measures.

- **Solar Package 1**
  The German Bundestag and Bundesrat approved Solar Package 1 in April 2024, aimed at supporting the photovoltaic industry. The new legislation provides for greater incentives for companies installing photovoltaic systems on roofs, with regulatory simplifications for agricultural solar systems. Citizens will now be able to install small solar systems on their balconies without bureaucratic complications, while homeowners will be able to generate their own electricity.
  The package also includes provisions to accelerate the expansion of wind energy, biomass and to improve grid connections, as well as some changes to the EEG23 auction.

- **National elections**
  On 23 February 2025, Germany held early elections, called by Chancellor Olaf Scholz (SPD) following the crisis that led to the breakup of the previous governing coalition. The election results favoured CDU/CSU, which secured 28.6% of the votes, while the

far-right AfD surged to 20.8%, reflecting growing discontent with migration and economic policies. At the same time, SPD and the Greens saw a significant decline in support. The new composition of the Bundestag allows for the formation of a coalition between CDU/CSU and SPD, with the leader of the former being designated as the chancellor-in-waiting. He has announced his intention to form the government by April.

UK

- **Abolition of the de facto ban on onshore wind in England**
  Starting in 2015, the Conservative Party introduced two amendments to the National Policy Planning Framework, which effectively allowed a small local opposition to block the installation of onshore wind farms. The new government, as of 8 July, has removed these restrictions, reopening the market after nearly 10 years of stagnation.

- **Unification of the grid operator**
  The UK government acquired the grid operator from National Grid and, starting from 1 October 2024, began operating the National Energy System Operator (NESO).
  NESO aims to adopt an integrated approach to planning the UK's energy system, considering electricity, gas, hydrogen, renewables, storage, and emerging technologies such as carbon capture and utilisation. NESO has developed several decarbonisation scenarios and published the "Beyond 2030" report, in which it recommends various network upgrades to support the government and Ofgem in infrastructure decisions, aiming to accelerate grid connections (undergoing reform) and promote the UK's climate neutrality goals.

- **Electricity Generator Levy 2024**
  The 2024 Budget Law contains the update of the price cap to be applied for the calculation of the measure of partial return of revenue from the "Electricity Generator Levy". The new "reference amount" applies from 1 April 2024 until 31 March 2025 and is set at 77.94 GBP/MWh.
  The measure also contains an exemption from the EGL for new projects for which the final investment decision was made on or after 22 November 2023.

- **Ofgem approves the temporary suspension of new connection requests**
  Starting from 29 January 2025, NESO and the Transmission Owners (TOs) of the United Kingdom will implement a transitional change to the transmission grid connection process, which provides for a suspension of new connection applications, with some exceptions. Only requests for changes already in progress will remain open, according to an exception process.
  The decision follows the connection reform plan presented by NESO in December 2024, aimed at introducing "readiness" and "strategic alignment" criteria for access to the reformed connection queue. NESO justified the suspension by stating the inability to manage the current process alongside the ongoing reforms, given that over 1,700 requests were received in 2023/24.

SPAIN

- **Update of the transmission grid development plan**
  The Council of Ministers, at the request of the Ministry for Ecological Transition and Demographic Challenge (MITECO), has approved an amendment to the Electricity Transmission Grid Development Plan to be implemented by 2026. This amendment comprises 73 actions, with an investment of EUR 489 million, aimed at facilitating the development of strategic projects including the integration of storage systems and generation from renewable sources.
  At the same time, work began in December 2023 on a new Plan with a 2030 horizon, bringing forward the usual planning cycle by six years, in order to respond more promptly to the energy transition process, which will include further grid development actions.

ROMANIA

- **Emergency Procedure 32/2024 on "Surplus Profits"** The Minister of Energy approved a new limit on electricity prices for producers, reduced to 400 Lei/MWh (approximately 80 EUR/MWh) from the previous 450 Lei/MWh, a decrease of approximately 10 EUR/MWh. In addition, the contribution to the Energy Transition Fund was introduced as a recovery mechanism, calculated on the difference between the monthly sales price and a reference price, to be paid until 31 March 2025. Electricity generators and aggregators trading electricity and/or natural gas on the wholesale market through hedging contracts will be required to pay this contribution to the Fund.

- **Ratification of extension of measures on "surplus profits"**
  Budget Law 2024 ratified the extension of the application of the revenue capping mechanism. According to Article 3, effective from 1 January 2024, electricity producers will have to continue to declare and pay the contribution also for the period from 1 January 2024 to 31 December 2024.
  For producers with "premium compensation contracts" in force as of 8 October 2022, such as all ERG SPVs, the price cap remains set equal to the value of the respective FIP (with a contribution to be calculated on 90% of the surplus). For the other contract types (market plants) the price cap value from July 2023 is equal to 300 BGN/MWh (approx. 150 EUR/MWh), reduced compared to the price cap of 350 BGN/MWh (approx. 180 EUR/MWh) at the beginning of the measure.
  This measure was recently extended to the whole of 2025.

SWEDEN

- **Flow based market coupling**
  The Market Coupling project for the electricity markets of the Nordic countries based on the flow based methodology was launched with effect from 30 October 2024. The aim of the new calculation method is to enhance socio-economic benefits by increasing the utilisation of high-voltage interconnections and maximising the injection of renewable energy sources (RES).

US

- **Trump elected US president**
  Immediately after taking office, the new president, Donald Trump, issued a series of orders in favour of fossil fuels, leading to the risk of scaling back support mechanisms for the development of additional renewable energy sources. Additionally, trade policies between the United States and the European Union may shift, with the introduction of new tariffs and a possible devaluation of the dollar, potentially undermining Europe's competitiveness. In particular, restrictions could be imposed on permits for renewable energy projects on federal lands, such as in the case of offshore wind energy. Lastly, changes to the Inflation Reduction Act (IRA) may affect tax credits for green hydrogen and imported electric vehicles. At present, the projects already awarded the Inflation Reduction Act tax credit are not subject to this risk.

PERFORMANCE BY COUNTRY

	Year		
(EUR million)	2024	2023[1]	Δ
Adjusted revenue			
Italy	**418**	**374**	***44***
Abroad	**319**	**367**	**(48)**
France	100	124	(23)
Germany	55	89	*(34)*
UK & Nordics	54	54	*(1)*
Spain	24	27	*(2)*
East Europe	68	73	*(5)*
United States	18	-	*18*
Corporate	**39**	**35**	***3***
Intra-segment revenue	***(37)***	***(35)***	***(2)***
Total adjusted revenue	**738**	**741**	**(3)**
Adjusted gross operating profit (EBITDA)			
Italy	**339**	**299**	**40**
Abroad	**216**	**256**	**(40)**
France	51	81	*(30)*
Germany	34	68	*(34)*
UK & Nordics	30	38	*(8)*
Spain	15	20	*(6)*
East Europe	54	49	*5*
United States	32	-	*32*
Corporate	**(21)**	**(21)**	**(0)**
Adjusted gross operating profit (EBITDA)	**535**	**534**	**1**
Adjusted amortisation, depreciation and impairment losses			
Italy	**(126)**	**(121)**	**(5)**
Abroad	**(133)**	**(97)**	**(36)**
France	(46)	(40)	*(6)*
Germany	(21)	(20)	*(1)*
UK & Nordics	(17)	(13)	*(4)*
Spain	(12)	(6)	*(6)*
East Europe	(19)	(18)	*(1)*
United States	(18)	-	*(18)*
Corporate	**(4)**	**(4)**	**(0)**
Adjusted amortisation, depreciation and impairment losses	**(263)**	**(223)**	**(41)**
Adjusted operating profit (EBIT)			
Italy	**213**	**177**	**36**
Abroad	**83**	**159**	**(76)**
France	6	41	*(36)*
Germany	12	48	*(35)*
UK & Nordics	13	25	*(12)*
Spain	3	15	*(12)*
East Europe	35	31	*5*
United States	14	-	*14*
Corporate	**(25)**	**(25)**	**(1)**
Adjusted operating profit (EBIT)	**271**	**312**	**(40)**
Capital expenditure[2]			
Italy	**135**	**219**	**(84)**
Abroad	**413**	**265**	**148**
France	142	25	*117*
Germany	9	3	*7*
UK & Nordics	26	45	*(19)*
Spain	0	190	*(190)*
East Europe	0	2	*(2)*
United States	236	-	*236*
Corporate	**5**	**4**	**0**
Total capital expenditure	**553**	**489**	**64**

(1) Starting from 2024, the adjusted operating results include the accounting impacts of IFRS 16. Therefore, the comparative results of 2023 have been restated in line with the new approach defined by the Group.

(2) They include capital expenditure in property, plant and equipment and intangible assets and M&A investments (EUR 319 million in 2024). It should be noted that the figures do not include the increase in Right of Use assets.

ITALY

The ERG Group operates in Italy through its companies that own wind and solar farms. Aside from the availability of plants, the performance of each wind farm is influenced by the wind speed profile of the site on which the farm is located, by the sales price of electricity, which can vary in relation to the region where the plants are located, by the incentive systems for renewable energy sources and by the regulations of organised energy markets.
ERG is active in the generation of electricity in Italy, with an installed capacity of 1,468 MW in wind and 175 MW in solar.

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) (1)	**1,643**	**1,496**	**148**
Wind	*1,468*	*1,321*	*148*
Solar	*175*	*175*	*0*
Output (GWh)	**2,720**	**2,784**	**(64)**
Wind	*2,479*	*2,528*	*(49)*
Solar	*241*	*256*	*(15)*
Load factor % (2)			
Wind	*20%*	*24%*	*-4%*
Solar	*16%*	*17%*	*-1%*
Net unit revenue (EUR/MWh)	**149**	**131**	**19**
Wind	*125*	*109*	*16*
Solar	*399*	*342*	*57*

(1) capacity of plants in operation at the end of the year.
(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)..

In 2024, electricity generation in Italy totalled 2,720 GWh, including 2,479 GWh from wind power and 241 GWh from photovoltaic plants. This marks a decline compared to 2023 (2,784 GWh, with 2,528 GWh from wind and 256 GWh from solar), mainly due to lower wind conditions. However, this decrease was only partially offset by the full contribution of repowered and greenfield plants that came into operation between the second half of 2023 and throughout 2024 (+280 GWh).

	Year		
(EUR million)	2024	2023	Δ
Economic results			
Adjusted revenue	**418**	**374**	**44**
Wind	*320*	*285*	*34*
Solar	*98*	*89*	*9*
Adjusted gross operating profit	**339**	**299**	**40**
Wind	*250*	*220*	*30*
Solar	*90*	*79*	*10*
Amortisation, depreciation and impairment losses	**(126)**	**(121)**	**(5)**
Wind	*(81)*	*(75)*	*(6)*
Solar	*(45)*	*(47)*	*2*
Adjusted operating profit	**213**	**177**	**36**
Wind	*168*	*145*	*24*
Solar	*45*	*33*	*12*
Capital expenditure in property, plant and equipment and intangible assets	**135**	**219**	**(84)**
Wind	*116*	*201*	*(85)*
Solar	*11*	*18*	*(7)*
Storage	*8*	*-*	*8*
EBITDA Margin % (1)	**81%**	**80%**	**1%**
Wind	*78%*	*77%*	*1%*
Solar	*92%*	*89%*	*2%*

(1) ratio of adjusted EBITDA to revenue from sales and services..

Revenue in 2024 increased primarily due to the value of the GRIN incentive (42 EUR/MWh), compared to 2023 when the GRIN was zero. This growth was also supported by the full contribution of repowered and greenfield plants that came into operation. However, the increase was partially offset by the significantly lower wind conditions during the period.

In light of the above, for ERG the net unit revenue from wind power in Italy, considering the sale value of energy, including the value of incentives (former green certificates) and hedges as well as other minor components, was equal to 125 EUR/MWh (109 EUR/MWh in 2023). Net unit revenue from photovoltaic systems amounted to 399 EUR/MWh (342 EUR/MWh in 2023), up due to hedging set at higher prices than 2023 and higher feed-in tariff revenue due to "incentive allocation".

Adjusted EBITDA in Italy in **2024** amounted to EUR 339 million, up compared to 2023 (EUR 299 million).
Depreciation and amortisation for the period (EUR 126 million) was up compared to 2023 (EUR 121 million) due to the full contribution of the repowered and greenfield plants that came into operation.

Capital expenditure
Capital expenditure in Italy for **2024 (EUR 135 million)** mainly relates to the completion of construction activities for the Roccapalumba greenfield plant (47 MW), repowering activities (177 MW) at the Mineo-Militello-Vizzini and Salemi-Castelvetrano plants, which became operational in 2024, as well as routine maintenance aimed at further increasing plant efficiency. In Solar, the Revamping of the plants has begun, aimed at ensuring greater efficiency of the same. In addition, activities relating to the Storage Project (13 MW) were launched.

Relevant legislative and regulatory updates during the year
See also the "Relevant regulatory and institutional updates" chapter.

- **ARERA – Reference price for calculating incentives (formerly GCs) for 2024**
  At the end of January, ARERA published Resolution no. 14/2024/R/efr of 30 January 2024 to determine the average value of the electricity sale price in 2023 (PEE), for the purpose of quantifying the value of incentives replacing green certificates for the year 2024. At the end of January 2025, ARERA published Resolution no. 9/2025/R/EFR of 21 January 2025 "Determination of the average value of the electricity sale price in the year 2024, for the purpose of quantifying, for the year 2025, the value of the incentives replacing green certificates". In 2024, the PEE was set at 109.05 EUR/MWh. Consequently, the value of the incentives (replacing the former Green Certificates) in 2025, calculated using the formula = 0.78 * (180 - PEE), amounts to 55.34 EUR/MWh.

- **ARERA – IMBALANCE PRICES FOLLOWING CONNECTION TO "PICASSO"**
  On 1 March, ARERA published the results of its investigation into the formation of highly negative imbalance prices following Terna's operational launch on the European "PICASSO" platform. The analysis led ARERA to request that Terna suspend its operational participation in the PICASSO platform as soon as technically possible and, in any case, by 15 March 2024, pending the approval and implementation of mitigation measures proposed by TSOs at the European level and a report from Terna on the topic, including proposals for potential mitigations and alternative models for participation in the platform.
  Terna subsequently complied with ARERA's provisions by suspending its operational participation in the platform from the "flow day" of 15 March 2024, while remaining part of the European PICASSO implementation project.

- **Participation of Terna in the European MARI platform**
  ARERA approved Resolution no. 174/2024/R/eel, establishing the work plan for the launch of Terna's participation in the European MARI platform for the exchange of mFRR balancing energy. The planned start date for Italy was 24 July 2024. However, considering the problems encountered with the PICASSO platform, which led to the suspension of Italy's operational participation in March 2024, ARERA approved a new work plan. This plan includes finalising the proposed amendments to the Grid Code for coordination between MSD and MARI, conducting a public consultation on the proposals, and submitting the final proposal to ARERA by October 2024.

- **CAPACITY MARKET 2025+ -ARERA RESOLUTION NO. 199/2024**
  On 23 May, ARERA approved Resolution no. 199/2024/R/eel, "Economic parameters for the competitive procedures of the capacity market for the delivery years 2025, 2026, 2027, and 2028." The maximum defined premium is outlined below:

Delivery period / *Max premium*	*2025*	*2026*	*2027*	*2028*
New production	85,000 €/MW	86,000 €/MW	86,000 €/MW	86,000 €/MW
Mid point curve	71,000 €/MW	72,000 €/MW	72,000 €/MW	73,000 €/MW
Existing production	45,000 €/MW	46,000 €/MW	47,000 €/MW	48,000 €/MW

  For newly constructed plants, it is required that construction work begins after the auction execution date. The start of work is defined as the date when construction activities affecting the production unit begin or, if earlier, the date of the first binding commitment to order the necessary equipment or any other commitment that makes the investment irreversible..

- **Update on the entry into force of TIDE**
  Since the implementation of TIDE by Terna and GSE has progressed more slowly than expected, ARERA has defined a transitional phase from 1 January 2025 to 1 February 2026, during which TIDE will be applied in a reduced version.

Wind

- **Exceeding the PUN**
  Starting from 1 January 2025, the National Single Price (PUN) of the wholesale electricity market will be replaced, and the so-called "zonal prices" will be applied. However, a balancing component will be added to these prices to effectively bring them back to the value of the PUN, which will, however, be replaced by the GME PUN Index.
  The GME PUN Index is essentially calculated in continuity with the PUN, meaning it is the weighted average of electricity prices across different zones in Italy, taking into account the quantities of energy sold and the time-of-use periods.

- **Italian Council of Ministers of March and July 2022 – EIA unlocked. RES plants and subsequent measures**
  In March 2022, the Italian government's Council of Ministers exercised its statutory power of substitution by approving the Environmental Impact Assessment (EIA) of renewable plant projects totalling 418 MW.

The projects involved include the repowering of the 121.5 MW ERG "Nulvi - Ploaghe" (Sassari) wind farm.
The EIA Approval Decree for ERG's repowering was subsequently published in May 2022, only to be challenged at the end of June by the Region of Sardinia before the Regional Administrative Court of Sardinia, which in late November 2022 upheld the Region's claims, effectively annulling the EIA Decree. In July 2022, ERG submitted an application to obtain the Single Authorisation (AU) in relation to the project. In December 2022, ERG appealed to the Council of State against the ruling of the Sardinia Regional Administrative Court, which had annulled the EIA Decree. In April 2024, the Council of State issued a ruling confirming the validity of the EIA Decree issued in 2022. In the same month, the application for obtaining the Single Authorisation was reactivated with the Sardinia Region.

- **End-of-life management of photovoltaic modules – WEEE quotas**
  Owners of photovoltaic plants incentivised under the various "Conto Energia" schemes, which operated between 2006 and 2012 and are already subject to the guarantee withholding, will have the corresponding quotas for the management and disposal of panels deducted from their March and April 2024 payments. Under the new provision introduced by Italian Law no. 11 of 2 February 2024, which converts the so-called "Energy Security Decree", the share to be withheld by GSE has been doubled to EUR 20 per module, effective from September 2024.

ABROAD

ERG is active abroad in the generation of electricity from wind and solar sources.
ERG is among the top ten wind power operators in Europe, with a significant and growing presence (1,491 MW in operation), particularly in France (587 MW, increased in 2024 with the acquisition of a 24 MW wind farm and the commissioning of two greenfield farms totalling 41 MW), Germany (327 MW), Poland (142 MW), the UK & Nordics (311 MW), Romania (70 MW) and Bulgaria (54 MW).
Additionally, ERG operates in the solar power sector in France and Spain, with a total installed capacity of 393 MW. This includes 128 MW in France, an increase compared to the same period in 2023 due to the acquisition of 49 MW, and 266 MW in Spain.
In April 2024, the Group entered the renewable energy market in the United States through a strategic partnership with Apex Clean Energy, acquiring a wind and solar portfolio (317 MW).

FRANCE

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) (1)	**715**	**600**	**114**
Wind	*587*	*522*	*65*
Solar	*128*	*79*	*49*
Output(GWh)	**1,210**	**1,315**	**(104)**
Wind	*1,084*	*1,219*	*(135)*
Solar	*126*	*96*	*30*
Load factor % (2)			
Wind	*21%*	*27%*	*-6%*
Solar	*12%*	*14%*	*-2%*
Net unit revenue (EUR/MWh)	**82**	**93**	**(12)**
Wind	*82*	*93*	*(11)*
Solar	*81*	*96*	*(15)*

(1) capacity of plants in operation at the end of the year.
(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)..

In **2024, electricity production** in France amounted to 1,210 GWh, of which 1,084 GWh came from wind power and 126 GWh from solar plants. This represents a decrease compared to 2023 (1,315 GWh, with 1,219 GWh from wind power and 96 GWh from solar plants), due to lower wind conditions during the period compared to the exceptionally high production in 2023, partially offset by scope expansion (+125 GWh).

(EUR million)	Year 2024	2023	Δ
Economic results			
Adjusted revenue	**100**	**124**	**(23)**
Wind	*90*	*115*	*(24)*
Solar	*10*	*9*	*1*
Adjusted gross operating profit	**51**	**81**	**(30)**
Wind	*47*	*75*	*(28)*
Solar	*4*	*6*	*(2)*
Amortisation, depreciation and impairment losses	**(46)**	**(40)**	**(6)**
Wind	*(40)*	*(35)*	*(5)*
Solar	*(6)*	*(4)*	*(2)*
Adjusted operating profit	**6**	**41**	**(36)**
Wind	*7*	*40*	*(33)*
Solar	*(2)*	*2*	*(3)*
Capital expenditure in property, plant and equipment and intangible assets	**142**	**25**	**117**
Wind	*113*	*25*	*87*
Solar	*29*	*0*	*29*
EBITDA Margin % (1)	**51%**	**65%**	**-14%**
Wind	*52%*	*66%*	*-13%*
Solar	*42%*	*64%*	*-22%*

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenue recorded in **2024** amounted to EUR 100 million, down from EUR 124 million in 2023 due to lower captured prices and reduced volumes. This decline was partially offset by the scope expansion resulting from the acquisition completed at the beginning of 2024 and the greenfield parks that became operational in the third quarter of 2024.
Net unit revenue from wind power in France, equal to 82 EUR/MWh, was down compared to 2023 (93 EUR/MWh) due to the contraction in market prices, which had only a limited impact as most of the wind farms still benefit from the two-way incentive mechanism.
Net unit revenue from photovoltaic plants amounted to 81 EUR/MWh, down from 96 EUR/MWh in the previous year. This decrease is mainly due to the newly acquired parks selling primarily on the market while awaiting entry into the incentive tariff scheme.

The **adjusted EBITDA** in France in **2024** amounted to EUR 51 million, down compared to 2023 (EUR 81 million), for the same reasons linked to revenue.
Depreciation and amortisation for the period (EUR 46 million) was up compared to 2023 (EUR 40 million) due to the contribution of the wind farms acquired in 2024 (24 MW) and those developed internally (41 MW).

Capital expenditure
Capital expenditure in France for **2024 (EUR 142 million)** mainly relates to the acquisition of wind and solar plants totalling 73 MW in January 2024 (EUR 84 million), as well as the development and construction of new wind farms (59 MW), of which 41 MW became operational in the third quarter of 2024, with the remaining capacity expected to come online in early 2025.

Relevant legislative and regulatory updates during the year
See also the "Relevant regulatory and institutional updates" chapter.

- **Connection to the European PICASSO platform**
  The connection of RTE to the PICASSO platform for aFRR regulation was initially scheduled for July 2024. However, due to the problems encountered and the necessary reforms, it has been postponed to the fourth quarter of 2024 "at the earliest" – but as yet this has not happened. This delay is due to the extreme prices regularly observed (up to +/- 15,000 EUR/MWh) and the suspension of TERNA's participation from 15 March 2024. CRE has conditioned RTE's connection to PICASSO on the implementation of European price mitigation measures by ACER (resolution of 29/02/2024).

GERMANY – WIND

	Year 2024	2023	Δ
Operating results			
Installed capacity (MW) (1)	**327**	**327**	-
Output (GWh)	**568**	**629**	*(62)*
Load factor % (2)	**20%**	**22%**	*-2%*
Net unit revenue (EUR/MWh)	**92**	**140**	*(48)*

(1) capacity of plants in operation at the end of the year.
(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm).

In **2024, electricity production** in Germany amounted to 568 GWh, down from 629 GWh in 2023 due to lower wind conditions recorded in the fourth quarter.

	Year		
(EUR million)	**2024**	**2023**	**Δ**
Economic results			
Adjusted revenue	55	89	(34)
Adjusted gross operating profit	34	68	(34)
Amortisation, depreciation and impairment losses	(21)	(20)	(1)
Adjusted operating profit	12	48	(35)
Capital expenditure in property, plant and equipment and intangible assets	9	3	7
Ebitda Margin % (1)	61%	76%	-15%

(1) ratio of adjusted EBITDA to revenue from sales and services..

Revenue recorded in **2024** amounted to EUR 55 million, a significant decrease compared to 2023 (EUR 89 million), mainly due to lower wind conditions during the period and the lower prices achieved, as the 2023 production reflected very high hedge prices.
Net unit revenue from wind power Germany, equal to 92 EUR/MWh, was therefore down compared to 2023 (140 EUR/MWh).
Adjusted EBITDA in Germany in **2024** amounted to EUR 34 million, down compared to 2023 (EUR 68 million).

Capital expenditure
Capital expenditure in Germany for **2024 amounted to EUR 9 million**, mainly related to the repowering activities of a wind farm (6 MW), which is expected to be commissioned in the early months of 2025.

Relevant legislative and regulatory updates during the year
See also the "Relevant regulatory and institutional updates" chapter.

- **Project for the Fair Distribution of Network Costs in the Transition to Renewable Energy**
  The new framework introduces mechanisms to rebalance the costs of the electricity grid, currently unevenly distributed due to the expansion of renewables. The objective is to ensure a fair distribution of these charges among all electricity consumers. The Federal Network Agency has adopted a gradual approach. In a first phase, it is determined whether a network operator is disproportionately affected by the costs deriving from the integration of renewables, by comparing the installed capacity with the consumption load in the network area. Subsequently, operators that incur high costs will receive financial support to offset these costs, favouring regions with a strong renewable infrastructure, such as those with high wind production in the north or large photovoltaic plants in rural areas.
  The compensation funding will be carried out through a national surcharge applied to all consumers. Currently, areas with high renewable energy production face higher grid costs, which is a factor that represents an obstacle to public acceptance of the energy transition.

UK & NORDICS – WIND

	Year		
	2024	**2023**	**Δ**
Operating results			
Installed capacity (MW) (1)	311	311	-
Output (GWh)	588	455	*133*
Load Factor % (2)	22%	18%	*4%*
Net unit revenue (EUR/MWh)	60	77	*(17)*

(1) capacity of plants in operation at the end of the year.
(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm).

In **2024, electricity output** in the UK and Sweden amounted to 588 GWh, up from 2023 (455 GWh), mainly due to the contribution of assets that were in the commissioning or ramp-up phase of generation during 2023 and the increased wind speeds during the period.

(EUR million)	Year 2024	2023	Δ
Economic results			
Adjusted revenue	54	54	*(1)*
Adjusted gross operating profit	30	38	*(8)*
Amortisation, depreciation and impairment losses	(17)	(13)	*(4)*
Adjusted operating profit	13	25	*(12)*
Capital expenditure in property, plant and equipment and intangible assets	26	45	*(19)*
Ebitda Margin % [1]	56%	71%	*-14%*

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenue recorded in **2024** amounted to EUR 54 million, in line with 2023 (EUR 54 million), mainly due to higher production levels offset by lower captured prices.
Net unit revenue amounted to 60 EUR/MWh, down compared to 2023 (77 EUR/MWh) due to lower sale prices.

Adjusted EBITDA in the UK & Nordics area for **2024** amounted to EUR 30 million, a decrease compared to 2023 (EUR 38 million), due to lower revenue from participation in the balancing market and increased costs related to property tax following the removal of the "exemption" on UK wind farms.

Depreciation and amortisation for the period (EUR 17 million) increased compared to 2023 (EUR 13 million) due to the full contribution of the wind farms in the UK & Nordics that became operational during 2023.

Capital expenditure
Capital expenditure in the UK & Nordics area for **2024 (EUR 26 million) r**elate to the construction of a new 47 MW wind farm in Northern Ireland, expected to be operational by the end of 2025.

Relevant legislative and regulatory updates during the year
See also the "Relevant regulatory and institutional updates" chapter.

- **Ancillary services market**

On 8 February, the British regulatory authority Ofgem approved the final project for the Balancing Reserve service presented by the National Grid Electricity Systems Operator (ESO) in December 2023. Renewable energies, such as onshore wind, can participate in the service by providing positive or negative balancing reserves, with a predictable preference for wind farms in the "downward" service. The approved project makes the Balancing Reserve more accessible to battery storage assets and flexible distributed energy resources.
The service went live on 12 March 2024.
In March, ESO outlined a new design starting in 2024/25 for some of the grid frequency regulation services. These include the Positive and Negative Quick Reserve, for which ESO announced the go-live in June. The first daily auction is expected by November 2024 and will be accessible to renewable energy plants already participating in the balancing market (Balancing Mechanism Units).

- **TNUoS update**

The UK energy regulator, Ofgem, has published updates on reforms to the Transmission Network Use of System (TNUoS) charges. The TNUoS charges are designed to recover the costs of installation and maintenance of the transmission system in England, Wales, Scotland and offshore. These charges apply to generators and suppliers connected to the transmission network for the use of transmission networks.
According to Ofgem, feedback from stakeholders has confirmed the need for reform of transmission charges.

- **Beyond 2030 Plan and Future System Operator**

The National Grid Electricity Systems Operator (ESO) has published a report, "Beyond 2030", which recommends an additional investment of GBP 58 billion in the UK's electricity grid to meet the growing demand for decarbonised electricity. In the report, ESO states that the plan will facilitate the connection of an additional 21 GW of offshore wind in development off the coast of Scotland, increasing the UK's offshore wind potential to 86 GW by 2035.
The plan includes a "high-capacity electricity backbone" running from north-east Scotland to
north-east England, with the aim of alleviating congestion at the Scotland-England border. The UK energy regulator, Ofgem, has given provisional approval for the necessary expenditures for the HVDC submarine highway, Eastern Green Link 2 (EGL2), which is expected to be operational by 2029. This is a transitional plan ahead of the development of the Centralised Strategic Network Plan, which will be published in 2026 by the new organisation, the National Energy System Operator (NESO), which will replace ESO from summer 2024 in its role as Independent System Operator and Planner (ISOP). NESO will be an independent public company that will assume the responsibilities assigned by the Energy Act 2023 to a Future System Operator (FSO), including the role of ISOP not only for electricity but also for gas.

- **Dispatch Down Draft Action Plan - Northern Ireland**

The plan outlines a series of recommendations and actions aimed at reducing the high level of renewable generation curtailment currently affecting Northern Ireland. SONI will model the proposed measures in early 2025 to assess their impact on reducing existing constraints.
In the short term (6-12 months), the operational plan includes immediate actions to promote greater integration of renewables and achieve quick benefits. Key actions include implementing a temporary solution for downward regulation, with an initial evaluation expected by the second quarter of 2025, and reviewing

operational safety standards, with a final proposal due in February and implementation starting in the spring. Also planned are the reduction of the number of production units required to remain operational, with an operational trial in the summer of 2025 and regulatory updates by year-end, as well as an independent review of minimum generation levels, with a fleet analysis by AFRY in the first quarter of 2025 and the implementation of technical solutions by the summer of 2026.
SONI has also identified higher-impact measures that require the involvement of other parties, including network reinforcement, updates to procurement mechanisms, and the adoption of advanced flexibility services.

SPAIN – SOLAR

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) (1)	266	266	*0*
Output (GWh)	479	213	*266*
Load Factor % (2)	21%	22%	*-1%*
Net unit revenue (Euro/MWh)	47	123	*(75)*

(1) capacity of plants in operation at the end of the year.
(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm)..

In **2024, electricity production** in Spain amounted to 479 GWh, up compared to 2023 (213 GWh) mainly due to the scope effect deriving from the wind farms acquired and entered into operation in the second half of 2023 (+266 GWh).

	Year		
(EUR million)	2024	2023	Δ
Economic results			
Adjusted revenue	24	27	*(2)*
Adjusted gross operating profit	15	20	*(6)*
Amortisation, depreciation and impairment losses	(12)	(6)	*(6)*
Adjusted operating profit	3	15	*(12)*
Capital expenditure in property, plant and equipment and intangible assets	0	190	*(190)*
Ebitda Margin % (1)	60%	76%	*-16%*

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenue recorded in **2024** amounted to EUR 24 million, down from the previous year (EUR 27 million) due to lower market prices, which were particularly penalised during daylight hours compared to 2023, which had benefited from high hedging prices. As a result, net unit revenue amounted to 47 EUR/MWh, down compared to the previous year (123 EUR/MWh).
This effect was only partially offset by the full contribution of the photovoltaic farms acquired in 2023.

Adjusted EBITDA in Spain in **2024** amounted to EUR 15 million, down compared to 2023 (EUR 20 million).

Depreciation and amortisation for the period (EUR 12 million) increased compared to 2023 (EUR 6 million) due to the full contribution of the photovoltaic systems acquired during 2023 (174 MW) and entered into operation during the second half of 2023.

EAST EUROPE (POLAND, ROMANIA AND BULGARIA) – WIND

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) (1)	266	266	-
Output (GWh)	710	742	*(32)*
Load Factor % (2)	30%	32%	*-1%*
Net unit revenue (EUR/MWh)	87	91	*(4)*

(1) capacity of plants in operation at the end of the year.
(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm).

In **2024, electricity production** in East Europe amounted to 710 GWh, down from 742 GWh in 2023 due to lower wind conditions recorded.

(EUR million)	Year 2024	2023	Δ
Economic results			
Adjusted revenue	68	73	*(5)*
Adjusted gross operating profit	54	49	*5*
Amortisation, depreciation and impairment losses	(19)	(18)	*(1)*
Adjusted operating profit	35	31	*5*
Capital expenditure in property, plant and equipment and intangible assets	0	2	*(2)*
Ebitda Margin % (1)	80%	67%	*13%*

(1) ratio of adjusted EBITDA to revenue from sales and services.

Revenue recorded **in 2024** amounted to EUR 68 million, showing a decrease compared to 2023 (EUR 73 million), mainly due to lower production levels and a reduction in electricity sale prices.
Average net unit revenue in East Europe amounted to 87 EUR/MWh, down from 2023 (91 EUR/MWh).
It should be noted that from April 2024, the measures introduced by the Romanian government to combat high energy prices (windfall tax) require the Group's plants to sell through PPAs at 400 lei/MWh, which is approximately 80 EUR/MWh (450 lei/MWh in 2023 and until 31 March 2024, equivalent to approximately 90 EUR/MWh).

Adjusted EBITDA in East Europe for **2024** is EUR 54 million, an increase compared to 2023 (EUR 49 million). The result also reflects the partial release of provisions (for approximately EUR 9 million, of which EUR 6 million in Romania related to Green Certificates and EUR 3 million in Poland related to clawback measures) due to the reduction of the risks that originally led to their allocation.

Relevant legislative and regulatory updates during the year
See also the "Relevant regulatory and institutional updates" chapter.

Poland

- **Modification of the total electricity quota derived from certificates of origin**

The new regulation, effective from 31 August 2024, and applicable for 2025, establishes the quotas for renewable electricity recognised through certificates of origin. The Ministry of Climate has decided to define the level only for 2025, instead of the originally proposed three-year period. The quota set by Article 59 of the Renewable Energy Sources Act of 20 February 2015, is set at 8.5% for point 1 and 0.5% for point 2.

Romania

- **Mandatory quotas and value of Green Certificates 2024**

At the end of 2023, the ANRE Ordinance no. 107/2023 was published in the Official Gazette, which establishes, among other things, the estimated mandatory quota for the purchase of green certificates for the year 2024.
- 0.4944765 green certificates/MWh, according to the table.

Indicators	*U.M.*	*Value*
Estimated average impact of green certificates in 2024	Euro/MWh	14.5
Average rate of the National Bank of Romania - 11 months 2023	Lei/Euro	4.9443
Estimated final electricity consumption for the year 2024	MWh	45,715,703.641

OPCOM later published the new price limits for the trading of green certificates:
– Minimum price: 145.4271 lei/GC (29.4 EUR/GC), previously 144.9861 lei/GC
– Maximum price: 173.1275 lei/GC (35 EUR/GC).

Bulgaria

- **Definition of the value of incentives for the regulatory period 1 July 2024 – 30 June 2025**

The incentive component is calculated as the difference between the reference tariff for the individual plant and the estimate of the adjusted baseload market price (Forecasted Market Price for Wind Producers – FMP) on the national wind profile. For the regulatory period from 1 July 2024 to 30 June 2025, the Bulgarian national authority has estimated a market price value (FMP) for wind energy of 166.71 BGN/MWh.
The Authority reserves the right to review the FMP every six months in the event of a significant change in market prices.

UNITED STATES – WIND AND SOLAR

As mentioned in the introduction, this Financial Report reflects the impact of the line-by-line consolidation of the wind and solar portfolio acquired in the United States (totalling 317 MW) as of 1 April 2024.

	Year		
	2024	2023	Δ
Operating results			
Installed capacity (MW) (1)	**317**	**-**	**317**
Wind	*224*	*-*	*224*
Solar	*92*	*-*	*92*
Output (GWh)	**684**	**-**	**684**
Wind	*563*	*-*	*563*
Solar	*121*	*-*	*121*
Load Factor % (2)			
Wind	*29%*	*-*	*29%*
Solar	*15%*		*15%*
Net unit revenue (EUR/MWh)	**26**	**-**	**26**
Wind	*22*	*-*	*22*
Solar	*47*	*-*	*47*
Net unit revenue including (EUR/MWh)	**51**	**-**	**51**
Wind	*52*	*-*	*52*
Solar	*47*	*-*	*47*

(1) capacity of plants in operation at the end of the year.
(2) actual output in relation to maximum theoretical output (calculated taking into account the actual date of entry into operation of each individual farm).

As of 1 April 2024, energy output in the US is 684 GWh (of which 563 GWh from wind and 121 GWh from solar).
Net unit revenue from wind power amounted to 22 EUR/MWh (52 EUR/MWh including PTCs), and those from solar power to 47 EUR/MWh, and reflected the prices of PPAs contracted with leading corporate counterparties.

	Year		
(EUR million)	2024	2023	Δ
Economic results			
Adjusted revenue	**18**	**-**	**18**
Wind	*12*	*-*	*12*
Solar	*6*	*-*	*6*
Adjusted gross operating profit	**32**	**-**	**32**
Wind	*27*	*-*	*27*
Solar	*5*	*-*	*5*
Amortisation, depreciation and impairment losses	**(18)**	**-**	**(18)**
Wind	*(16)*	*-*	*(16)*
Solar	*(3)*	*-*	*(3)*
Adjusted operating profit	**14**	**-**	**14**
Wind	*12*	*-*	*12*
Solar	*2*	*-*	*2*
Capital expenditure in property, plant and equipment and intangible assets	**236**	**-**	**236**
Wind	*182*	*-*	*182*
Solar	*54*	*-*	*54*
Adjusted revenue and Other income (PTCs)	**36**	**-**	**36**
Wind	*31*	*-*	*31*
Solar	*6*	*-*	*6*

Energy sales **revenue** recorded from the date of consolidation amounted to EUR 18 million.

Revenue and other income (PTCs) totalled EUR 36 million and includes, in addition to the aforementioned revenue, approximately EUR 19 million relating to the non-monetary income of the Production Tax Credit recognised under "Other income" and calculated on the basis of energy production recorded in the year from the wind farm.

Adjusted EBITDA in the United States for **2024** totalled EUR 32 million and was influenced by the price of PPAs and the aforementioned income.

Relevant legislative and regulatory updates during the year
See also the "Relevant regulatory and institutional updates" chapter.

USA

- **ORDER NO. 1920 ON TRANSMISSION PLANNING**

The Federal Energy Regulatory Commission (FERC) has introduced a new standard to ensure that the transmission grid can meet the growing demand for electricity. Order no. 1920 is the first time in over a decade that the FERC has addressed regional transmission policy and the first time the Commission has explicitly focused on the need for long-term transmission planning.
The new standard adopts specific requirements for transmission providers to conduct long-term planning for regional transmission infrastructure and determine how to finance them.

- **New method of accreditation for capacity**

The FERC (Federal Energy Regulatory Commission) has authorised MISO to adopt a new capacity accreditation method starting in 2028, based on a DLOL (Direct Loss of Load) approach. This method combines the probabilistic availability of resources with their historical performance during periods of higher risk to the system. The goal is
to implement a uniform and non-discriminatory approach for all technologies, incentivising resources to improve their performance during peak demand times. This methodology will reduce the derating factor especially for photovoltaic technology.

RISKS AND UNCERTAINTIES

The main Risk Assessment and Management activities carried out as part of Enterprise Risk Management include: (i) the identification and assessment of the main risks associated with the Business Plan, as well as the definition of the respective Risk Policies; (ii) continuous verification of the functioning and effectiveness of the risk management process; (iii) sharing of the results of the half-yearly Risk Assessments with all of Group management. The ERM model is subject to periodic updates in line with the evolution of the Group and the context in which it operates and applies to all ERG Group companies.

Enterprise Risk Management is aimed at contributing in a proactive and integrated manner to safeguarding the share capital of the ERG Group and to managing the business efficiently and effectively in line with the strategies defined by the Board of Directors, giving adequate consideration to current and prospective risks, including medium and long term risks, with an organic and comprehensive vision.
It should be pointed out that, at the date of preparation of this Report, no particular risks and uncertainties are envisioned, in addition to those mentioned in the document, which may determine significant consequences on the operating results, financial position and cash flows of the ERG Group.

In view of the war that broke in Ukraine at the end of February 2022, management is monitoring any critical issues and impacts that the conflict could have on the ERG Group, in particular with reference to credit risk and plant security.

As regards **credit risk**, there are no positions opened directly with Russian and Ukrainian counterparties.

In relation to **plant safety**, note the position of some of the Group's wind farms in East Europe (Poland and Romania) close to the Ukrainian border: since these are countries that are part of NATO, there are currently no risks directly linked to the conflict.

Continuing geopolitical tensions are still holding back global production and trade. High energy costs, the war in Ukraine and the ongoing automotive crisis are particularly hurting industrial activity in Europe, with Germany being hit the hardest. Geopolitical risk remains high, especially due to ongoing logistical challenges in international transport, largely caused by the continued tensions in the Red Sea.

In December 2024, the ECB decided on its fourth interest rate cut, following the previous reductions in June, September and October, thanks to the recent decline in inflation across the Eurozone. This was supported by the recent stability of inflation expectations in the Eurozone, thanks to the return of energy prices from the peaks of 2022 and the sluggish dynamics of the European economy. This stability, which the ECB has always considered crucial, still seems fragile, given the recent rise in gas prices in Europe, as well as the fallout from a potential "tariff/duty war", which could impact inflation expectations among markets, households and businesses in the coming months. This presents the risk of a halt or delay in further interest rate cuts.
In view of its operations, ERG classifies the risks to which it is exposed into four categories: Strategic, Financial, Operational and Compliance.

Strategic	▪ Availability of renewable resources ▪ Evolution of the regulatory framework ▪ Climate Change ▪ New capital expenditure ▪ Risks related to Parent company Rating and Reputation
Financial	▪ (Commodity) price risk ▪ Liquidity ▪ Credit and Counterparties ▪ Exchange Rate and Interest Rates ▪ Disputes
Operational	▪ Health, Safety and Environment ▪ ICT and Cyber Security ▪ Continuity of service ▪ Human Capital ▪ Procurement and Supply Chain
Compliance	▪ Anti-corruption legislation ▪ Country

STRATEGIC RISKS

Availability of renewable resources
This risk refers to the possibility that the Group may incur economic damages deriving from the volatility of electricity generation volumes, with particular reference to renewable production and to the availability of natural resources (such as Wind and Sun).
The risk is mitigated through:

- Technological diversification of renewable energy plants (e.g. Wind and Solar) and the geographic diversification of the generating farms, which reduce both the impact and likelihood of occurrence of the risk;
- Scheduling the outages of renewable facilities in relation to the periods of low contribution of renewable sources, thereby reducing their impact;
- The use of more accurate meteorological forecasting tools to define generation plans that allow for improvement in Volume Risk management strategies over the short term.

The use of statistical risk analysis models is also envisaged, as they enable quantification of the economic impacts over the term of the plan.

Evolution of the regulatory framework
This refers to the risk associated with the evolution of the national, international and EU regulatory and legislative environment, which, given the high degree of regulation in the business sector in which the Group operates, may lead to negative economic impacts on the current or potential business.
This category includes, for example, the possibility that measures (market change and/or windfall taxes) may be adopted in the countries where ERG operates in order to reduce the price perceived by renewable energy sources and consequently lower the supply costs for the system (interventions involving refunds of the price perceived by certain categories of renewable plants and taxation of the so-called surplus profits of energy operators). The Group continuously monitors the development of the regulatory framework in the countries where it is present, in order to prevent and/or mitigate the effects on the different business areas, through safeguards spanning multiple levels, which entail, at the local, national, and European level, collaborative dialogue with institutions and with the bodies governing and regulating the sector through active participation in business associations and in working groups established in the same agencies, as well as the examination of the regulatory developments and of the instructions of the sector Authority and the preparation of specific position papers to communicate its position in this regard.
To this end, the ERG Group has established specific Organisational Units dedicated to continuous monitoring of developments in key national and international regulations, that monitor the evolution of the regulatory framework in the countries in which the Group operates.
Among the main matters subject to regulatory developments, the following are highlighted in particular:

- the reform of the Electricity Market both at European level and in the various countries in which the Group operates;
- the reform of the incentive systems for Renewable Energy Sources in the countries in which the Group operates (e.g. transition from FIT to FIP; changes in the auction systems; European Directives; Guidelines on State aid for the environment and energy);
- energy savings certification within the White Certificates mechanism by Gestore dei Servizi Energetici (GSE);
- the implementation of the European Green Deal and the other packages adopted at EU level for the decarbonisation and security of energy supply, as well as the related national implementation plans;
- the rules for obtaining and maintaining the authorisations and permissions for the construction and operation of Renewable energy plants, as well as the incentives associated with them.

Climate Change
Climate change risk is the possibility that climate changes in the short, medium and long term may have impacts on ERG's business with economic/financial consequences in terms of (some examples): decreased availability of renewable resources (wind and sun); limitations or impediments to operations; increased O&M costs; increased insurance costs; higher compliance expenses; etc. To combat the climate change already underway, the Intergovernmental Panel on Climate Change (IPCC) has highlighted in its publications the effects that global warming may have and in part is already having on the planet (among others – intensification of heat waves and of extreme weather events, rising sea levels, thinning Arctic sea ice and continental glaciers) and the importance of keeping the rise of average temperatures under 2°C. The path to reach this goal requires timely interventions in all sectors of the economy and industry on a global scale and the Energy sector is one of the key factors to assure the planet's sustainability.
In June 2017, the Task Force on Climate-related Financial Disclosures (TCFD) published a series of recommendations on the reporting on risks and the related opportunities, also issued by the European Commission in the publication of June 2019. The TCFD guidelines require providing disclosure with respect to four broad topic areas: Governance; Strategy; Risk Management; Metrics & Targets.

In consideration of the above, the Group expressed observations regarding the main risks associated with climate change as well as the related possible impacts on the various corporate business areas. In the two-year period 2023/2024, the Group also conducted an internal study to quantitatively assess how climate change could impact the annual production of wind and solar assets. In particular, for wind assets, the analysis indicates that, in general, the risks of a decrease in average wind speed, particularly in the medium-term horizon (10-15 years), are relatively limited. Based on historical/statistical analyses of the percentage change in wind speed, low fluctuations in energy production can be expected, which can have both a positive (increasing output) and negative (reducing output) impact. However, fluctuations of this magnitude in the wind resource are already factored into the time series underlying the output estimates reflected in the Business Plan. With regard to solar assets, the analysis indicates that anthropogenic global warming is altering atmospheric circulation on a regional scale, impacting solar resources in various countries.
The uncertainties stem from both the models and future policies and their implementation. In general, in the short term, the average increase in solar radiation could be significant, and therefore, a very noticeable impact on solar energy production could be expected.
According to the Group's approach, the risks generated by Climate Change can mainly be attributed to the following:

- Change in the contributions from renewable sources (wind and sun) which may have impacts on ERG's business with consequences from an economic-financial point of view in the medium/long term deriving from possible lower output. In light of the uncertainties regarding the potential effects of a worsening of weather conditions in the areas in which ERG is present and the potential compensatory effects deriving from the Group's increasing geographical complementarity, it was not considered appropriate to reflect any negative effects in the medium-term (Market Plan) and long-term (impairment test) Business Plans.
- Catastrophic events referring in particular to "acute" and "chronic" physical phenomena linked to extreme natural events that could cause damage to generation plants, impacting Business Continuity. The "acute" phenomena category includes risks characterised by a remote probability of occurrence but a potentially catastrophic impact, including: fires; earthquakes, volcanic phenomena, hurricanes, tsunamis/floods; while the

increase in average temperature, rise in sea level, reduction in rainfall fall into the category of "chronic" events.
- Regulatory and market changes referring in particular to any changes in subsidies and incentives, change in the regulatory framework, uncertainty in the demand for electricity, increased competitive pressure.

The management strategy for these risks adopted by the Group provides for:

- the reduction of the impacts related to catastrophic events through Business Continuity Management processes (for the physical protection of assets) and Disaster Recovery Plans, in particular in the ICT field;
- technological diversification of renewable energy plants (e.g. Wind and Solar) and the geographical diversification of generation facilities, which reduce both the impact and the probability of the risk occurring;
- the planning of renewable plant shutdowns on the basis of periods of low utilisation of renewable sources, thus reducing their impact;
- the use of more accurate weather forecasting tools (Wind and Sun) to define generation plans and further improve Volume Risk Management strategies in the short term;
- the use of statistical risk analysis models, which make it possible to quantify the economic impacts over the life of the Plan;
- the transfer of risks to the insurance market. In particular, all extreme meteorological phenomena are covered (fires; earthquakes; volcanic phenomena; hurricanes; tsunamis/floods);
- the reduction of the impacts linked to the change in contributions from renewable sources, and regulatory and market changes mainly through geographical diversification which allows the Group to make the most of synergies in the areas in which its assets are located, and consequently to mitigate the impacts of the aforementioned risks.

It should also be noted that the Group uses management, prevention and protection strategies to reduce the possible impacts on the areas surrounding its assets. Furthermore, the assets most exposed to extreme weather events or natural disasters are regularly checked and maintained in order to ensure that they are in the best possible condition to cope with extreme weather events.
All of the Group's production sites located in Italy are also subject to ISO environmental certifications and potential sources of risk are monitored so that any critical issues can be detected promptly.
In addition, over the years the Group has demonstrated its ability to anticipate radical changes in the context in which it operates, promptly modifying its growth strategy. Over the years, ERG has transformed from an operator in the refinement and distribution of fuels to a primary operator in Italy and Europe in the generation of electricity from renewable sources. ERG is committed, through its own targets of investment in "zero emission" green technologies and in particular in wind and in solar power, to providing its own contribution to the fight against climate change in line with the objectives of COP21 and the recent COP27.

New Capital Expenditure
This risk refers to uncertain events originating from various factors, for example, scenario-related (micro/macro-economic, political, regulatory, business), technical, operational, financial or organisational, which may impact the success and profitability of a new investment initiative.
Risks are mainly attributable to the impossibility of developing certain economic and financial forecasts over the period of the Plan or the life of a Project (in the event of a specific initiative), with resulting income statement or financial position losses, or worsening of the Group's image.
Some examples of risks that can be included in this type are: (i) the possibility that the envisaged Capex targets will not be achieved in the time and/or cost defined in the strategic plan due to changing market conditions with possible delivery delays due to difficulties procuring from strategic suppliers/sub-suppliers and requests for price adjustments on existing agreements; (ii) the possibility that the plan Opex will also undergo an increase; (iii) as a consequence of inflationary pressures and/or tensions on the financial and commodities markets, impairment issues, and more generally impairment of assets, linked in addition to the potential negative effects in terms of EBITDA, to the increase in returns requested by investors.
To minimise risk, in accordance with company policies, the ERG Group has defined specific structured processes for the selection of investments, providing for a series of subsequent levels of review and approval carried out on the basis, inter alia, of internal and external support studies, benchmark analyses, legal-regulatory analysis and financial assessment/planning models. For all relevant projects, the main risks are associated with:
- Potential impacts and strategy/measures to contain/eliminate risk;
- Items follow-up to monitor the mitigation processes.

Furthermore, the Group updates periodically the WACC/HR, including through benchmarks, to ensure an adequate return with respect to the expected risk profile.

Risks related to the Rating of the Parent company ERG S.p.A.
Any downgrades by rating agencies could limit the possibility of accessing capital markets and raise the cost of funding with consequent negative effects on the Group's financial position, results of operations and cash flows.
ERG implements a risk mitigation strategy, which runs at different levels and involves pursuing: (i) a balanced financial structure in terms of duration and composition, (ii) continuous monitoring of actual and expected results and financial balances, (iii) the systematic generation of cash by its business activities including through the long-term securing of sales revenue and (iv) geographical and technological diversification of its plants.
In 2024, ERG's risk profile, as assessed by the Fitch rating agency, remains Investment Grade "BBB-" with stable outlook. In addition to strictly endogenous and market variables, ERG's rating is also linked to Italy's sovereign rating.

Reputational Risk
This risk relates to the potential effects deriving from a negative perception of the ERG Group's reputation, understood as expectations, perceptions and opinions developed over time by all stakeholders (customers, suppliers, investors, media, etc.).
Among the various factors that negatively affect reputation, some examples are: inconsistency between what has been achieved and the communicated targets and/or a misalignment between the performance and stakeholders' expectations; the dissemination of negative news, factual or otherwise, which may compromise trust, reliability and/or credibility.
The Group mitigates the risk of deterioration of its reputation among stakeholders, through:
- a structured ESG process that envisages a strategic ESG plan with measurable objectives and KPIs, social responsibility initiatives and the disclosure of the "Non-Financial Statement";
- continuous monitoring of stakeholders' perception of the ERG brand;
- Specific active communication and information relations with the main stakeholders;
- Constant monitoring of all communication channels;
- A Crisis Management process that, through a structured approach, makes it possible to promptly manage and contain the effects of crises to safeguard ERG's reputation.

FINANCIAL RISKS

(Commodity) Price Risk
This risk is identified as the possibility that fluctuations in the purchase and sale price of Commodities will cause variations in the operating results such to compromise achievement of the objectives defined in the strategic plan.
In exercising its activities, the ERG Group is mainly exposed to fluctuations in Electricity prices for all generation plants for which the sale of electricity on the market is envisaged.
The ERG Group minimises the impact of the fluctuations in commodities prices through:

- An aggregate view by portfolio, which permits the allocation of risks where they can be more effectively managed, benefiting from the offsetting of positions with opposite signs;
- The definition of risk exposure limits and of an associated escalation process if the limits are exceeded, identifying the persons responsible for defining/authorising actions to return below the limits;
- The definition of processes and responsibilities for monitoring the exposure level using appropriate indicators (e.g., P@R, V@R, Stop Loss, Profit Taking, Open positions);
- The definition of minimum and maximum hedging quantities (Hedging Ratios) on electricity sales over the life of the plan;
- The use of derivative instruments to stabilise cash flows generated, contributing to guaranteeing the Group's economic and financial balance. The use of derivative instruments is authorised only if there is an underlying asset to pursue the reduction of the economic impacts tied to price volatility on the financial market and it is constantly monitored;
- The use of Power Purchase Agreements (PPAs) or multi-year contracts through which the supply of electricity between two parties is regulated: the seller, represented by the owner of plants for the production of energy from renewable sources, and the buyer, generally an energy wholesaler or production company; these contracts can be virtual contracts (VPPAs), i.e. financial contracts through which payment is exchanged on the delivery dates on the basis of the price defined in the contract for a variable price, without the physical transfer of the underlying electricity.
- Where possible, balancing of the purchase formulas (for example, for natural gas) with chargeback to end customers and/or transfer into sales agreements of the higher costs arising from fluctuations in prices, including specific clauses reducing emerging costs (e.g., linked to the profile).

Liquidity
This is the risk resulting from the lack of financial resources to meet both short-term and medium/long-term commercial and financial commitments. This risk considers the possibility that the company may not be able to meet its commitments (funding liquidity risk) or that it may only be able to do so at unfavourable economic conditions due to situations of tension or to the changed market perception of riskiness of the Group (or of one of its companies).
ERG mitigates the risk through the pursuit of a balanced financial structure in terms of duration and composition, constant monitoring of the financial balance and systematic generation of cash by its business activities. The Group's objective is to maintain the subject risk profile at extremely low levels through implementation of a financial planning process having the following objectives:

- Enabling the Group to be solvent both under normal conditions of conducting business and under crisis conditions, optimising the related opportunity cost;
- Ensuring an adequate level of operational elasticity, optimising the cost of funding in relation to the current and future market conditions; the Group uses a prudent approach in estimating the projected cash inflows and outflows, taking into account the impact assessments of various scenarios, including stress-based ones, which identify the risk factors that could alter the cash flows envisaged in the Financial Plan (e.g. changes in scenarios, postponements of disposals) and define and implement the relative mitigation measures;
- Maintaining a balance in terms of duration and composition of debt, also thanks to an operating structure based on assigned limits that undergo periodic revision and approval, and a second-level control structure, autonomous from the first, which verifies its functioning;
- Guaranteeing an adequate distribution of credit lines, cash deposits and the relative financial assets among the major Italian and international banks.

In order to ensure the efficient management of liquidity, treasury activities are centralised within the Parent company, which meets the liquidity requirements of the Group primarily with cash flows generated by ordinary operations and with credit lines, where necessary, ensuring an appropriate management of liquidity. To pursue its risk mitigation objectives, the ERG Group's stock of financial assets is used in short-term financial instruments that are highly liquid, preferring a very limited risk profile. Short selling is not permitted under any circumstances.

Commercial Credit Risk
This is the risk of unexpected changes in the credit rating of a counterparty with respect to which there is an exposure that could have negative consequences in terms of income and capital. The objective of the Group is to maintain the risk profile at extremely low levels, through the preliminary evaluation of creditworthiness of the counterparties and the adoption, where deemed necessary, of risk mitigation tools, such as the acquisition of guarantees.
In particular, in pursuing its commercial and business objectives, ERG minimises the risk profile, through:

- The definition of risk exposure limits at Group level and of any risk mitigation tools (e.g. Bank Guarantees/Sureties/Letters of Patronage) to ensure that the risk profile is aligned with the Group's requirements;
- A structured, active management process for credit, in which specific Organisational Units and a Credit Committee:
  - Valutano il merito creditizio di ogni singola controparte o Assess the creditworthiness of each individual commercial counterparty in terms of Rating, Credit Limit and Probability of Default and assign to them specific levels of reliability in terms of maximum exposure (so-called credit limit);
  - Analyse the risk profile of the portfolio and the levels of exposure to counterparties in terms of credit limit granted and sales;
  - Conduct ageing analyses and constant monitoring of the overall exposure and of the exposure by counterparty, evaluating the definition and implementation of specific corrective measures.

Moreover, the Group has defined the types of guarantees that may be accepted in the case of credit to counterparties with an unsatisfactory economic/financial assessment and the financial institutes (banks and insurance companies) qualified to issue such guarantees.

Credit Risk towards Financial Counterparties
This is the risk that unexpected changes in the creditworthiness of a financial counterparty to which an exposure exists (e.g., cash deposits) could cause consequent negative economic/equity impacts and damage to the company's image. The Group's objective is to find the right balance between the return on financial investments and minimise the relative counterparty risk, through: :

- Dealing with counterparties with Investment Grade Public Rating or, in the absence thereof, a specific authorisation by the CEO with the input of the Risk Committee;
- Risk diversification strategies (e.g., by depositing liquidity in various banks and/or using investment funds) as per the guidelines of the Risk Committee;
- Verification that each financial counterparty is not on any national and/or international Black List;

- Constant monitoring of the standing of counterparties and an escalation process in case of negative events and/or worsening of the risk profile

At Group level, a structured process is in force, entailing:

- The autonomy of Finance in depositing cash up to 12 months at banks with an Investment Grade Rating (at least one Investment Grade Rating by S&P, Moody's and Fitch);
- An authorisation process (involving the Risk Committee) for uses of cash over 12 months or at banks with a rating below Investment Grade.

Interest Rate Risk

This is the risk that an unexpected change in interest rates may entail a change in the value of financial positions and of the related level of expenses. In this sense, changes in market rates can have negative impacts on the level of financial expense, such as to compromise the financial stability of the Group and its capital adequacy. The ERG Group mitigates this risk by:

- seeking and finding financial resources at the best conditions offered by the market, in compliance with the restrictions set by the Risk Committee, including through the use of the bond market which makes it possible to contain the risk through the issue of fixed-rate bonds with medium/long-term maturities;
- regularly monitoring the level of exposure to risk and compliance with the restrictions set by the Risk Committee;
- using derivative instruments (e.g. IRS, Interest Rate Swaps), authorised exclusively in view of the existence of an underlying asset;

pursuing the following objectives:

- Identifying the optimum combination of fixed and floating rates;
- Optimising the Group's cost of debt within the risk limits assigned by the Chief Executive Officer, whose decision is supported by the input of the Risk Committee, and made in line with the business nature;
- Reducing the possible economic impacts tied to rate volatility on the financial market.

Currency Risk

Changes in the exchange rates of the foreign currencies with which the Group operates may impact:

- Profits, as a result of (i) the different percentage of costs and revenue expressed in a foreign currency with respect to when the price conditions were defined (economic risk); (ii) the translation of trade receivables or payables or financial assets or liabilities denominated in a foreign currency (transaction risk);
- On the consolidated financial statements (profit and equity) by effect of the conversion of assets and liabilities of companies that prepare their financial statements in another currency (translation risk).

The ERG Group adopts an exchange rate risk management strategy based on:

- The acceptance of exchange rate risk, without prejudice to the possible mitigation actions referred to in the following points, in consideration of the reduced exposure that the ERG Group has at the date of approval of this policy. For the purposes of this policy, a level of exposure understood as EBITDA@Risk, calculated at the 95th percentile, higher than 5% of the Group's EBITDA, is considered a warning signal to be submitted to the Risk Committee.
- The review or confirmation at least once a year of the adequacy of the aforementioned exchange rate risk acceptance strategy in light of developments in Wind/Solar technology and/or changes in the macroeconomic scenario.
- The definition of processes and responsibilities for the regular monitoring of the EBITDA@Risk of Foreign Operations in currencies other than the functional currency for the ERG Group, taken individually and in aggregate.
- Where possible, the pursuit of a balance between assets and liabilities expressed in foreign currencies, thereby minimising net exposure, and financing capital expenditures at M/L term in the local currency, the profitability and cash flows of which are mainly expressed in said currency.
- The definition of processes and responsibilities for the approval of any measures to mitigate the level of risk if the periodic monitoring, the annual risk budget or the approval of a strategic investment suggest their implementation. As for monitoring, any mitigation actions must be assessed on the basis of their impact in a consolidated view of the Group and not of the individual subsidiary, subject to exceptions related to specific situations (e.g. financial covenants to be met, loans in foreign currency during the construction phase, commitments under loan agreements) and approved by the Chief Executive Officer;
- The use of financial instruments for risk hedging, authorised by the Chief Executive Officer after consulting the Risk Committee, exclusively in the event of the existence of an underlying asset and if they come under the following:
  - Spot transactions;
  - Currency swaps;
  - Outright forwards;
  - NDF (non-deliverable forwards);
  - Currency futures;
  - Currency options.
- The repatriation, as soon as possible, of the net cash generated in foreign currency by Foreign Operations, within the limits of the liquidity necessary to support their operations, in compliance with the contractual restrictions of project financing and consistently with the expiration dates of any hedging derivatives that may have been approved.

Disputes

This risk refers to the possibility that one of the companies of the ERG Group (or its employees) may be involved in civil and/or administrative and/or tax proceedings and/or in legal actions deriving from potential violations of laws or regulations, from contractual or extra-contractual liability or from other controversies (e.g., labour disputes), which could result in damages or sanctions, or damage the Group's reputation. The risk refers also to the possibility that a Group company may impugn an act or a measure harming its own interests, promulgated by institutions or administrative bodies or by independent authorities.

The ERG Group implements a risk mitigation strategy which involves:

- The oversight, delegated to specific corporate departments, of the reference legislation (legal, tax, etc.);
- Management of the pre-litigation phase with the support of specialists in the legal and tax areas;
- Management of litigation by outside law firms of high standing, experienced in the specific matters;
- Constantly monitoring the evolution of ongoing litigation and assessing the probability of loss; for risks for which loss is deemed likely, an estimate of the economic impact is made, which takes into consideration all possible consequences and a provision is allocated in the financial statements;
- Preparation and submission of periodic reports providing updates on the disputes, also through 231 flows to the Supervisory Bodies.

In the event of extraordinary transactions (e.g. acquisition of companies, establishment of JVs), specific Due Diligences (e.g., legal, tax) are conducted in order to mitigate the risk of disputes and, if considered appropriate, the counterparty is asked to provide the specific guarantees outlined in the contractual agreements governing the transaction.

With regard to the issuance of acts or measures that are harmful to its interests, risk is mitigated through:

- Regular and correct management, coordinated at Group level, of direct relations, or through trade associations, with Institutional Stakeholders at the local, national and international level;
- Participation in preparation of the acts or measures (including consultation procedures);
- Any appeal before the competent authorities against the acts or measures considered to be detrimental.

The strategies for managing this risk are implemented in accordance with corporate policies.

OPERATIONAL RISKS

Health, Safety and Environment (HSE) Risk
The Risk is mainly linked to the operation of industrial assets that have an impact on the health and safety of workers and on environmental topics:

- Health risks are those that can potentially impact and compromise the natural equilibrium of the personnel tasked with performing operations or work, following the emission of environmental risk factors, of a chemical, physical and biological nature, into the environment. Safety risks relate to the occurrence of accidents or injuries, or of physical harm or impairment (more or less serious) suffered by persons performing the various work activities.
- Environmental risks are connected with the possible occurrence of events that cause an alteration of the physical-chemical parameters characterising the environmental matrices (such as: water, air and soil), with negative consequences on the natural habitat and/or on the persons' health.

The ERG Group, which is strongly committed to mitigating such risks, has adopted specific Health, Safety and Environment guidelines which, in line with reference international best practices, require that all the Group's Companies:

- adopt principles and behaviours defined in specific sustainability guidelines that require all Group companies to comply with all regulations in force;
- adopt guidelines for the assessment of health and safety risks capable of upholding both the principle of prevention and compliance with the legal obligations of the responsible parties, first and foremost the Employers of the ERG group;
- pursue specific performance objectives, ongoing training of personnel and the certification of specific integrated Health & Safety management systems based on international reference standards;
- have a system of sanctions for behaviours that may endanger the safety and health of all personnel, whether internal or external, who carry out their activities within the Group's plants/areas of responsibility;
- stipulate specific insurance policies for the transfer of risks to cover accidents to personnel and/or any civil liability related to accidents.

The ERG Group monitors and manages risk through the following non-exhaustive list of analyses and tools:

- Information, education and training of human resources (employees and non-employee on-site workers) on the environment, health and safety;
- Implementation of health and safety management systems certified according to international standards, for the purpose of preventing the related risks (ISO 45001);
- Assessment of risk factors in terms of health and safety with the issue of specific assessment documents that explain the risk levels, resulting from the analysis carried out and the application of suitable prevention and protection measures;
- Processing of preventive measures and related control systems;
- Control and supervision of Health & Safety topics.

Information & Communication Technology risks
In the ICT field, the main risks concern attacks on systems with data breaches, security breaches, or the interruption of IT services due to hacker attacks or system malfunctions. In other words, anything that compromises the availability, confidentiality or integrity of the data.
Through its ICT systems, ERG adopts a risk-based approach in order to define both preventive and reactive security measures, and specific continuous improvement programmes aimed at increasing corporate resilience with respect to cyber security risk, including:

- At systems and infrastructures level: (i) Security assessment for the identification of the main criticalities of the SCADA systems and/or infrastructures, with remediation plans (organisational/ technological); (ii) Security programmes to adapt processes, systems and infrastructure to best practices; (iii) Security awareness and training plans for users; (iv) Automatic tools for the prevention, detection and management of incidents and anomalies (e.g., intrusion detection systems);
- At device level: (i) Formalisation of the procedural corpus to regulate ICT processes; (ii) User "Awareness" programmes; (iii) Technological solutions capable of detecting cyber-attacks (e.g., advanced antivirus, double e-mail protection system, Intrusion Detection System probe) and Back Up policies for network folders and Top Management PCs; (iv) Contractual clauses and confidentiality agreements signed by suppliers.

To mitigate the potential risks of interruption of business activities on ICT processes regarded as strategic, the Group has a Disaster Recovery system in place which ensures continuity of services and data through an alternate Data Centre, the efficiency of which is subject to regular checks.
In view of the significance of the activities carried out on a daily basis within the electrical market, particular attention is paid to monitoring systems that interface with the market. These systems are subject to specific management and maintenance procedures designed to protect their stability.
There is also an agreement with the CERT (Computer Emergency Response Team), which supports ERG in preventing attacks, and there are insurance policies on Cyber risks.
It is also worth noting that the adoption of remote working has been supported by the investments made by the Group in recent years as part of the ONE ICT plan for the modernisation and digitalisation of processes: innovative mobile solutions, hybrid cloud platforms, high-capacity remote collaboration and videoconferencing systems, modern and mobility-oriented personal technological equipment, with a focus on utmost attention to security. As regards this latter aspect, the Group has had in place for some years now specific solutions, processes and resources for the management of system security and company data, using a risk-based approach and with the aim of guaranteeing business continuity and maximum resilience in the face of both incidents and cyber-attacks. Finally, it should be noted that the certification process according to the ISO 27001 and ISO 27019 standards is underway.

Continuity of service
This risk is connected to the occurrence of natural, accidental or catastrophic events (i.e. earthquakes, floods, fires, etc.), with negative consequences in terms of revenue or of preservation of corporate assets, such as to significantly undermine the Group's operations and balance.
As regards the risks of plant unavailability, the ERG Group mitigates these risks through.
Per quanto riguarda i rischi di indisponibilità degli impianti il Gruppo ERG mitiga tali rischi attraverso:

- Plant management policies aimed at pursuing high levels of safety and operating excellence, in line with the best industrial practices;
- The adoption and constant updating, in line with sector best practices, of scheduled maintenance procedures, both ordinary and preventive, to identify and prevent potential critical issues, also based on specific engineering analyses conducted by specialised personnel;
- Periodic revision of the plants and the use of control and remote control instruments in order to monitor technical parameters and promptly detect any potential anomalies as well as, where possible, the use of component redundancy to ensure the continuity of productive processes;
- Ongoing specialised training courses for technical personnel working on the plants.

ICT solutions are also expected to be adopted to identify technical problems, aimed at allowing a predictive approach for planning maintenance operations in order to limit outages for accidental breakdowns.

As regards production processes, particular attention is paid to the prevention and control of the related risks, through the implementation of risk assessments, business impact analyses and a business continuity management activity.
The ERG Group uses the insurance market to cover natural and catastrophic risks and to transfer its own industrial risks, thereby guaranteeing a high level of protection, including with regard to the interruption of activities; the contractual conditions of these insurance policies are revised periodically.

Human Capital
This is defined as the risk that the global rewarding systems present in the Group (formed by fixed and variable components and benefits) may be inconsistent with respect to the persons' motivation or to the market benchmarks, with a resulting economic impact for the Group caused by the loss of key professionals and/or professionals deemed strategic.
The Group mitigates this risk by developing remuneration strategies and policies based on weighting and matching positions, aligned with market benchmarks, in order to ensure the effectiveness of the rewarding components (monetary and otherwise). In particular, the Group uses differentiated retention instruments according to the level of strategic relevance and seniority of its personnel, in line with company policies. From this perspective, the fixed component of remuneration assures retention through continuous market benchmarks, while the variable component assures the alignment between corporate objectives and individual interests by awarding bonuses upon attaining long-term objectives (LTI) and short-term objectives (MBO).

This risk is the possible negative impact deriving from an inappropriate management of individual and collective relations with employees, which generates potential internal and/or external conflicts and compromises the attainment of the business objectives. Relations with employees, deriving from the employment agreement, are assured, both individually and collectively, through compliance with labour laws and regulations and with international standards pertaining to human rights, diversity and equal opportunity and the establishment of a business culture centred on:
- continuous relations with the Workers' Representative Organisations at national and local level;
- employees' participation in business objectives;
- second level negotiation activities.

Procurement and Supply Chain
This risk is identified as the possibility that the Group will incur losses or higher costs, reputation damage or interruption in business continuity, at least in the short term, as a result of the loss of a strategic supplier (e.g. going out of business, bankruptcy). ERG minimises the risk through:
- the development of a supplier selection and qualification process (economic/financial, technical and HSE) according to defined parameters and criteria, through the use of tenders with the identification of a minimum number of suppliers, assuring structured rotation whenever possible;
- the maximisation of the use of economic tenders for the procurement of goods and/or services with the identification of a minimum number of suppliers, guaranteeing, where possible, structured rotation of the suppliers themselves;
- the definition of a cumulative purchase threshold with reference to a single supplier;
- the identification of specific Organisational Units responsible, in particular, for selecting and monitoring the performance of suppliers;
- the development of specific internal contracts with safeguard clauses;
- specific activities for the monitoring and control of the purchasing processes, aimed at ensuring compliance with the quality parameters and concentration of orders as defined in Group procedures.

It should also be noted that in recent months there has been a generalised increase in the price of all the main raw materials (prices more than doubled YoY) as a result, in particular, of the post-COVID-19 reopening of the markets and the conflict in Ukraine and consequent increases in demand and production (e.g. China and the USA). Increases in the following were significant for ERG:
- the price of copper, for which the significant increase in prices seems to be structural, with impacts primarily on cables for BoP and connections;
- the price of steel, the impact of which relates in particular to WTGs and was limited for ERG thanks to the mitigations negotiated as part of the Framework Agreements (FAs) signed. In particular, the Vestas FA provides for a "steel" clause with fixed prices for 15 months from September 2020 and, for all WTG ex-works deliveries from January 2022, indexing to the price of steel limited only to the weight of the tower (excluding nacelles, rotor/hub, drive train, other components).

There is continued pressure also in logistics (very high freight rates and shortage of containers) and the price of products (e.g. turbines, solar panels) is increasing as a result of pressures in the raw materials markets.

COMPLIANCE RISKS

Risk of violation of Anti-Corruption Regulations
This risk pertains to the possibility that an employee and/or a Group company may be involved in a proceeding for offences committed in violation of current anti-corruption regulations.
ERG condemns all corrupt practices with the utmost rigour and without exception. To prevent corruption offences, the Group has adopted a system of rules and controls defined in relation to the national and international regulatory context in which it operates.
For all Group companies:
- A system of behavioural rules adopted by group companies (Code of Ethics, 231 Model and Anti-corruption Policy) has been defined, which all employees are required to comply with in carrying out their activities and which prohibit any form of corruption, active or passive, involving not only public officials but private parties as well;
- Responsibilities and specific spending powers (authorisation and signature) are defined and assigned in order to limit the possibility that a single person may complete an entire process autonomously;
- Specific employee training programmes are defined and implemented, to enhance their knowledge, on one hand, of the regulatory anti-corruption framework (and the relative sanctions system), and on the other hand the behavioural rules adopted by the Group (e.g. Code of Ethics, 231 Models and Anti-Corruption Policy); these activities also involve the Directors;
- There is an ongoing process, overseen by the Supervisory Bodies under Italian Legislative Decree no. 231/01, for the management of the reports of behaviour contrary to the principles of the Code of Ethics and of the 231 Models; this process, with reference to possible violations of the Anti-corruption Policy, is overseen by "231 Compliance";
- A "Significant Third Party" verification process is defined, through which the corruption risk related to the establishment of a contractual relationship is assessed in concrete terms, identifying, where necessary, the appropriate risk mitigation and management measures;
- Specific third-level controls are carried out by Internal Audit with regard to compliance with the principles set out in the Code of Ethics, the 231 Models and the Anti-corruption Policy.

Country Risk
This is the risk of possible changes in the political, legislative, economic and/or social framework of a country that may have negative impacts on operations, income statement results and/or the financial equilibrium. Some examples are: (i) the lack of a stable legal framework and uncertainties about the protection of the

rights of foreign operators in case of contractual breaches by state agencies or other private parties; (ii) the penalising enforcement of laws or unilateral contractual changes entailing the reduction of the assets' values; (iii) increases in taxes; (iv) complex authorisation processes that impact the time-to-market of development projects; (v) delays, revisions or non-compliance with targets for combating climate change with the consequent reduction of investments in renewable energies, including in infrastructure supporting the development of the renewable generation (e.g., transmission and distribution networks).

In particular, the ERG Group implements a mitigation strategy that provides for:

- Not assuming risk and hence not executing investments in countries with political/social instability that makes them unsuitable to the risk profile the Group intends to assume;
- Mitigating risk in countries where there is considerable interest in making new investments, requiring an adequate return in relation to the expected risk profile. This assessment is carried out by analysing the main indicators of the country in question (e.g. macroeconomic and financial indicators).

The mitigation of risk also involves the creation, development and maintenance of relations with key institutions and stakeholders, in order to understand the political, institutional and regulatory scenario of the country of interest for the Group and its possible impacts on the business. The assessment of whether or not to invest in a country also takes into account that country's endorsement to international treaties for combating climate change and/or the objectives that country has set itself to combat Climate Change (e.g. renewable energy penetration targets).

GOVERNANCE

ERG carries out its activity in compliance with the highest Corporate Governance standards, constantly applying the principles of integrity, impartiality and transparency.
With the objective of assuring these principles at all times in company life, the Group implemented a Governance System and an Internal Audit and Risk Management System that not only complies with current legal and regulatory provisions, but is also aligned with domestic and international best practices and, in particular, with the recommendations of the Corporate Governance Code for Listed Companies promoted by Borsa Italiana S.p.A. (the "Code").
The elements that constitute Corporate Governance are the statutory bodies, the board committees and the corporate governance documents that regulate their operation[13].

The **Board of Directors**, appointed by the Shareholders' Meeting of 23 April 2024, comprises 12 members – 5 of whom are independent[14] (one elected by the non-controlling investors) – in compliance with the gender balance criterion[15]; the mandate of the Board of Directors will expire on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2026.

In compliance with the provisions of the Code, the Nominations and Remuneration Committee appointed by the Board of Directors on 23 April 2024 is composed of three independent directors, all belonging to the less represented gender on the Board of Directors, and has the task, among other things, of formulating proposals to the Board itself for the remuneration of Directors with delegated powers or serving in particular offices and formulating opinions to the Chief Executive Officer for the definition of remuneration policies and incentive plans for Key managers and the Top management of the Group.

ERG has adopted a **Remuneration Policy** for the members of the Board of Directors and key managers in line with the provisions of the Code, aimed at encouraging the pursuit of sustainable success through the creation of long-term value for the benefit of shareholders, taking into account the interests of other relevant stakeholders[16] .

The **Control, Risk and Sustainability Committee** appointed by the Board of Directors on 23 April 2024 comprises, in accordance with the Code, three independent directors, all of the less represented gender in the Board of Directors, and its task is to support the assessments and the decisions of the Board of Directors relating, inter alia, to the internal control and risk management system and to the approval of the periodic financial reports, of the Consolidated Sustainability Statement and of the ESG Plan.

ERG deems correct risk management and mitigation within the Group to have fundamental importance and therefore it has defined a policy directed at defining the rules and attributing the related responsibilities.
With particular reference to financial and market risks, the Group strengthened the Risk Committee some time ago; this is an internal committee comprising the Chief Executive Officer and Top Management, tasked with supporting the Chief Executive Officer in the definition of strategies and policies for the management of financial and market risks and in the process of (i) authorisation of said risks management operations, (ii) monitoring the implementation of major operations and (iii) checking their relative effects; for this purpose, the company has formalised a multi-year hedging policy, identifying minimum and maximum limits to the hedges that are periodically monitored in terms of execution and performance.

ERG has established a very rigid system for controlling and assessing investments (both in terms of M&A and of organic growth), in order to respect the set profitability parameters. In this context, the following perform a central role:

- the **Investment Committee**, an internal committee comprising the Chief Executive Officer and the Top Management, tasked with providing support in the assessment of investment proposals by the Group and expressing a technical and economic-financial opinion for the Strategic Committee on each investment proposal;
- the **Strategic Committee**, a committee within the board appointed by the Board of Directors on 23 April 2024, comprising the Executive Deputy Chairman – Chairman of the Committee – the Non-executive Deputy Chairman, the Chief Executive Officer, four Directors (one independent[17] and three non-executive) with the task, inter alia, of providing support to the Chief Executive Officer and the Executive Deputy Chairman for the definition of strategic business and portfolio guidelines, as well as the half-yearly review of threshold rates, and guidelines and policies on strategic finance and for individual extraordinary financial transactions. Moreover, pursuant to the provisions

13 For detailed information, please refer to the section "Report on corporate governance and ownership" and to the "Consolidated non-financial statement" relating to 2023 available on the company's website (www.erg.eu).
14 Both with reference to the provisions of Art. 148, third paragraph, of the TUF, and the provisions of Art. 2, recommendation 7, of the Code. In its meetings on 23 April 2024 and 15 May 2024, the Board of Directors confirmed its positive assessment of the independence of the aforementioned Directors, also taking into account, pursuant to the provisions of Article 2, Recommendation 7, second paragraph, of the Corporate Governance Code, the "quantitative" and "qualitative" criteria defined in the Regulations for the operations of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee.
15 Pursuant to Art. 147-ter, paragraph 1-ter, of the TUF, as amended by Italian Law no. 160 of 27 December 2019, at least two fifths of the Directors elected were reserved to the less represented gender.
16 For more detailed information, please refer to the Report on the remuneration policy and the fees paid.
17 Both with reference to the provisions of Art. 148, third paragraph, of the TUF, and the provisions of Art. 2, recommendation 7, of the Code.

of Art. 1, lett. a) of the Code, the Committee also examines the long-term strategic plans and capital expenditure budgets of the Group, and the strategic benefits of significant investments and transactions effected at Group level, as well as the consistency of economic and financial returns with respect to the threshold rates, and comments on the need to involve the Board of Directors, in accordance with the provisions of Group Investment Guidelines.

FINANCIAL STATEMENTS AND OTHER INFORMATION

INCOME STATEMENT

This section shows the reported operating results and adjusted operating results, shown with the exclusion of special items. It is specified that from 2024, the adjusted financial results include the accounting impacts of IFRS 16; therefore, the comparative results for 2023 are restated in accordance with the new approach defined by the Group.

It should also be noted that:

- the companies acquired in France, owners of wind farms and photovoltaic systems for a total of 73.2 MW, are consolidated on a line-by-line basis starting from 1 January 2024;
- the US companies, owners of wind farms and photovoltaic systems for a total of 317 MW, were consolidated on a line-by-line basis starting from 1 April 2024.

For the definition of indicators, the composition of the financial statements and the reconciliation of the amounts involved, reference is made to that indicated in the Alternative Performance Indicators section below.

		Reported Year			Adjusted Year		
(EUR million)		2024	2023	Δ	2024	2023	Δ
INCOME STATEMENT							
Revenue	1	738	741	*(3)*	738	741	*(3)*
Other income	2	55	26	*29*	51	26	*25*
Total revenue		**793**	**767**	***26***	**789**	**767**	***22***
Purchases and change in inventories	3	(10)	(14)	*4*	(10)	(14)	*4*
Services and other operating costs	4	(195)	(171)	*(24)*	(186)	(166)	*(21)*
Personnel expense		(58)	(53)	*(5)*	(58)	(53)	*(5)*
Gross operating profit (EBITDA)		**531**	**529**	***1***	**535**	**534**	***1***
Amortisation, depreciation and impairment of non-current assets	5	(278)	(225)	*(53)*	(263)	(223)	*(41)*
Operating profit (EBIT)		**253**	**304**	***(52)***	**271**	**312**	***(40)***
Net financial income (expense)	6	(27)	(19)	*(8)*	(27)	(14)	*(14)*
Net gains (losses) on equity investments		(2)	5	*(7)*	(0)	0	*(0)*
Profit before taxes		**223**	**290**	***(67)***	**244**	**298**	***(54)***
Income taxes	7	(34)	(74)	*40*	(66)	(71)	*4*
Profit (loss) from continuing operations		**190**	**216**	***(26)***	**178**	**227**	***(50)***
Non-controlling interests		(3)	(2)	*(1)*	(3)	(2)	*(1)*
Profit (loss) from continuing operations attributable to owners of the parent		**187**	**214**	***(27)***	**175**	**226**	***(50)***
Net profit (loss) from discontinued operations	8	0	(36)	*36*	0	(7)	*7*
Profit attributable to owners of the parent		**187**	**179**	***8***	**175**	**219**	***(44)***

1 - REVENUE

Revenue from sales consists mainly of:

- sales of electricity produced by wind farms, solar installations. The electricity is sold on wholesale channels, and to customers via bilateral agreements. Specifically, electricity sold wholesale includes sales on the IPEX electricity exchange, both on the "day-ahead market" (MGP) and on the "intraday market" (MI), in addition to sales to the main operators of the sector on the "over the counter" (OTC) platform and Power Purchase Agreements (PPAs), long-term energy sale contracts at pre-established prices, currently active in the wind sector in Italy, France, the United Kingdom, Spain and the United States;
- incentives related to the output of wind farms and solar installations in operation.

Reported revenue for 2024 amounted to EUR 738 million, a slight decrease compared to 2023 (EUR 741 million), primarily due to significantly lower wind conditions compared to 2023 and lower selling prices, partly offset by the contribution from new capacity in operation. The weaker market scenario only partially affected the results as the Group adopts a hedging policy that provides for sales through fixed tariffs, PPAs under pre-established price conditions and financial agreements.
It should be noted that revenue in 2023 included the effects related to the **regulatory interventions on the containment of energy price increases (clawback measure and windfall tax)**, which had led to refunds in 2023 amounting to EUR 12 million, while there is no significant impact in 2024 (EUR 2 million) in view of the market scenario.

2 - OTHER INCOME

This includes insurance reimbursements, indemnities, expense recoveries and the partial release of risk provisions. From the second quarter

of 2024 onwards, the item also includes income from PTC (Production Tax Credits), an incentive instrument typical of the US renewables market, under the Tax Equity Partnership agreements, amounting to EUR 18.5 million for the year.
The adjusted values do not include the capital gain realised from the sale of artworks to an affiliated party of ERG S.p.A. at market values, recorded as part of the fixed assets of the holding company ERG S.p.A., amounting to EUR 4 million..

3 - PURCHASES AND CHANGES IN INVENTORIES

The item includes costs for purchases of raw materials and spare parts net of changes in spare parts inventories.

4 - SERVICES AND OTHER OPERATING COSTS

Services include maintenance costs, costs for agreements with local authorities, for consulting services, insurance and for services rendered by third parties.
Other operating costs mainly relate to rent, lease payments, provisions for risks and charges and to taxes other than income taxes.

The adjusted values for 2024 do not include:
- the ancillary costs relating to non-recurring transactions equal to EUR 7.5 million;
- allocations to the Provision for disposed businesses of EUR 1 million.

5 - AMORTISATION, DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS

Adjusted amortisation and depreciation (EUR 263 million) refers to wind and solar plants, showing an increase compared to 2023 (EUR 223 million), reflecting the full contribution of newly acquired assets during the period (EUR 26 million, of which EUR 2 million comes from the application of IFRS 16 on new assets) and internally developed assets (EUR 14 million).
The item includes IFRS 16 amortisation and depreciation of EUR 10 million in 2024 (EUR 7.4 million in 2023).
It should be noted that the adjusted values do not include:
- the impairment related to the Revamping projects of the Italy Solar portfolio amounting to EUR 10 million;
- the impairment of the net residual value of the property, plant and equipment and intangible assets of a wind farm in the France portfolio, following the authorisation of a Repowering project obtained during the year, amounting to approximately EUR 2.5 million;
- the reduction in the value of the non-current asset (EUR 1 million) of the park in Sweden, considering the positive price adjustment defined with the counterparty in September.

6 - NET FINANCIAL INCOME (EXPENSE)

Reported net financial expense for 2024 amounted to EUR 27 million, an increase compared to EUR 19 million in 2023[18], primarily due to the effect of accounting for the Tax Equity Partnership in the USA portfolio (EUR 8 million), the scope effect arising from the application of IFRS 16 on acquisitions during the period and on new parks developed internally, as well as the progressive normalisation of interest rates compared to levels significantly below the historical average. The contribution of the latter effect was mitigated both by pre-hedge transactions concluded under very favourable conditions, and – particularly with regard to the bond issued in June in anticipation of the April 2025 maturity – by the temporary use of the related liquidity. .

Adjusted net financial expense in 2024 amounted to EUR 27 million, up compared to 2023 (EUR 14 million), for the same reasons commented on above.
The item includes financial expense related to the application of IFRS 16 (EUR 10.6 million in 2024 compared to EUR 7.2 million in 2023) and the effects of derivative instruments hedging interest rate fluctuation risk.
The average cost of non-current liabilities in 2024 stood at 1.6% compared to 1.3% in 2023.

7 - INCOME TAXES

Reported income taxes amounted to EUR 34 million, down significantly from EUR 74 million in 2023, mainly as a result of the benefit arising from the redemption of goodwill as part of merger transactions[19] (EUR 28 million), only partially offset as a result of the ACE[20] (Aid for Economic Growth) tax benefit ceasing to apply in Italy from 2024.
Adjusted income taxes totalled EUR 66 million, down compared to EUR 71 million in 2023, mainly due to the operating results commented on. It should be noted that the adjusted values do not include the benefit deriving from the redemption of goodwill as part of merger transactions (EUR 28 million). The adjusted tax rate, obtained from the ratio between income taxes and pre-tax profit, amounted to 27% (24% in 2023)..

8 - PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

Profit (loss) from discontinued operations for 2023 includes the result of ERG Power S.r.l., owner of the CCGT plant, which was sold on 17 October 2023.

18 It should be noted that in 2023 the reported net financial expense included the financial expense related to the early closure of two project financings.
19 Pursuant to Art. 15 of Italian Decree Law no. 185/2008
20 Aid to Economic Growth (ACE), repealed by Article 5 of Italian Legislative Decree no. 216 of 30 December 2023.

STATEMENT OF FINANCIAL POSITION

The reclassified statement of financial position contains the assets and liabilities of the mandatory financial statements, used in the preparation of the Annual Financial Report, highlighting the **uses** of resources in non-current assets and in working capital and the related funding **sources.**
For the definition of the indicators for the main items used in the Reclassified Statement of Financial Position, reference is made to that indicated in the "Alternative Performance Indicators" section below.

Reclassified Statement of Financial Position

(EUR million		31/12/2024	31/12/2023
Non-current assets	1	4,841	4,023
Net operating working capital	2	34	56
Employee benefits		(3)	(4)
Other assets	3	246	241
Other liabilities	4	(873)	(560)
Net invested capital		**4,246**	**3,757**
Equity attributable to owners of the parent		2,147	2,133
Non-controlling interests	5	76	7
Net financial indebtedness before IFRS 16	6	**1,793**	**1,445**
Lease liabilities	6	229	172
Net financial indebtedness after IFRS 16	6	**2,023**	**1,617**
Equity and financial indebtedness		**4,246**	**3,757**

1 - Non-current assets

(EUR million)	Intangible assets	Property, plant and equipment	*Financial assets*	Total
Non-current assets at 31/12/2023	**1,403**	**2,569**	**51**	**4,023**
Capital expenditure	6	228	0	**234**
Change in consolidation scope	250	545	0	**796**
Other changes and divestments	1	45	(1)	**44**
Amortisation and depreciation	(80)	(197)	0	**(277)**
Right-of-use assets	-	22	-	**22**
Non-current assets at 31/12/2024	**1,580**	**3,212**	**49**	**4,841**

The line **Capital Expenditure** refers to Repowering activities on Italian wind farms for approximately 177 MW of new wind power capacity that became operational during 2024, the construction of Greenfield wind farms in Italy (47 MW), France (59 MW) and the UK (47 MW), and the start of operations of the first Storage project (13 MW).

The line **Changes in consolidation scope** refers to the impact of the acquisitions that took place during the period in France (73.2 MW) and the United States (317 MW).

2 - Net operating working capital

This includes inventories of spare parts, receivables for the sale of electricity, and trade payables mainly related to the purchase of electricity, maintenance of wind power and photovoltaic systems, and other trade payables.

3 - Other assets

These mainly comprise deferred tax assets, the positive fair value of electricity hedging derivatives due to commodity price movements, receivables from Tax Authorities for tax advances and advance payments made against current provision of services.

4 - Other liabilities

These concern mainly the negative effect of the fair value of derivatives hedging electricity due to the trend in commodity prices, to the deferred tax liabilities calculated on the differences between carrying amounts and the related tax basis (mainly concessions and non-current assets), the estimate of income taxes due for the year, and the provisions for risks and charges.
The item also includes the liability recognised to the Tax Equity Partner corresponding to its right to receive tax benefits over time in the form, primarily, of Production Tax Credits (PTCs) and tax losses.

5 - Non-controlling interests

Non-controlling interests relate to the non-controlling equity investment (75%) in the US-based entity, into which the wind and solar portfolio acquired in 2024 was transferred, to the non-controlling equity investment (59%) in two solar companies in France[21] and to the non-controlling equity investment (78.5%) in Andromeda PV S.r.l.

21 companies acquired in January 2024.

6 - Net financial indebtedness

It should be noted that for greater clarity, the net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned liabilities.
Lease liabilities at 31 December 2024 amounted to EUR 229 million (EUR 172 million at 31 December 2023). The increase in the period is primarily due to the change in consolidation scope following the acquisitions completed in the United States and France during the first half of 2024 and the entry into operation of the new wind farms developed internally.

Summary of the Group's indebtedness

(EUR million)	31/12/2024	31/12/2023
Non-current financial indebtedness	2,129	1,999
Current financial indebtedness (cash and cash equivalents)	(335)	(554)
Net financial indebtedness before IFRS 16	**1,793**	**1,445**
Lease liabilities	229	172
Net financial indebtedness after IFRS 16	**2,023**	**1,617**

The following table illustrates the **non-current financial indebtedness** of the ERG Group:

Non-current financial indebtedness

(EUR million)	31/12/2024	31/12/2023
Non-current loans and borrowings	419	329
Non-current financial liabilities	1,597	1,606
Total	**2,016**	**1,935**
Total Project Financing	144	98
Current portion of Project Financing	(18)	(17)
Non-current Project Financing	**125**	**81**
Non-current financial assets	**(12)**	**(17)**
Total non-current financial indebtedness before IFRS 16	**2,129**	**1,999**
Lease liabilities	**223**	**166**
Total non-current financial indebtedness after IFRS 16	**2,351**	**2,165**

Non-current loans and borrowings at 31 December 2024 totalled EUR 419 million and refer to four Sustainable bilateral linked loans, of which one subscribed in the first quarter of 2024 for a nominal amount of EUR 90 million. The loans shown above are recognised net of medium/long-term ancillary charges recognised using the amortised cost method (EUR 1 million).

Medium/long-term financial payables of EUR 1,597 million mainly refer to the liability arising from the placement of three bonds issued as part of the Euro Medium Term Notes (EMTN) Programme, relating to:
- EUR 500 million nominal[22] (6-year fixed-rate term);
- EUR 600 million nominal (7-year fixed-rate term);
- EUR 500 million nominal (10-year fixed-rate term).

These liabilities are recognised net of medium/long-term ancillary charges recognised for accounting purposes using the amortised cost method (EUR 9 million).

The bond issued in 2019 (with a nominal value of EUR 500 million) has been reclassified as short-term debt as it is scheduled to be repaid in April 2025.

The item also includes liabilities relating to deferred components of considerations for the purchase of assets and authorisations (EUR 2 million).

The liabilities for **Project Financing totalling** EUR 144 million[23] at 31 December 2024 relate to:
- EUR 64 million in loans relating to the company Andromeda S.r.l., owner of two photovoltaic systems in Central Italy;
- EUR 17 million in loans issued for the construction of a wind farm in Germany;
- EUR 63 million in loans disbursed for the construction of wind farms and photovoltaic systems in France, as part of the acquisition in January 2024.

22 Issued in July 2024
23 These liabilities are recognised net of medium/long-term ancillary charges recognised for accounting purposes using the amortised cost method.

Non-current financial assets of EUR 12 million refer to the long-term portion of assets arising from the fair value measurement of interest rate hedging derivatives.

The breakdown of **current net financial indebtedness** is shown below:

Current financial indebtedness (cash and cash equivalents)

(EUR million)	31/12/2024	31/12/2023
Current bank loans and borrowings	179	132
Current portion of non-current financial liabilities	498	0
Other current financial liabilities	30	37
Current financial liabilities	**707**	**169**
Cash and cash equivalents	(591)	(459)
Securities and other current financial assets	(460)	(272)
Current financial assets	**(1,051)**	**(731)**
Current Project Financing	18	17
Cash and cash equivalents	(10)	(9)
Project Financing	**9**	**8**
Total current net financial indebtedness before IFRS 16	**(335)**	**(554)**
Lease liabilities	**7**	**6**
Total non-current financial indebtedness after IFRS 16	**(329)**	**(548)**

Current bank loans and borrowings include positions related to short-term credit lines. As noted above, the current portion of non-current financial liabilities includes a bond (equal to EUR 500 million) restated under current financial indebtedness as it is expected to be repaid within the next twelve months.

Other current financial liabilities mainly comprise accrued interest expenses on Bonds and Corporate Loans (EUR 26 million) and a liability related to deferred components of purchase consideration for assets and authorisations (EUR 2.6 million).

Securities and other current financial receivables primarily include short-term cash investments of EUR 435 million, accrued interest receivables of EUR 14 million, and the short-term portion of assets resulting from the fair value assessment of interest rate hedging derivatives amounting to EUR 7 million.

CASH FLOWS

The statement of cash flows is presented based on adjusted values before IFRS 16, in order to facilitate understanding of the cash flow dynamics of the period. The breakdown of changes in net financial indebtedness is as follows:

	Year	
(EUR million)	**2024**	**2023**
Adjusted gross operating profit (EBITDA)	535	534
Change in net working capital	(50)	(33)
Cash flows from operations	**485**	**501**
Capital expenditure in property, plant and equipment and intangible assets	(234)	(305)
Asset acquisitions and business combinations	(319)	(184)
Capital expenditure on non-current financial assets	1	6
Other changes and divestments	(11)	(1)
Cash flows from investments/divestments	**(563)**	**(478)**
Financial income (expense)	(19)	(6)
Financial expense for closing loans	-	(5)
Net gains (losses) on equity investments	(0)	0
Collection distribution reserves ERG Power [1]	-	88
Cash flows from financing activities	**(19)**	**77**
Cash flows from tax management	**(39)**	**(26)**
Distribution of dividends	(152)	(154)
Share buy-back programme	(47)	(61)
Other changes in equity	(13)	131
Cash flows from Equity	**(212)**	**(85)**
Change in the consolidation scope	**-**	**74**
Cash Flow Thermo	**-**	**24**
Opening net financial indebtedness of "Continuing operations"	**1,445**	**1,533**
Net change	*348*	*(87)*
Total net financial indebtedness before IFRS 16	**1,793**	**1,445**
Lease liabilities	*229*	*172*
Net financial indebtedness after IFRS16	**2,023**	**1.617**

(1)It is noted that on 17 October 2023, the closing was finalised for the sale of the entire share capital of ERG Power S.r.l.

Cash flows from operations for 2024 were positive at EUR 485 million, down from 2023 (EUR 501 million) mainly due to the changes in working capital.

Cash flows from investments for 2024 refers to the impacts related to the acquisition of a portfolio of wind and solar farms in the United States (317 MW)[24], the acquisition of wind and solar farms in France (73 MW), the repowering of Italian wind farms with approximately 177 MW of new installed capacity commissioned during 2024, the construction of greenfield farms in Italy (47 MW), France (59 MW) and the UK (47 MW), the repowering of a farm in Germany (6 MW), and the launch of activities for the first storage project (13 MW).

Cash flows from financing activities refer to the interest accrued during the period.

Cash flows from tax management refer to the payment of direct taxes.

Cash flows from Equity refer to dividends distributed to shareholders (EUR 152 million), the total impact of the two share buy-back programmes (EUR 47 million), changes in the cash flow hedge reserve related to derivative financial instruments, and the foreign exchange translation reserve.

The change in **Lease Liabilities** is mainly attributable to the change in the scope of consolidation for the acquisitions in the United States and France, which took place in 2024, and to the commissioning of the new wind farms developed internally.

24 The acquisition was finalised in April 2024.

ALTERNATIVE PERFORMANCE INDICATORS

DEFINITIONS

On 3 December 2015, CONSOB issued Communication no. 92543/15, which transposes the Guidelines regarding the use and presentation of Alternative Performance Indicators in the context of regulated financial information, issued on 5 October 2015 by the European Securities and Markets Authority (ESMA). The Guidelines, which updated the CESR Recommendation on Alternative Performance Indicators (CESR/05 – 178b), aim to promote the usefulness and transparency of alternative performance indicators so as to improve their comparability, reliability and comprehensibility.
Some of the Alternative Performance Indicators (APIs) used in this document are different from the financial indicators expressly provided for by the IAS/IFRS adopted by the Group.
These alternative indicators are used by the Group in order to facilitate the communication of information on its business performance as well as its net financial indebtedness.
Finally, in order to facilitate an understanding of the business segments' performance, the operating results are shown with the exclusion of significant special income components of an exceptional nature (special items): these results are indicated with the term "Adjusted results".
Since the composition of these indicators is not regulated by the applicable accounting standards, the method used by the Group to determine these indicators may not be consistent with the method used by other operators and so these might not be fully comparable.

Definitions of the APIs used by the Group and a reconciliation with the items of the Financial Statements templates adopted are as follows.

Adjusted revenue is revenue, as indicated in the Financial Statements, with the exclusion of significant special income components of an exceptional nature (special items).
EBITDA is an indicator of operating performance calculated by adding "Amortisation, depreciation and impairment of non-current assets" to the Operating profit (EBIT). EBITDA is explicitly indicated as a subtotal in the financial statements.
Adjusted EBITDA is the gross operating margin, as defined above, with the exclusion of significant special income components (special items).
Adjusted EBIT is the net operating profit, explicitly indicated as a subtotal in the Financial Statements, with the exclusion of significant special income statement components of an exceptional nature (special items).
EBITDA margin is an indicator of the operating performance calculated by comparing the adjusted EBITDA to the Revenue from sales and services of each individual business segment.
The **adjusted tax rate** is calculated by comparing the adjusted amounts of taxes and profit before taxes.
Profit (loss) from continuing operations does not include the result from discontinued operations relating to the thermoelectric business reclassified under the item "Profit (loss) from discontinued operations";
Adjusted Profit (loss) from continuing operations is the profit (loss) from continuing operations, with the exclusion of significant income statement components of an exceptional nature (special items), net of the related tax effects.
Adjusted profit (loss) attributable to owners of the parent is the adjusted profit (loss) from continuing operations with the exclusion of the profit attributable to non-controlling interests.
Capital expenditure is the sum of capital expenditure in property, plant and equipment and intangible assets, with the inclusion of Mergers & Acquisitions and not including Right of Use assets.
Net working capital is the sum of inventories, trade receivables and trade payables.
Net invested capital is the sum of Non-current assets (including Right of Use Assets), Net operating working capital, Liabilities related to Post-employment benefits, Other assets and Other liabilities.
Net financial indebtedness is an indicator of the financial structure and is determined in accordance with ESMA Guidelines 32-382-1138 (Guidelines on Prospectus disclosures) and CONSOB Warning Notice no. 5/2021, also including the portion of non-current assets relative to derivative financial instruments.
For greater clarity, net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned liabilities.
The comparative figures at 31 December 2023 refer to the scope of continuing operations, therefore excluding the indebtedness of the thermoelectric business, sold in October 2023.
Financial leverage before IFRS 16 is calculated by comparing the net financial indebtedness before IFRS 16 with the net invested capital, not including Right of Use assets.
Special items include significant special income components of an exceptional nature. These include:

- income and expense connected to events whose occurrence is non-recurring, i.e. those transactions or events that do not frequently re-occur over the normal course of business;
- income and expense related to events that are not typical of normal business activities, such as restructuring and environmental costs;
- capital gains and losses linked to the disposal of assets;
- significant impairment losses recognised on assets following impairment tests;
- income and the associated reversals recognised in application of IFRS 9, in relation to the restructuring of loans in place.

IFRS 16
Starting from 2024, the Group, in line with industry practice, also includes the effects of IFRS 16 on its adjusted operating results. The comparative data were restated in line with the new approach.
For greater clarity, net financial indebtedness is indicated in the dual measure "before IFRS 16", excluding the liabilities linked to the application of IFRS 16, and "after IFRS 16", including the aforementioned liabilities.

RECONCILIATION WITH ADJUSTED OPERATING RESULTS

EBITDA

(amounts in millions)	Notes	Year 2024	2023
Gross operating profit (EBITDA)		**531**	**529**
Special items exclusion:			
Ancillary charges on extraordinary operations	1	*8*	*4*
Capital gains on the sale of works of art	2	*(4)*	*-*
Allocation Provision Disposed Businesses	3	*1*	*1*
Adjusted gross operating profit		**535**	**534**

AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

(amounts in millions)	Notes	Year 2024	2023
Amortisation, depreciation and impairment losses		**(278)**	**(225)**
Special items exclusion:			
Impairment Repowering Wind Italy	4	*10*	*2*
Impairment Repowering Wind France	4	*3*	*-*
Impairment Repowering Wind Germany	4	*1*	*-*
Impairment Wind farm asset Sweden		*1*	*-*
Adjusted depreciation and amortisation		**(263)**	**(223)**

PROFIT (LOSS) ATTRIBUTABLE TO OWNERS OF THE PARENT

(amounts in millions)	Notes	Year 2024	2023
Profit (loss) from continuing operations attributable to owners of the parent		**187**	**214**
Special items exclusion:			
Exclusion of the sale of works of art	2	*(3)*	
Exclusion of ancillary charges on non-recurring transactions	1	*7*	*3*
Exclusion of expenses related to disposed Businesses	3	*3*	*(4)*
Exclusion of impairment losses recognised on Repowering	4	*10*	*2*
Exclusion of ancillary charges on loan prepayments	5	*-*	*4*
Exclusion of Tax Asset UK and substitute tax Wind & Solar Italy	6	*(28)*	*6*
Exclusion of impact of gains/losses (IFRS 9)	7	*-*	*1*
Adjusted profit (loss) from continuing operations attributable to owners of the parent		**175**	**226**

1. Ancillary charges relating to other non-recurring transactions, as well as unsuccessful acquisitions
2. Capital gain realised from the sale of artworks to an ERG S.p.A. related party at market values, recorded under the non-current assets of the ERG S.p.A. holding company.
3. Provisions relating to exceptional items on businesses disposed of by the Group.
4. Impairments related to investments and Revamping and Repowering projects aimed at certain parks in the Solar Italy and Wind France portfolio.
5. Financial expense related to the early closure of project financing and Corporate loans as part of Liability Management transactions.
6. Reversal of the benefit of the substitute tax deriving from the exemption of the goodwill due to the merger in the Siena and Donatello Business combinations acquired in 2022.
7. IFRS 9 does not allow for the deferment of the positive economic effects of the renegotiation of loans on the residual life of the liability: this resulted in net financial expense of approximately EUR 1 million being accounted for in the first half of 2023. For the purposes of clearer disclosure of the cost of net financial indebtedness, it was considered appropriate to show in the adjusted Income Statement financial expense related to the debt service payment, deferring the recognition of benefits of the renegotiation over the remaining term of the liability and not recognising them all in one immediate entry at the time of the amendment. The adjustment commented herein relates primarily to the reversal of the aforementioned benefit net of the effects linked to the reversal of similar income relating to re-financing operations of previous years.

Regulatory measures to curb energy price rises (clawback measures and windfall tax)

In the course of 2022, measures were introduced in Italy and abroad to contain the effects of price increases in the electricity sector, which have already been described in the Group Financial Statements at 31 December 2022 and 2023 and whose effects also impacted, albeit not significantly, the Group Financial Statements at 31 December 2024.

As a result of the price scenario trend during the reference period, no significant refunds (EUR 2 million) were recorded in the 2024 financial year from the application of these measures.

In 2023, this negative impact amounted to EUR 12 million on the EBITDA (EUR 9 million on the profit from continuing operations attributable to owners of the parent).
Below is the reconciliation between the Financial Statements and the Adjusted Financial Statements shown and commented upon in this document:

Income Statement 2024

(EUR million)	Financial Statements	Reversal of special items	Adjusted Income Statement
Revenue	738	-	738
Other income	55	(4)	51
Total revenue	**793**	**(4)**	**789**
Purchases and change in inventories	(10)	-	(10)
Services and other operating costs	(195)	8	(187)
Personnel expense	(58)	-	(58)
Gross operating profit (EBITDA)	**531**	**4**	**535**
Amortisation, depreciation and impairment of non-current assets	(278)	14	(263)
Operating profit (EBIT)	**253**	**19**	**271**
Net financial income (expense)	(27)	-	(27)
Net gains (losses) on equity investments	(2)	2	(0)
Profit before taxes	**223**	**21**	**244**
Income taxes	(34)	(33)	(66)
Profit (loss) from continuing operations	**190**	**(12)**	**178**
Non-controlling interests	(3)	-	(3)
Profit (loss) from continuing operations attributable to owners of the parent	**187**	**(12)**	**175**
Net profit (loss) from discontinued operations	-	-	-
Profit attributable to owners of the parent	**187**	**(12)**	**175**

Starting from this year, the adjusted operating results include the accounting impacts of IFRS 16. The comparative results for 2023 are therefore restated in line with the new approach defined by the Group.

The reconciliation of the effects described above is provided below:

Income Statement 2023

(EUR million)	Adjusted income statement (not including IFRS 16)	IFRS 16	Adjusted income statement (including IFRS 16)
Revenue	741		741
Other income	26		26
Total revenue	**767**		**767**
Purchases and change in inventories	(14)		(14)
Services and other operating costs	(180)	14	(166)
Personnel expense	(53)		(53)
Gross operating profit (EBITDA)	**520**	**14**	**534**
Amortisation, depreciation and impairment of non-current assets	(215)	(7)	(223)
Operating profit (EBIT)	**305**	**6**	**312**
Net financial income (expense)	(6)	(7)	(14)
Net gains (losses) on equity investments	(0)		(0)
Profit before taxes	**299**	**(1)**	**298**
Income taxes	(71)		(71)
Profit (loss) from continuing operations	**228**	**(1)**	**227**
Non-controlling interests	(2)		(2)
Profit (loss) from continuing operations attributable to owners of the parent	**226**	**(1)**	**226**
Profit (loss) from discontinued operations	(7)		(7)
Profit attributable to owners of the parent	**219**	**(1)**	**219**

							Continued operations	
(EUR million)	Consolidated Financial Statements	Non current assets	Net operating working capital	Employee Benefits	Other Assets	Other Liabilities	NET INVESTED CAPITAL	Net financial indebtedness
Authorisations and Concessions	1,108	1,108					1,108	
Other intangible assets	18	18					18	
Goodwill	454	454					454	
Property, plant and equipment	2,994	2,994					2,994	
Right-of-use assets	218	218					218	
Equity investments:	1	1					1	
Financial assets measured at fair value	36				24		24	12
Other non-current financial assets	48	48					48	
Deferred tax assets	54				54		54	
Other non-current assets	54				54		54	
Non-current assets	**4,986**							
Inventories	23		23				23	
Trade receivables	134		134				134	
Other receivables and current assets	81				81		81	
Current tax assets	25				25		25	
Attività finanziarie valutate al Fair Value	15				8		8	7
Other current financial assets	452						-	452
Cash and cash equivalents	601							601
Current assets	**1,332**							
TOTAL ASSETS	**6,318**							
Equity attributable to the owners of the parent	2.147							
Non-controlling interests	76							
TOTAL EQUITY	**2,223**							
Employee benefits	3			(3)			(3)	
Deferred tax liabilities	219					(219)	(219)	
Provision for disposed businesses	82					(82)	(82)	
Provisions for dismantling expenses	91					(91)	(91)	
Other non-current provisions	36					(36)	(36)	
Financial liabilities measured at fair value	99					(97)	(97)	2
Non-current financial liabilities	2,139							2,139
Non-current lease liabilities	223							223
Tax Partner USA liability	163					(163)	(163)	
Other non-current liabilities	57					(57)	(57)	
Non-current liabilities	**3,111**							
Other current provisions	29					(29)	(29)	
Trade payables	124		(124)				(124)	
Passività finanziarie valutate al Fair Value	10					(10)	(10)	
Current financial liabilities	725							725
Current lease liabilities	7							7
Other current liabilities	54		-			(54)	(54)	
Current tax liabilities	35					(35)	(35)	
Current liabilities	**983**							
TOTAL EQUITY AND LIABILITIES	**6,318**							
Reclassified Balance Sheet		**4,841**	**34**	**(3)**	**246**	**(873)**	**4,246**	**2,023**

ERG S.P.A. OPERATING RESULTS, FINANCIAL POSITION AND CASH FLOWS

The separate financial statements of ERG S.p.A. at and for the year ended 31 December 2024 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, inclusive of all standards that have undergone interpretation (International Financial Reporting Standards – IFRS) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and by the previous Standing Interpretations Committee (SIC).

INCOME STATEMENT

Reclassified Income Statement

(EUR million)	2024	2023
Revenue	38.7	35.4
Other income	6.2	2.1
Total revenue	**44.9**	**37.5**
Purchases and change in inventories	(0.2)	(0.2)
Services and other operating costs	(62.1)	(52.3)
EBITDA	**(17.4)**	**(15.0)**
Amortisation, depreciation and impairment of non-current assets	(3.3)	(3.3)
Net financial income (expense)	(16.3)	(12.5)
Net gains (losses) on equity investments	59.4	53.0
Profit before taxes	**22.3**	**22.3**
Income taxes	5.1	5.6
Profit for the year	**27.5**	**27.8**

Other income

The increase in the "Other revenue" item refers to the capital gain from the sale of artworks to a related party, carried out at market prices, completed during 2024;

Net financial income (expense)

The item mainly includes interest income from cash management (EUR +24.8 million) and financial charges on loans and issued bonds (excluding the effect of interest rate hedging (EUR -46.2 million)).

Net gains (losses) on equity investments

This item mainly includes the dividends paid by the subsidiary ERG Power Generation S.p.A. (EUR 60 million).

STATEMENT OF FINANCIAL POSITION

Reclassified Statement of Financial Position

(EUR million)	31/12/2024	31/12/2023
Non-current assets	2,647	2,648
Net operating working capital	(3)	(9)
Employee benefits	(1)	(2)
Other assets	52	52
Other liabilities	(104)	(99)
Net invested capital	**2,590**	**2,591**
Equity	761	927
Net financial indebtedness	1,829	1,664
Equity and financial indebtedness	**2,590**	**2,591**

Non-current assets

Non-current assets consist mainly of non-current financial assets.

Summary of net indebtedness (cash)

(EUR million)	31/12/2024	31/12/2023
Non-current financial indebtedness	2,013	1,925
Current financial indebtedness (cash)	(184)	(261)
Total	**1,829**	**1,664**

The increase of EUR 165 million compared to 31 December 2023 is primarily due to higher debt from corporate loans amounting to EUR 90 million for subsidiaries and a greater utilisation of short-term credit lines.
The following graph illustrates the non-current financial indebtedness:

Non-current financial indebtedness

(EUR million)	31/12/2024	31/12/2023
Non-current bank loans and borrowings	419	329
Bonds	1,600	1,600
Other non-current loans and borrowings	(7)	(5)
IFRS 16 financial liabilities (non-current)	1	1
Total	**2,013**	**1,925**

Non-current bank borrowings at 31 December 2024 totalled EUR 419 million and refer to four Sustainable bilateral linked loans, of which one subscribed in the first quarter of 2024 for a nominal amount of EUR 90 million. The loans shown above are recognised net of medium/long-term ancillary charges recognised using the amortised cost method (EUR 1 million).

The breakdown of current financial indebtedness is shown below:

Current financial indebtedness (cash)

(EUR million)	31/12/2024	31/12/2023
Current bank loans and borrowings	204	148
Other current financial liabilities	498	0
IFRS 16 Current financial liabilities	1	1
Current financial liabilities	**703**	**148**
Cash and cash equivalents	(515)	(416)
Securities and other financial assets	(468)	(287)
Loan assets with subsidiaries	97	293
Current financial assets	**(886)**	**(410)**
Total	**(184)**	**(261)**

Current bank loans and borrowings increased due to a higher utilisation of short-term lines compared to 31 December 2023. Current bond liabilities amounted to EUR 498 million and include the bond maturing in April 2025 (EUR 500 million), which was reclassified as current during 2024.
Securities and financial assets increased by EUR 181 million. This increase is mainly due to higher investments in liquidity and accrued income for an amount of EUR 209 million, partially offset by lower loans for IRS (EUR -28 million).
Loan assets with subsidiaries decreased by EUR 196 million, mainly due to a reduction in the amount of the cash pooling payable to subsidiaries.

The breakdown of changes in net financial indebtedness is as follows:

(EUR million)	31/12/2024	31/12/2023
Cash flows from operating activities:		
Profit for the year	27.5	27.8
Amortisation and depreciation	3.3	3.3
Change in working capital and other assets and liabilities [1]	(0.7)	(1.2)
Total	**30.1**	**29.8**
Cash flow from investing activities		
Net capital expenditure in property, plant and equipment and intangible assets	(1.6)	(3.1)
Change in non-current financial assets	(0.4)	(29.9)
Total	**(2.0)**	**(33.0)**
Cash flows from Equity		
Distributed dividends	(146.5)	(149.5)
Share buy-back programme	(47.3)	(61.4)
Other changes in equity	0.4	(16.0)
Total	**(193.4)**	**(226.9)**
Change in net financial indebtedness	**(165.3)**	**(230.1)**
Opening net financial indebtedness	**1,663.9**	**1,433.8**
Change in the year	**165.3**	**230.1**
Closing net financial indebtedness	**1,829.2**	**1,663.9**

Cash flows from Equity mainly refer to dividends distributed to shareholders (EUR -146 million), the impact of the share buy-back programme initiated in 2024 (EUR -47 million), changes in the cash flow hedge reserve tied to derivative financial instruments (EUR -4 million) and LTI (EUR 4 million).

RECONCILIATIONS IN ACCORDANCE WITH CONSOB COMMUNICATION NO. DEM/6064293 OF 28 JULY 2006

	Equity		Profit for the year	
(EUR million)	31/12/2024	31/12/2023	2024	2023
Equity and profit for the year of ERG S.p.A.	**760,905**	**1,126,023**	**27,469**	**27,765**
Derecognition of the effects of transactions carried out between consolidated companies:				
- Derecognition of intragroup profits on inventories and non-current assets	5,882	(3,154)	-	-
- Derecognition of intragroup dividends	-	-	(60,000)	(50,000)
	5,882	**(3,154)**	**(60,000)**	**(50,000)**
Deferred taxes:				
- Deferred tax liabilities on the consolidation adjustments	-	-	-	600
Derecognition of the carrying amount of the equity investments:				
- Difference between carrying amount and the Group's share of Equity	1,456,312	922,839	-	-
- Adjusted pro rata results achieved by the investees			222,246	202,132
- Recognition of Assets and Liabilities from business combinations		(358)	-	-
	1,456,312	**922,481**	**222,246**	**202,132**
Equity and profit for the year	**2,223,.098**	**2,045,350**	**189,715**	**180,497**
Equity and profit (loss) for the year – non-controlling interests	(76,481)	-	(2,629)	(1,829)
Consolidated equity and profit for the year ERG Group	**2,146,618**	**2,045,350**	**187,086**	**178,668**

MANAGEMENT NOTES ON THE MAIN NON-CONSOLIDATED SUBSIDIARIES, ASSOCIATES

In addition, it is pointed out that the Group holds equity investments in non-operating subsidiaries, listed below:

- Parc Eolien de Saint-Loup sur Cher SARL
- Parc Eolien du Puits Gergil SARL
- Parc Eolien du Plateau de la Perche SARL
- Parc Eolien des Boules SARL
- Parc Eolien de la Foye Sas
- Ferme Eolienne de la voie Sacree sud SAS
- Parc Eolien Des Grandes Bornes Sas
- Parc Eolien Des Jonquilles Sas
- Parc Eolien De La Plaine De Burel
- Parc Eolien De Saint Priest En Murat
- Parc Eolien Des Vents Communaux
- Parc Photovoltaique de la Vallée Brousse
- Parc Eolien de Six Chemins
- Parc Photovoltaique de la Vallée de la Doulaye
- Solaires ERG 1 S.a.s.
- Fattoria Solare Futurasun S.r.l.
- REN BETA I, S.L.U.
- ERG Germany Verwaltungs GmbH
- ERG Windpark Bischhausen & Co. KG
- ERG Wind Beckedorf GmbH & Co. KG

The scope of consolidation also includes the following subsidiaries in liquidation:

- ERG Petroleos S.A. in liquidation
- Eolico Troina S.r.l. in liquidation

DISCLOSURE IN ACCORDANCE WITH ARTICLE 2.6.2, PARAGRAPH 7, OF THE REGULATION OF BORSA ITALIANA S.P.A.

In relation to the obligation under Article 2.6.2, paragraph 7, of the Regulations of the Markets organised and managed by Borsa Italiana S.p.A. and taking into account the provisions of Article 15 of the Market Regulations adopted by CONSOB with its resolution no. 16191 of 29 October 2007 as amended, it is certified that (i) ERG S.p.A. acquired from *ERG UK Holding Limited, Creag Riabhach Wind Farm Ltd, Sandy Knowe Wind Farm Limited, Great Pathfinder Wind LLC and Mulligan Solar LLC* (the companies), the articles of association, the composition and the powers of the related corporate bodies; (ii) the companies provide the Group's auditors with the necessary information to carry out the audit of the annual and interim financial reports of ERG S.p.A. and have an administrative and accounting system capable of duly providing to the Management and to the auditors of the Group the income statement, statement of financial position and financial data necessary for the preparation of the consolidated financial statements.
It is hereby certified that ERG S.p.A. has made the financial statements of the companies available to the public at the registered office.

LIMITED MANAGEMENT AND COORDINATION BY SQ RENEWABLES S.P.A.

Following the closing of the transaction aimed at the creation of a long-term partnership between San Quirico S.p.A. and the IFM Net Zero Infrastructure Fund SCSP investment fund, which occurred on 15 September 2022, ERG S.p.A. is a subsidiary of SQ Renewables S.p.A. (a full subsidiary of San Quirico S.p.A. and NZF Bidco Luxembourg 2 S.à r.l., with holdings of 65% and 35%, respectively).
Following the exercise of the put option on shares in SQ Renewables S.p.A. by San Quirico S.p.A., from 9 April 2024, San Quirico S.p.A. and NZF Bidco Luxembourg 2 S.à r.l. each hold in SQ Renewables S.p.A. a number of shares corresponding to 51% and 49%, respectively, of the company's share capital.
SQ Renewables S.p.A. exercises limited management and coordination in respect of ERG S.p.A., in accordance with the provisions of the relative Regulation approved on 15 September 2022 by the Board of Directors, with the prior opinion of the Control, Risk and Sustainability Committee (hereinafter also the "Limited Management and Coordination Regulation").
The resolution approving the Regulations for Limited Management and Coordination by the Board of Directors of ERG S.p.A. was made within the scope of the aforementioned management and coordination activities carried out by SQ Renewables S.p.A.
Pursuant to the provisions of **Article 16 of the Market Regulation adopted by CONSOB with resolution no. 20249 of 28 December 2017 as amended and supplemented**, the following is specified:

- ERG S.p.A. has fulfilled the disclosure obligations set forth in Article 2497-bis of the Italian Civil Code
- ERG S.p.A. has autonomous negotiating ability in relations with customers and suppliers
- ERG S.p.A. has no centralised treasury relationship with SQ Renewables S.p.A.

The committees recommended by the Corporate Governance Code (i.e. the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee) are entirely composed of independent directors both with reference to the provisions of Article 148, third paragraph, of the TUF and with reference to the contents of the Corporate Governance Code.

MANAGEMENT AND COORDINATION ACTIVITIES BY ERG S.P.A.

ERG S.p.A. carries out management and coordination activities in respect of Italian and foreign direct and indirect subsidiaries, which benefit from the advantages, the synergies and the economies of scale deriving from their inclusion in the Group; these activities are carried out in compliance with the management and operational autonomy of the aforementioned subsidiaries and involve (i) the definition of business strategies, the corporate governance system and the corporate structures, as well as (ii) the determination of shared general policies pertaining to human resources, information & communication technology, accounting, financial statements, taxation, procurement, finance, investments, risk management, legal and corporate affairs, communication, institutional relations, corporate social responsibility, M&A, business development and engineering & construction.
Taking into account the corporate organisational model adopted by the Group as from 1 January 2017, the directly and indirectly controlled Italian companies with respect to which, in 2024, in accordance with Articles 2497 et seq. of the Italian Civil Code, the management and coordination activities were carried out within the scope outlined above are:
ERG Power Generation S.p.A and the following Italian companies controlled by it directly or indirectly:

- Breva Wind S.r.l.
- ERG Eolica Adriatica S.r.l.
- ERG Eolica Campania S.r.l.
- ERG Eolica Faeto S.r.l.
- ERG Eolica Fossa del Lupo S.r.l.
- ERG Eolica Ginestra S.r.l.
- ERG Eolica San Vincenzo S.r.l.
- ERG Eolica Tirreno S.r.l.
- ERG Solar Holding S.r.l.
- ERG Sviluppo Italia S.r.l.
- ERG Wind Bulgaria S.p.A.
- ERG Wind Investments S.r.l.
- Ginestra S.r.l.

- Green Vicari S.r.l.
- ISAB Energy Solare S.r.l.
- Eolico Troina S.r.l. in liquidation
- Andromeda PV S.r.l.
- Calabria Solar S.r.l.
- ERG Solar Piemonte 3 S.r.l.
- Fattoria Solare Futurasun S.r.l.
- ERG Wind Holdings (Italy) S.r.l.
- ERG Wind Sardegna S.r.l.
- ERG Wind Sicilia 6 S.r.l.
- ERG Wind Sicilia 3 S.r.l.
- ERG Wind 6 S.r.l.
- ERG Wind Energy S.r.l.

In 2024, ERG S.p.A. managed its various equity investments, held directly and indirectly, including through service contracts for staff activities, for a total price of EUR 36 million. As the consolidator, ERG S.p.A. also manages the national tax consolidation scheme with the main subsidiaries of the Group. All transactions are related to ordinary operations and they are settled at market conditions.

BRANCHES

ERG S.p.A. has its legal and operational headquarters in Genoa. The parent has no branches.

RELATED PARTY TRANSACTIONS

Information about related party transactions, including transactions with non-consolidated investees, is provided in the Notes to the Consolidated Financial Statements. The Procedure for Related Party transactions, adopted by the company, is available to the public at www.erg.eu. (This information is provided in the Report on corporate governance and the shareholding structure, an integral part of the consolidated Financial Statements).

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Date	Geographical segment	Sector	Significant event
13 January 2025	**Italy**	**Wind**	ERG and Engie signed a 5-year Power Purchase Agreement (PPA) for the supply of 44 GWh/year of energy produced by ERG wind farms located in Italy and not subject to tariff incentive schemes.
16 January 2025	**UK & Nordics**	**Wind**	ERG, through its subsidiary ERG UK Holding Ltd, has today acquired the entire share capital of BayWa r.e AG from BayWa r.e. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in South Lanarkshire, Scotland.
20 January 2025	**Italy**	**Wind**	ERG and Plenitude, a subsidiary of ENI, have signed a 5-year "pay as produced" Power Purchase Agreement (PPA) for the supply of approximately 64 GWh/year of energy produced by ERG wind farms in Italy and no longer subject to tariff incentive schemes.
28 January 2025	**Italy**	**Corporate**	ERG is once again at the top of the "Global 100 most sustainable corporations in the world" ranking, created by Corporate Knights. ERG is positioned in 18th place overall, with a significant improvement in the ranking compared to 28th in 2024 and is confirmed as first among Italian companies in the "Global 100" ranking.
4 February 2025	**UK & Nordics**	**Wind**	ERG and Amazon have signed a long-term Power Purchase Agreement (PPA). The "pay-as-produced" agreement concerns the supply of energy and REGOs (Renewable Energy Guarantees of Origin) produced by the Corlacky wind farm in Northern Ireland, whose construction will be completed by the end of the fourth quarter of 2025, with subsequent commissioning.
12 February 2025	**Italy**	**Corporate**	ERG has been listed as a Top Performer in the prestigious S&P Global Sustainability Yearbook 2025, the annual benchmark ranking recognising leading companies in corporate sustainability.

BUSINESS OUTLOOK 2025

The environment in which the Group operates is marked by volatility in both market prices and volumes, with the latter being dependent on the availability of natural resources, wind and sunlight. Commodity and electricity prices have increased in the first months of 2025 compared to those recorded in 2024. In terms of natural resources, the first months of 2025 in Europe have been marked by low wind levels, significantly lower than both the same period in 2024 and the historical averages. Better conditions, both in terms of wind and solar radiation, were instead recorded in our US farms.

It should be noted that ERG, in line with the best practices in the sector and its consolidated risk policy, has in recent years made forward sales, mainly through long-term supply contracts at fixed prices (so-called PPAs) and forward contracts also through derivative financial instruments. These hedges, when carried out with a portfolio approach by the Group's Energy Management through ERG Power Generation S.p.A., are allocated from a management standpoint to the various project companies, which own the Production Units (PUs). The hedge allocation criterion follows a cascade mechanism which, with the idea of mitigating the associated risks, has the following order of priority:

1. electricity produced by PUs that do not have an incentive mechanism and are therefore fully exposed to the risk of market price volatility;;
2. electricity produced by PUs that are subject to "Feed in Premium" tariffs, or mechanisms that provide for an incentive that is added to the market price; ;
3. any residual hedges are finally attributed to the quantities of electricity subject to for-difference incentive mechanisms, such as the former "green certificate" incentive tariffs (GRIN). However, no hedges are envisaged for generation subject to two-way for-difference incentive mechanisms.

The expected outlook for the main operating and performance indicators in 2025 compared to 2024 is as follows.

ITALY

EBITDA for Wind is expected to increase slightly, thanks to the full contribution from the Repowering farms that came into operation in 2024, totalling 101 MW (177 MW gross of the decommissioning of old plants), the higher value of the GRIN incentive, which in 2025 stands at 55 EUR/MWh compared to 42 EUR/MWh in 2024, and the higher volumes expected for the year, despite the low wind levels recorded in the first months of 2025. These results are partly offset by the lower prices achieved from the forward hedges carried out in 2024, in line with the Group's policies.

EBITDA for Solar is expected to see a slight increase compared to 2024, mainly due to higher volumes from the revamping and repowering activities carried out in 2024, partly offset by lower prices captured from forward hedges made during 2024.

EBITDA for Wind & Solar in Italy is expected to increase slightly in 2025 compared to 2024.

ABROAD

EBITDA for Wind is expected to increase significantly compared to 2024, mainly due to the scope effect from the full contribution of the acquisition in the USA (224 MW) and two greenfield farms in France (41 MW) that came online in 2024, along with the acquisition made in January 2025 in the UK (43 MW) and the anticipated commissioning in the first half of a greenfield farm in France (18 MW) and a repowering farm in Germany (6 MW). The estimated wind levels take into account the production recorded in the first months of the year, which was characterised by low wind conditions, while for the remainder of the year, they align with historical/statistical averages. Overall, volumes are estimated to be higher than the data recorded in 2024.

EBITDA for Solar is expected to be largely in line with 2024, mainly due to the full contribution from the US acquisition (92 MW), which is largely offset by lower prices captured in Spain due to the lower prices of forward hedges.

EBITDA for Wind & Solar abroad is expected to see a significant increase compared to 2024.

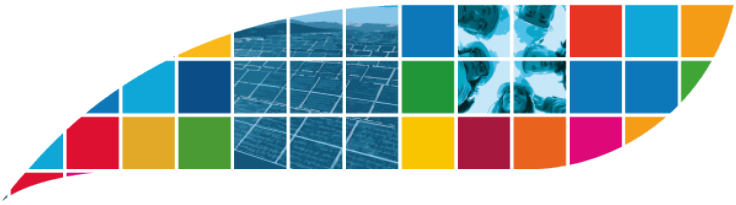
2025 GUIDANCE

For the year 2025, at Group level, EBITDA is estimated in the range between EUR 540 million and EUR 600 million, up from the 2024 result (EUR 535 million).
Capital expenditure is in a range of between EUR 190 and EUR 240 million (EUR 553 million in 2024) and mainly includes the recent acquisition in the UK, the construction of the wind farms expected to be operational between 2025 and 2026.
Adjusted net financial indebtedness at the end of 2025 is expected to be in the range between EUR 1,850 million and EUR 1,950 million (EUR 1,793 million at the end of 2024), including the distribution of the ordinary dividend of EUR 1 per share.

Genoa, 11 March 2025

On behalf of the Board of Directors
The Chairman

Edoardo Garrone



Consolidated Sustainability Statement

CONSOLIDATED SUSTAINABILITY STATEMENT

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ESRS 2 GENERAL DISCLOSURES

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Methodological note

This 2024 edition is the ERG Group's 18th Sustainability Statement, as well as the first drawn up in compliance with the requirements of the new CSRD (Corporate sustainability statementing Directive) and the related ESRS (European Sustainability Reporting Standards), the final version of which was approved by the European Commission on 31 July 2023 and introduced into Italian law on 10 September, with the publication in the Official Gazette of Italian Legislative Decree no. 125/2024 (hereinafter, "Decree").

The CSRD wich replaced the previous Directive no. 2014/95/EU (Non-Financial Reporting Directive – NFRD) implemented in Italy through Italian Legislative Decree no. 254/2016, significantly extends the scope of application and the transparency requirements for companies in terms of Environmental, Social and Governance topics (hereinafter, "ESG").
In fact, pursuant to Article 4 of the Decree, parents of large groups companies must provide a Consolidated Sustainability Statement which includes complete information on the impact of the group's activities as a whole relating to ESG topics, as well as on the effects that these topics may have on group performance.

This Sustainability Statement has been prepared in compliance with the ESMA (European Securities and Markets Authority) requirements on ESG reporting in order to ensure the transparency, comparability and quality of the non-financial data. Moreover, reference is also made to the European Commission's guidelines ("Guidelines on non-financial reporting" and "Supplement on reporting climate-related information"), which recalls the principles of the TCFD (Task Force on Climate-related Financial Disclosure) focused on topics related to climate change.

In order to facilitate readers in locating information and for complete ESRS standard reporting, please refer to the "ESRS Content Index" at the end of this document, which contains a brief response to the various report requirements and/or an indication of the page of the Report containing the relative information.

The Sustainability Statement addresses the topics most closely linked to the Group's ESG approach; namely, it reports:
- the Group's ESG model and strategy;
- the role of administrative bodies;
- the Impacts, Risks and Opportunities (known as IROs) linked to sustainability, along the entire value chain (including the policies and actions adopted for their management).

The data and information has been gathered under the supervision of the ESG Committee through the ESG department, involving all the Group's companies and departments within the scope of consolidation. The process also makes use of software and control systems that guarantee the correctness of the data.

The Consolidated Sustainability Statement was submitted for examination and assessment by the ESG Committee on 24/02/2025, the Control, Risk and Sustainability Committee on 05/03/2025 and subsequently approved by the Board of Directors of ERG S.p.A. on 11/03/2025.

This document has been subjected to a limited assurance engagement in accordance with the criteria set out in the Sustainability Reporting Attestation Standard (SSAE) (Italy) by KPMG S.p.A. the engagement was carried out in accordance with the procedure outlined in the 'Independent Auditor's Report,' wich also makes reference to the applicable legislation to the ESRS.

As required by the ESRS, the ERG Group has identified the sustainability topics deemed material through the materiality analysis, according to the "**Double Materiality**" principle introduced by the standard ESRS 1 - General Requirements, as described in the section "Materiality Analysis" of this document, to which reference should be made for further details. For the materiality analysis, all standard topics and ESRS topics were considered, in compliance with the provisions of ESRS 1.

The 'Entity-specific disclosures' section also includes the Sustainable Finance, ICT and Tax topics that ERG deems important from the point of view of sustainability.
The information reported in this Consolidated Sustainability Statement has the same scope of consolidation as the ERG Group's Consolidated Financial Statements and consists of ERG S.p.A. and its subsidiaries consolidated on a line-by-line basis, with reference to the year ended 31 December 2024 (reporting period from 1 January to 31 December).

The possible further scope of consolidation limitations are expressly indicated in the text and do not compromise the full comprehension of the business activity. Compared to the 2023 reporting, there are no significant changes in the ownership structure, except for the consolidation of new wind farms and photovoltaic plants, commissioned or acquired during the year.
With regard to time horizons, these are defined as: "short term" within 12 months; "medium term" between 12 months and five years; "long term" beyond five years.

The data reported refer to the upstream and downstream value chain, as represented below. Furthermore, there are no omissions in the data represented (e.g., related to intellectual property, know-how).
With reference to the estimates and forecasts contained, it should be noted that the actual results could differ from those announced in relation to a multiplicity of factors, including:
- future price trends
- plant operating performance
- wind conditions and irradiation conditions
- the impact of energy and environmental regulations
- other changes in the business conditions and in the steps taken by the competition.

With regard to the quantitative information illustrated in the following sustainability section, the following should be noted:

- Scope 1 emissions derive mainly from sources owned or under the control of the Organisation, such as the consumption of natural gas, the fuels used by the company fleet and refrigerant gas leaks;
- Scope 2 emissions are mainly related to electricity purchases necessary to operate the plants (when not in production) and offices;
- the indirect emissions of the value chain (known as Scope 3 emissions) are generated by sources not owned or directly controlled by the Organisation. In particular, they were quantified considering all the categories applicable to the ERG Group, in accordance with the methods envisaged by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Specifically, **category 1 - Purchased Goods & Services** includes all upstream emissions deriving from the purchase of goods or services for the reporting year. The quantification of this category required the application of the Spend-based method, using the economic value of the expenses incurred during 2024 as input. These amounts were multiplied by specific emission factors. In addition, where available, primary data and emission factors deduced from LCA and EPD were used.
The same methodology was applied for **category 2 - Capital Goods**[1], which includes emissions deriving from capital goods acquired during the reporting year. It should be noted that for the purposes of accounting this category, where a precise methodology was used, the entire useful life[2] of the acquired asset was considered.
Category 3 - Fuel and Energy-Related Activities was quantified through the application of the Average-Data Method, using fuel and electricity consumption data from Scope 1 and Scope 2. These quantitative inputs were multiplied by emission factors[3] that take into account the extraction, transport, distribution and any network losses of the energy carrier considered.
For the purpose of calculating emissions for **category 4 - Upstream Transportation & Distribution**, the mass of goods transported, the means of transport used and the total distance travelled were considered. Through the application of the Distance-Based method, it was possible to use the point data mentioned above using emission factors[4] relevant to the means of transport. If these data were not available, the Spend-Based method was used as previously described for category 1.
Category 5 – Waste includes emissions deriving from the disposal and treatment of waste generated by group activities in the reference year. To quantify the emissions, the Waste-types specific method was used along with emission factors[5] for specific types of waste and treatment methods.
For **category 6 - Business Travel**, the Distance-Based method was applied, using as input data the distances travelled during company travel and specific emission factors[6] depending on the means of transport used (plane or train). For the same category, with the Spend-based methodology, the expenses incurred for short-term car hire and travel by taxi were used. In this case, the emission factor[7] used is that relating to land transport.
Category 7 - Employee Commuting reports emissions related to employee commuting. The responses from the 2023 survey[8] were used for this category, from which the average emissions figure per employee was obtained, which was then multiplied by the number of employees in the workforce at 31 December 2024.
Ultimately, **category 8 - Upstream Leased Assets**, provides the emissions associated with leased company assets not falling within the context of IFRS 16. The following were used for the calculation:

- precise data on leased properties where available (energy consumption);
- surface area of the properties if consumption is not available. In this case, the emissions[9] were calculated on the basis of an emission index by type of property expressed in tCO_2e/m^2.

All the categories that were not mentioned were not considered applicable to the Group.
In calculating its emissions, ERG implements a continuous improvement process that envisages obtaining increasingly primary data (e.g., LCA; EPD) of the supply chain. If available, these are preferred over the estimated data. For more details on the supplier engagement process, please refer to section G1-2 "Management of Relationships with Suppliers".
As regards "CO_2 avoided", an indicator used to show the positive contribution of production from renewable sources to environmental improvement, this was determined using the specific thermoelectric emission factor in the country of reference and published by IEA (last publication updated to 2024). It should further be noted that the operating parameters of the plants are taken from their management and reporting systems.
If quantitative data are expressed in a manner that differs from the above, this will be expressly indicated in specific notes.
To enable the comparability of data over time and to assess trends, data for the last two years has been provided, where available.
Furthermore, to ensure the correct representation of performance and to guarantee the reliability of data, any estimates are based on the best available methods and are appropriately indicated.
The Consolidated Sustainability Statement is published annually. For information regarding the Consolidated Sustainability Statement, please write to sustainability@erg.eu. This document is also available on the Group's website under the Sustainability section (https://www.erg.eu/en/sustainability).

1 Emission factor source: CEDA Global 4.01 GHG emissions breakdown. Emission factors expressed in $kgCO_2$/EUR were associated according to the type of expenditure and country of reference.
2 The useful life for Wind & Solar technologies was deduced from specific studies (LCA and EPD)
3 Emission factor source: IEA Life Cycle Upstream Emission Factors 2023 (Pilot Edition).
4 Emission factor source: UK Government GHG Conversion Factors for company Reporting 2023.
5 Emission factor source: UK Government GHG Conversion Factors for company Reporting 2023.
6 Emission factor source: UK Government GHG Conversion Factors for company Reporting 2023.
7 Factor source: Eurostat Environmentally-Extended Input-Output (EEIO) tables that provide average emission factors by NACE sector, expressed in tCO_2e/€M.
8 The survey in question was carried out in July 2023. The participation rate was 68%. For the remaining part of the company population, an estimate of emissions was made on the basis of the responses obtained. The Survey allowed to obtain data on the commuting distance, the work days in the office and the means of transport used. On the basis of the responses obtained, it was possible to apply the Distance-based method, thus multiplying the total distance travelled weekly (which considers employees' remote work days) by the working weeks in a year (220 work days, equal to 44 working weeks) and an emission factor based on the means of transport used.
9 For the calculation of emissions, the SIAPE database was used, which provides emission factors depending on the type of property considered.

SBM-1

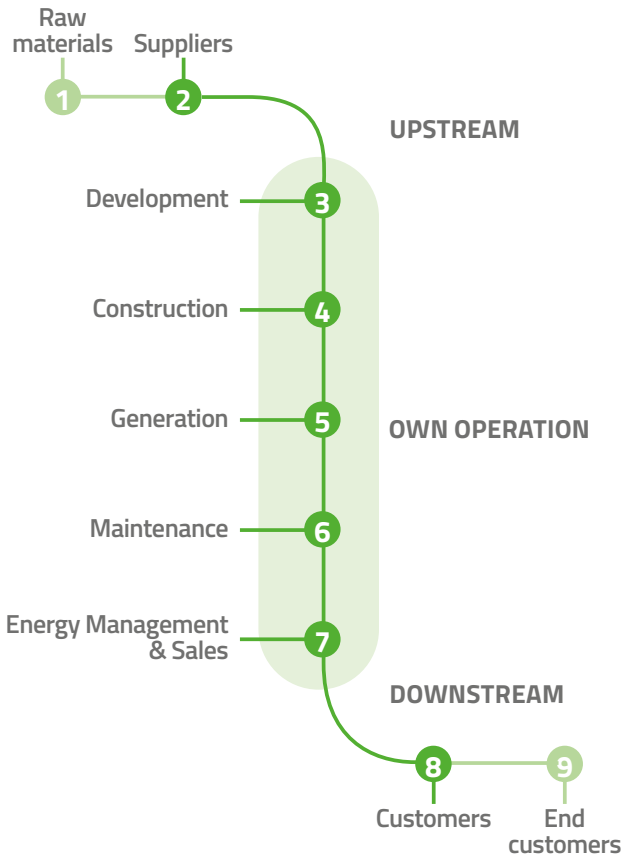
Value chain and ESG strategy

Value chain

The ERG Group is a leading independent operator of clean energy from renewable sources, and in particular wind and solar[10]. All activities over which the Group and/or its subsidiaries can exercise "operational control" are part of the ERG value chain. This control can only be carried out following the establishment of a "contractual relationship" that defines obligations and duties between the parties. Therefore, the following activities are included in this category:

- "**Upstream**": in particular, relations with the direct supply chain, with which a contract has been signed, and the subcontracting expressly indicated in the contract.
- "**Own Operations**"[11]: all internal processes of the company, such as development, plant construction, production, maintenance and energy management.
- "**Downstream**": commercial relations with organised markets and main customers/counterparties.

All upstream and downstream activities for which there is no commercial relationship formalised in a contract that allows carrying out operational control of the activities are excluded from the ERG Group value chain.



MAIN IMPACTS (I), RISKS (R) AND OPPORTUNITIES (O)

UPSTREAM (Supply chain):

Scope 3 GHG emissions of the supply chain (I) 2 / 4

Delays on RES investments due to Green Inflation (R) 2 / 4

Physical risks (acute/chronic) due to climate change (R) 2

Selection of suppliers attentive to ESG topics (O) 2

OWN OPERATIONS (Own activities)

Possible HSE incidents with repercussions on reputation (I) 2 / 3 / 4 / 5 / 6 / 7

Delays in the construction of RES plants (I) 2 / 4

Electricity price volatility with negative repercussions on strategic objectives and economic-financial results (R) 7

Extreme weather events with damage to plants / infrastructure (R) 4 / 5 / 6

RES development with positive effects on climate change and energy independence (O) 3 / 4 / 5 / 6

Investments in new green technologies (e.g., batteries) (O) 2 / 4

Attracting new green talents (O) 3 / 4 / 5 / 6 / 7

Virtuous circular economy paths in Wind & Solar (O) 4 / 5 / 6

Transition risks (e.g., laws) that slow down RES (R)

DOWNSTREAM (Customers)

Increased demand for renewable energy for the decarbonisation objectives of companies (O) 8

Increase in demand for RES due to phase-out from coal (O) 8

At 31 December 2024, the Group counted 660 employees, broken down into the various countries[12] in which the Group operates. As shown in the consolidated financial statements, revenue amounted to EUR 738.1 million[13] (EUR 740.92 million in 2023) and refer mainly to sales of electricity produced by wind and solar plants.

10 Please see the section Group Profile in the Directors' Report
11 See the section Organisational Model in the Directors' Report
12 See section S1 for details
13 Note 1 of the Consolidated Financial Statement

"With our consistency, credibility and transparency, we build strategic relationships that allow us to grow and make the renewable energy sector grow. We accelerate the energy transition through targeted M&A operations, creating environmental, social and economic value."

Corrado Bosio
Chief Corporate Strategy and M&A Officer

The ESG plan integrated into the business strategy

In recent decades, climate conferences have been crucial moments in defining global strategies against climate change. Despite the declared commitments, the latest conferences (COP - Conference of the Parties) have highlighted difficulties in achieving a true energy transition. Many fossil fuel-producing countries continue to defend their interests, while some emerging economies are struggling to balance economic development and emissions reduction. The lack of stringent constraints and the difficulties in financing renewable energy in some markets have further slowed down the process.

In this uncertain context, it is fundamental for ERG SpA to maintain a clear and determined strategy in the path to decarbonisation. As a leader in the renewable energy sector, the company must continue to invest in wind and solar power, strengthening its commitment to the energy transition and contributing to a low-carbon future[14].
The ESG strategy of the ERG Group is based on four pillars integrated in the business model: Planet, Engagement, People and Governance. The ESG Plan integrated in the Business Plan since 2021 sets out 18 well-defined objectives that are measurable through constantly monitored KPIs, with a view to contributing to the creation of value over time for all stakeholders. The 18 objectives also contribute to achieving 14 of the 17 Sustainable Development Goals (SDGs) of the United Nations.
The objectives apply to the corporate business at Group level, focused on the Wind & Solar perimeter, and are associated with the material topics identified. Please see the specific sections for direct correlation.

"Never before has it been as essential to stay focused on the strategic priorities that guide the Group's sustainable development. The expansion of the RES portfolio, decarbonisation, the commitment to a circular economy with social repercussions, the health and safety of our people, together with listening to and enhancing diversity, are the pillars of our strategy. We continue our journey with a focus on the substantial aspects, those that generate a concrete and comprehensive positive impact, looking towards an increasingly international future and with a deep awareness of our social responsibility."

Emanuela Delucchi
ESG, IR & Communication

14 See the Strategy section of the Directors' Report

ESG: A STRATEGIC PRIORITY OVERCOME GLOBAL CHALLENGES

Net Zero 2040 objectives to continue the decarbonisation process
Circular Economy to minimise waste in wind repowering
Protection of Natural Capital: in our organic RES development

Sharing value with local communities
ERG Academy to involve the future generation in the energy transition

Safety is a priority in all our actions
DEI&B[1] well-defined objectives to foster engagement and empowerment

Strengthening the governance model by promoting ethical and responsible business conduct
Involving the supply chain in decarbonisation, D&I and the protection of human rights

(1) Diversity, equity, inclusion and belonging

The 2024 reporting of the ESG plan

In 2024, significant progress was confirmed along the path outlined by the ESG Plan, and the results achieved are in line with the objectives defined and also included in the short-term incentive system. A summary of the results is shown below.

Net Zero "on track" Net Zero strategy; 74% ecological company cars

Circular economy Wind Repowering: 100% recovery; Solar Revamping: 92% recovery

Biodiversity 100% internally developed plants with Biodiversity Assessment

ERG Academy for Next Generation 25,480 students involved

1% for the Community 1.3% of revenue for local communities

Trust & Reputation Top performer in the main ESG ratings

Social Purpose for Solar Revamping 4 projects completed in Italy

ERG Academy for our People 71.5% ERG People with personal development plan; 99.7% ERG People with actual participation in at least one training activity

Diversity & Inclusion 19.2% women among key leaders; 23.3% key leaders abroad; 31.1% women in workforce

Employees' well-being Performance bonus conversion in Italy; Solidarity holidays in 8 countries; 8/10 days of Remote Working per month; 100% health/life insurance

Health & Safety, always Frequency index = 2.49 (FI Severe = 1.50); Severity Index = 0.14

Sustainability Incentives 100% MBO/LTI with ESG objectives (on track)

Enhancing governance model 2024 Objective in relation to the terms of office of the Boards of Statutory Auditors; ERG S.p.A. BoD: 50%; Supervisory Bodies: 64%; Boards of Statutory Auditors: 50%

Tax Control Framework Tax Control Framework (on track)

Sustainable Procurement 64.4% average score of strategic suppliers; Suppliers with carbon footprint: 46.4%; Suppliers with D&I Policy: 64%

ESG Finance 95% of Green Loans

Cyber Security Courses issued in year 9; Participation 85%

GOV-1 GOV-2

The Governance System

Sustainability governance model

For the ERG Group, sustainability is a complementary lever along the entire value chain. The ESG objectives and action lines are an integral part of the business strategy and are aimed at maximising sustainable value creation for the Group. In this context, a 'best in class' sustainability governance system has long been established, internationally recognised as such by the leading ESG rating agencies.

BOARD OF DIRECTORS

Defines the Group's principles of conduct, summarised in the Code of Ethics and the Sustainability Policy, and approves the Integrated Annual Report.

CONTROL, RISK AND SUSTAINABILITY COMMITTEE

Supports Board evaluations and decisions related to:
- the ICRM System;
- the approval of periodic financial reports and those related to Group Governance;
- sustainability, in particular the approval of the ESG Plan and the Consolidated Sustainability Statement and decisions relating to specific topics (e.g., Climate Change);
- compliance with the requirements of Italian Legislative Decree no. 231/01 and anti-corruption guidelines;
- Finance Area and Risk Management.

CEO

Responsible for ESG activities.

SUPERVISORY BODY

Performs the role of Ethics Committee and is responsible for:
- monitoring the effectiveness of the 231 Model and compliance with the Code of Ethics;
- ensuring that the 231 Model and Code of Ethics is updated;
- providing training on the Code of Ethics and on 231 topics;
- assessing the 231 reports.

ESG COMMITTEE

Consisting of the Chairman, the Executive Deputy Chairman, the CEO, all first reports to the CEO:
- Defining the Group's orientations on sustainability;
- approves the ESG Plan;
- approves the Communication Plan (external and internal);
- drafts the Consolidated Sustainability Statement;
- also operates as the Green Bond Committee;
- operates as a D&I steering committee (from 23/02/2024).

HUMAN CAPITAL COMMITTEE
- nurtures the development of people;
- evaluates and verifies reports of possible violations of the Human Rights Policy.

ESG FUNCTION

Within the ESG, IR & Communication Department, it is responsible for:
- taking care of the definition and evolution over time of the ESG Plan and budget;
- monitoring the execution of the ESG Plan by interfacing with the Working Group;
- drafting the Consolidated Sustainability Statement and liaising with ESG rating agencies.

ESG PLAN WORKING GROUP
- supports the ESG department in defining the actions to be included in the ESG Plan
- monitors the progress of the actions of the ESG Plan;
- provides reporting support for the Consolidated Sustainability Statement.

ESRS 2 GOV-1 ESRS G1

The role of the administrative, supervisory and management bodies

The Governance model

The Board of Directors

Corporate Governance involves a set of rules and activities. The elements comprising and giving rise to Corporate Governance are the statutory bodies, the board committees and the documents that regulate their operation. ERG Group Corporate Governance is structured according to a traditional model, based on which:

- the Board of Directors, appointed by the Shareholders' Meeting, determines and pursues the Group's strategic and ESG objectives
- the Board of Statutory Auditors, also appointed by the Shareholders' Meeting, performs control and supervisory functions.

The statutory audit is entrusted to Independent Auditors at the Shareholders' Meeting on the basis of a reasoned proposal by the Board of Statutory Auditors. The current Board of Directors is composed of 12 members. It was appointed at the Shareholders' Meeting on 23 April 2024 with a three-year mandate and will remain in office until the date of the Shareholders' Meeting called to approve the Financial Statements at and for the year ending 31 December 2026.

Employees or other workers are not represented in the company's administrative, supervisory and management bodies.

Director	Office	Executive	Independent	P.A. role(1)	CRSC(2)	NRC(2)	SC(2)	Number of other assignments(3)
Edoardo Garrone	Chairman	Yes	No	X				2
Alessandro Garrone	Deputy Chairman	Yes	No				C	3
Giovanni Mondini	Deputy Chairman	No	No	X			X	3
Paolo Luigi Merli	Chief Executive Officer	Yes	No				X	-
Luca Bettonte	Director	No	No				X	3
Elisabetta Caldera	Director	No	ICFA/CG Code(4)			C		-
Federica Lolli	Director	No	ICFA/CG Code(4)		C	X		1
Marina Natale	Director	No	ICFA/CG Code(4)		X			2
Elisabetta Oliveri(5)	Director	No	ICFA/CG Code(4)		X	X	X	5
Renato Pizzolla	Director	No	No				X	2
Barbara Poggiali	Director	No	No	X			X	6
Daniela Toscani	Director	No	ICFA/CG Code(4)					2

(1) Comparable position in public administration (including regulatory authorities) in the two years before taking office.
(2) CRSC: Control, Risk and Sustainability Committee; NRC: Nominations and Remuneration Committee; SC: Strategic Committee. The CRSC and the NRC provide to the Board of Directors alo the opinions required by the Procedure for Related Party Transactions.
(3) This column indicates the number of offices as Director or Statutory Auditor held by the person concerned in Relevant Companies.
(4) Also taking into account, pursuant to the provisions of Article 2, recommendation 7, second paragraph, of the Corporate Governance Code, the "quantitative" and "qualitative" criteria defined in the Regulations for the operations of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, for determining, for the purposes of assessing the independence of the members of the Board of Directors and the Board of Statutory Auditors, the significance or otherwise of any relationships they have with the company or other parties connected to it.
(5) Lead Independent Director.
C Chairperson of the relevant Committee.
X Member of the relevant Committee.

Protection of Minorities

Pursuant to what is set out by current legislation, a Director was appointed from the minority list submitted by a number of investors, in compliance with the principles of protecting minorities laid down in the Consolidated Finance Act (TUF).

To ensure a fruitful and transparent dialogue with minorities, consistent with the objective of creating sustainable value in the medium - long term, ERG has adopted a Policy for the management of dialogue with shareholders and investors in general, updated by the Board of Directors on 23 February 2024 in order to extend its scope of application to all stakeholders.
This Policy governs dialogue outside the Shareholders' Meeting with stakeholders on topics within the competence of the Board of Directors, including in particular:

- operating performance and financial results;
- medium to long-term strategy of the ERG Group;
- corporate governance (appointment and composition of corporate bodies, including size, skills, independence and diversity);
- sustainability and environmental and social topics;
- remuneration policies and internal control and risk management system.

For more details, refer to the Policy available on www.erg.eu.

Respect for Gender Balance

The current breakdown of the Board of Directors, with six female Directors and six male Directors, complies with the gender balance criterion envisaged by current laws and regulations, which require that at least two-fifths of the members of the Board of Directors be reserved for the less represented gender.

Pursuant to Article 148, paragraph 1-bis, of the Consolidated Finance Act (TUF), the articles of association of listed companies must reserve at least two fifths of the membership of control bodies to the less represented gender, for six consecutive terms.

The role of the administrative, supervisory and management bodies

GOV-1	Uom	2024					2023				
		Men	Women	Others	Not reported	Total	Men	Women	Others	Not reported	Total
The role of the administrative, supervisory and management bodies	no.	6	6	-	-	12	7	5	-	-	12
21. (a) Executive mem-bers	no.	3	-	-	-	3	3	-	-	-	3
21. (a) Non-executive members	no.	3	6	-	-	9	4	5	-	-	9
Independent board members	no.	-	5	-	-	5	1	5	-	-	6
The role of the administrative, supervisory and management bodies	%	50%	50%	-	-	100%	58%	42%	-	-	100%
Executive members	%	25%	-	-	-	25%	25%	-	-	-	25%
Non-executive members	%	25%	50%	-	-	75%	33%	42%	-	-	75%
21. (e) Independent board members	%	-	42%	-	-	42%	8%	42%	-	-	50%
21. (d) Gender diversity	%					100%					71%

Corporate bodies and board committees

The Board of Statutory Auditors

The current Board of Statutory Auditors is composed of three standing auditors and three alternate auditors. It was appointed by the Shareholders' Meeting on 26 April 2022 with a three-year mandate, which will expire on the date the Shareholders' Meeting is called to approve the Financial Statements at 31 December 2024.
A member of the Board of Statutory Auditors has held a comparable position in public administration (including regulatory authorities) in the last two years of his mandate.

Protection of Minorities

Pursuant to current regulations, the current Chairman of the Board of Statutory Auditors was drawn from the minority list submitted by some investors.

Respect for Gender Balance

The current breakdown of the Board of Statutory Auditors, with two female statutory auditors and one male statutory auditor, complies with the gender balance criterion envisaged by current laws and regulations, which require at least two fifths of the members of the control body to be reserved for the less represented gender, with rounding in the corporate bodies consisting of three members.

Independent Auditors

The Independent Auditors (KPMG) were appointed by the General Meeting of Shareholders on 23 April 2018 for the financial years 2018 to 2026. Consequently, the engagement for the legal audit of the accounts will expire on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2026. During the course of the year, the Independent Auditors obtained consultancy assignments not related to the statutory audit: the fees paid for these additional services amounted to approximately 14.7% of the total for the year. For further information on the role played by each body, see the "Report on Corporate Governance and Ownership" section on the website www.erg.eu.

CORPORATE BODIES AND BOARD COMMITTEES

SHAREHOLDERS' MEETING

Approves the financial statements, appoints the Board of Directors, the Board of Statutory Auditors and the Independent Auditors, and resolves on changes to the Articles of Association and on extraordinary transactions such as mergers, demergers and capital increases.

BOARD OF DIRECTORS

Approves the periodic financial reports, defines the strategic guidelines, the fundamental aspects of the organisational structure and the corporate governance system, resolves on significant transactions, and assesses the company's performance.

Composed of 12 members, five of which are independent[1], it held 11 meetings in 2024, with an average duration of around 3 hours and 20 minutes.

11 meetings | 3 h 20' duration

BOARD OF STATUTORY AUDITORS

Monitors compliance with laws and with the Articles of Association, with the principles of sound management, the adequacy of the ICRM System[2] and the independence of the Independent Auditors.

Composed of a Chairperson, 2 Standing Auditors and 3 Alternate Auditors, it held 20 meetings in 2024 with an average duration of around 3 hours.

20 meetings | 3 h duration

CONTROL, RISK AND SUSTAINABILITY COMMITTEE[3]

Performs the role and tasks envisaged by the Corporate Governance Code for the Control and Risk Committee as well in relation to Sustainability and in particular it supports the Board of Directors' evaluations and decisions relating to the ICRM System, as well as those relating to the approval of the periodic financial reports, the consolidated Sustainability Statement, the ESG Plan, those relating to Group Governance, the obligations pursuant to Italian Legislative Decree no. 231/01, anti-corruption, Finance and Risk Management.

Composed of a Chairperson and 2 independent members[1], it held 14 meetings in 2024 with an average duration of around 1 hour and 40 minutes.

14 meetings | 1 h 40' duration

NOMINATIONS AND REMUNERATION COMMITTEE[3]

The Committee fulfils the role and responsibilities indicated in the Corporate Governance Code for the Nominations and Remuneration Committee. It makes recommendations for the remuneration of Directors with powers or specific duties and for the definition of remuneration policies and Group's management incentive schemes.
It provides an assessment opinion on the size, composition and functioning of the Board of Directors and Board Committees.

Composed of a Chairperson and 2 independent members[1], it held 7 meetings in 2024 with an average duration of around 1 hour and 35 minutes.

7 meetings | 1 h 35' duration

STRATEGIC COMMITTEE

Supports the Executive Deputy Chairperson and the Chief Executive Officer in fulfilling their mandate to the Board of Directors, within the scope of the strategies and policies approved by the Board. This includes overseeing the Group's strategic direction, defining strategic business and portfolio guidelines, reviewing multi-year Business Plans in line with the Corporate Governance Code, and evaluating the Group's investment budget, as well as major investments and transactions at Group level.

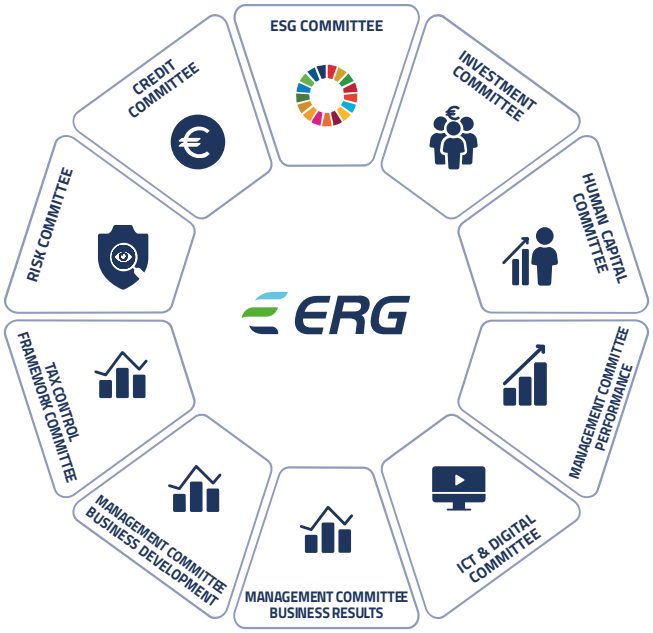
Consisting of a Chairperson and 6 members, all of which independent[1], it held 9 meetings in 2024 wit an average duration of around 4 hours.

9 meetings | 4 h durata

1 With reference to the provisions of Article 148, paragraph 3, of the Italian Consolidated Law on Finance, Article 2, recommendation 7, of the Corporate Governance Code promoted by Borsa Italiana S.p.A. (the "CCG") as well as in light of the "quantitative" and "qualitative" criteria defined in the Regulation for the operation of the Board of Directors, the Risk and Sustainability Committee and the Nominations and Remuneration Committee (the "Regulation")
2 Internal Control and Risk Management System
3 May issue opinions for the purposes of the procedure for transactions with related parties

Internal committees

ERG governance includes Internal Committees (non-board committees composed of Group managers) with advisory and proposal functions vis-a-vis Executive Directors.



ESG COMMITTEE

The Committee meets every two months: it guides, plans and supervises the implementation of ESG/CSR, Diversity & Inclusion and Internal and External Communication objectives and in particular: - defines the Group's medium/long-term sustainability guidelines and promotes the implementation of consistent practices and projects in the field of corporate social responsibility; - approves the ESG Initiatives Plan as an integral part of the Group's Business Plan, monitors its implementation, the achievement of targets and priority areas of intervention; - approves the Communication Plan, both externally and towards employees, also aimed at promoting the ESG initiatives of the plan, monitoring its execution and enhancing its growing relevance in strategic terms; - supervises the process of preparing the Consolidated Sustainability Statement and other reporting methods related to ESG issues; - approves the allocation of proceeds from Green Bond issues and the related annual reporting, in line with the Green Bond Control Framework; - ensures the adoption and the continuous and effective application of the gender equality policy, as a steering committee, with reference to the management system defined by UNI/PdR 125:2022.

INVESTMENT COMMITTEE

The Committee meets on a project-by-project basis: it supports the Chief Executive Officer in evaluating investment proposals; - it provides a reasoned technical and financial opinion for ERG S.p.A.'s Strategic Committee at various stages of the investment process.

HUMAN CAPITAL COMMITTEE

The Committee meets every two months: it defines and monitors the main human capital development programmes and processes; - it supports the Executive Deputy Chairperson and the Chief Executive Officer in decisions regarding strategies that determine the value of ERG's Human Capital; - it monitors the effective implementation of the Human Rights Policy and manages non-compliance reports relating to it.

MANAGEMENT COMMITTEE PERFORMANCE

The Committee meets on a monthly basis: - it monitors the industrial performance of the plants in operation in all the countries where the Group is present, with a specific focus on the main technical issues and on the monitoring of the implemented remediation actions; - it analyses all the other reasons for sub-optimal production (limitations, serial damage, etc.); - it monitors the progress of projects under construction on a monthly basis.

ICT & DIGITAL COMMITTEE

The Committee meets quarterly: it supports the CEO in the assessment and periodic review of the Group's ICT strategy, guidelines and governance and in monitoring the implementation, results and improvements also with reference to IT security issues; - it supports the CEO in the assessment of the main projects with high added value for the digitalisation of the Business and in monitoring the relative progress.

MANAGEMENT COMMITTEE BUSINESS RESULTS

The Committee meets on a monthly basis: it monitors the economic, financial and industrial results of the Group through standardised reporting and control models; - it monitors the evolution of the reference institutional and regulatory framework, sharing growth trends, opportunities and risks; - it monitors the activities and projects in the context of domestic and foreign institutional relations.

MANAGEMENT COMMITTEE BUSINESS DEVELOPMENT

The Committee meets every two months: it monitors the Group's relevant projects, supporting the relative Project Leader, as well as ensuring the alignment of all Organisational Units on the priorities and guaranteeing consistency with the decisions of the Investment Committee; - it analyses opportunities for business development, both in terms of geographical expansion and diversification and technological evolution.

TAX CONTROL FRAMEWORK COMMITTEE

The Committee meets every six months: it preliminarily analyses the Tax Control Framework testing, monitoring and assessment plan, providing any specific recommendations; - it preliminarily analyses the Tax Control Framework annual report addressed to the Control, Risk and Sustainability Committee of ERG S.p. A., providing any specific recommendations; - together with the Head of AFC (Administration Financial Control) Compliance, it monitors the effective implementation of the remediation plan that may result from the testing, monitoring and assessment of the Tax Control Framework.

RISK COMMITTEE

The Committee meets at regular intervals, each time according to specific needs: it supports the CEO in defining strategies and policies for managing financial and market risks; - it provides the CEO with useful information for authorising financial and market risk management operations, monitoring the execution of the most important operations and verifying their effects.

CREDIT COMMITTEE

The Committee meets every two months, unless otherwise decided by the Chairperson of the Committee: it has competence for the entire Group in matters regarding the granting of credit lines, schedule analysis and collection trends, assessment and verification of overdue recovery plans, general assessment of credit performance.

The responsibilities of the management, administrative, supervisory bodies

ESG Induction to the Board and the Board of Statutory Auditors

The continuous training activity of the members of the Board of Directors and Board of Statutory Auditors is a priority for the ERG Group, in order to foster adequate knowledge of the business sector, corporate dynamics and their evolution, the principles of proper risk management and the regulatory and self-regulatory framework of reference, which is constantly evolving. This is why the possibility of reimbursing Directors and Statutory Auditors for expenses incurred in order to better perform their duties, such as training and refresher courses, participation in seminars and conferences or membership of associations, including trade associations, is expressly recognised. Below is an outline of the induction sessions conducted during the year 2024 for Board Members and Statutory Auditors (a total of 16 hours of training). With regard to ESG topics, a specific induction session was carried out in which the following main topics were discussed:

ESG TOPIC INDUCTION

Analysis of the reference European context	Analysis of the European reference context, the standards that have just been issued at international level (EU Green Taxonomy, Corporate Sustainability Reporting Directive-CSRD-), with a focus on the main new trends in the areas of Climate Change and Diversity Equality & Inclusion.
Analysis of the ESG Plan	Analysis of the ESG Plan with detailed statement of objectives: 'Net Zero' by 2040; commitment to the communities in which we invest; processes in place in the area of Diversity&Inclusion; MBO and LTI incentive systems with ESG objectives; projects in place to support the supply chain.
ESG Reporting	ESG Reporting - Analysis of the Non-Financial Statement and key reported indicators (e.g., Revenue, Opex and Capex of the EU Taxonomy; Scope 1, 2 and 3 Emissions; Gender Pay Gap; training hours and training courses for our people). And an overview of the CSRD.
ESG certification plan	ESG Certification Plan - Analysis of the ESG Certification Plan to 2026 (e.g., Target Net Zero certified by SBTi; Italian Certification for Gender Equality).
ESG Rating	ESG Rating - Analysis of the 'proactive' approach towards ESG rating agencies that has allowed us to improve and/or maintain our results in all ratings.

Board of Directors and its Committees self-assessment[15]

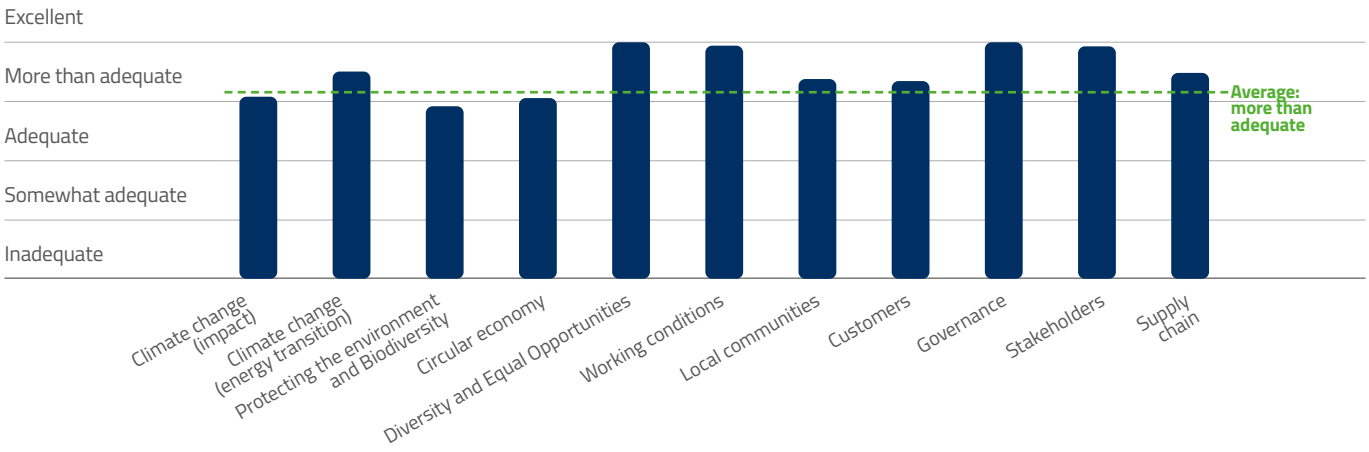
At its meeting of 25 February 2025, the Board of Directors carried out, with the support of the Nominations and Remuneration Committee which oversees the process, and Corporate Affairs, an assessment of the size, composition and functioning of the Board of Directors and its Committees during 2024, expressing, in this regard, its positive assessment related to the size and composition of the Board and its operation in 2024. This positive assessment is also extended to the size, composition and functioning of the board committees.

In particular, in light of the provisions of the new European Sustainability Reporting Standards (ESRS), the ESG knowledge/skills of the members of the Board of Directors are reported below.

ESG Knowledge-expertise within the board of directors*

The average skills-expertise assessment is **more than adequate (70%)**:

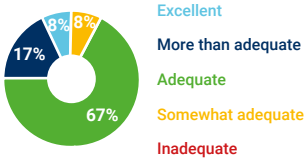
- ten skills were assessed as **more than adequate**
- one skill was assessed as **adequate**



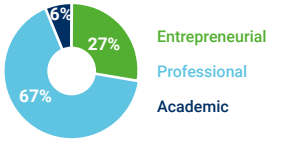
* Relative to the business of the ERG Group and taking into account the objectives of the Business Plan and the ESG Plan

Climate change (Impact)

*How do you assess your knowledge/expertise on the **impact of climate change on the company's strategies and business (physical risks, reduction of windiness, reduction of irradiation in the medium/long term)?***

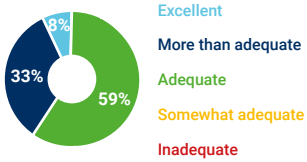


Through what experiences were the aforementioned knowledge/skills acquired?

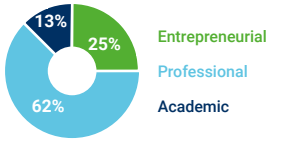


Climate change (Energy transition)

*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in the field of **energy transition (transition plans, decarbonisation strategy, renewable development, green finance)?***

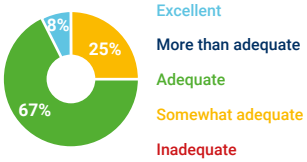


Through what experiences were the aforementioned knowledge/skills acquired?

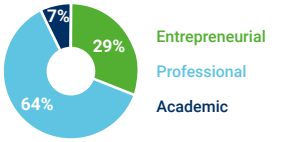


Protecting the environment and Biodiversity

*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of **protecting the environment and biodiversity (impact on soil, ecosystems, protected species, flora/fauna) and related measures for mitigating impacts?***

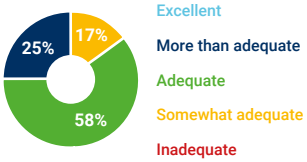


Through what experiences were the aforementioned knowledge/skills acquired?

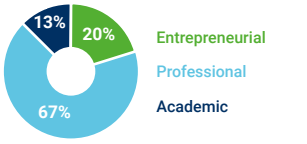


Circular economy (and Resource Use)

*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in the **use and management of the plant materials at the end of their life, including waste management?***



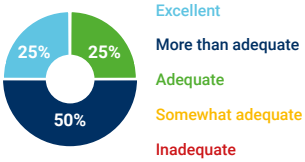
Through what experiences were the aforementioned knowledge/skills acquired?



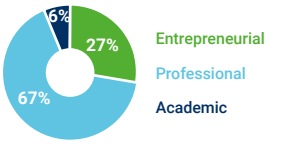
15 For the details of the responsibilities, also with reference to the Board Committees, please see the Report on Corporate Governance.

Equity and Equal Opportunity
(Own Workforce)

Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of ***promoting equity, equal opportunities and employee well-being (including people with disabilities) and respect for working conditions (including occupational health and safety and human rights)?***

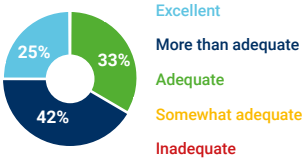


Through what experiences were the aforementioned knowledge/skills acquired?

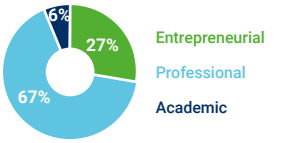


Working conditions
(in the Value Chain)

Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of ***respect for the working conditions of employees in the value chain (including occupational health and safety and human rights)?***

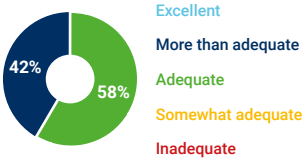


Through what experiences were the aforementioned knowledge/skills acquired?

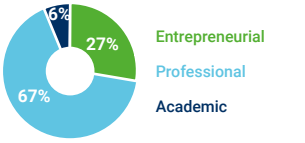


Local communities

Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise on the ***economic and social development of the local communities where the company invests (sharing the generated value through community benefits)?***



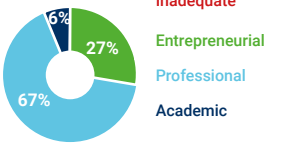
Through what experiences were the aforementioned knowledge/skills acquired?



Customers
(Consumers and end users)

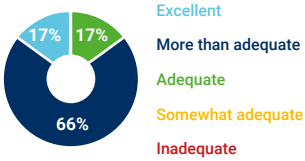
Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of ***responsible and ethical management of customers?***

Through what experiences were the aforementioned knowledge/skills acquired?



Governance
(Corporate culture)

Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of ***sound governance, ethical and transparent conduct (with the presence of processes for reporting any irregularities and protection of the whistleblower)?***



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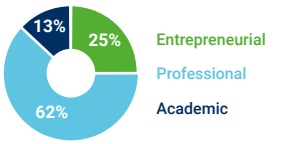
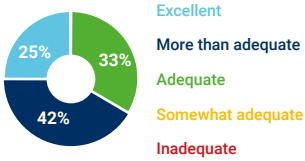


Stakeholders
(Lobbying activities)

Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of ***stakeholder engagement (such as institutions and authorities) for the protection of its interests*** *(subject to half-yearly report to the Board of Directors)?*



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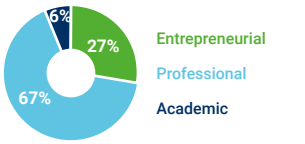
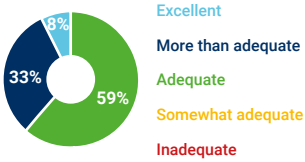


Supply chain
(Management of relationships with suppliers)

Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in the field of ***sustainable supply chain management (including payment practices)?***



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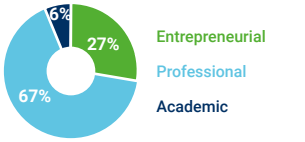


Board of Statutory Auditors self-assessment[16]

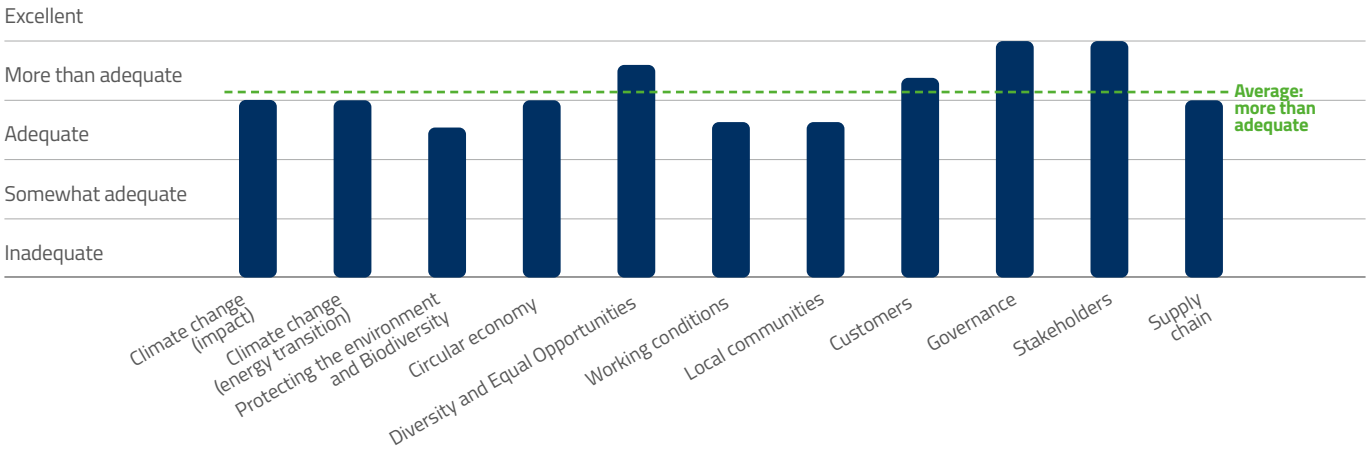
The Chairman of the Board of Statutory Auditors, in the board meeting held on 25 February 2025, informed the Board of Directors on the results of the self-assessment carried out with regard to the size, composition and functioning of the Board of Statutory Auditors in the course of 2024. This assessment was carried out using, inter alia, the findings of a self-assessment questionnaire drawn up by Corporate Affairs at the request of the Board of Statutory Auditors. The assessment was carried out also in consideration of the recommendations to the shareholders on the skills deemed necessary for the composition of the new Board of Statutory Auditors that will be appointed by the Shareholders' Meeting called to approve the Financial Statements at 31 December 2024, taking into account elements such as training and professional characteristics, experience, gender and age, in line with the provisions of Article 123-bis, paragraph 2, subsection d-bis) of the Italian Consolidated Finance Act.

In particular, in light of the provisions of the new European Sustainability Reporting Standards (ESRS), the ESG knowledge/skills of the members of the Board of Statutory Auditors are reported below.

ESG ESG Knowledge-expertise within the Board of Statutory Auditors*

The average skills-expertise assessment is **more than adequate (64%)**:

- four skills were assessed as **more than adequate**
- seven skills were assessed as **adequate**

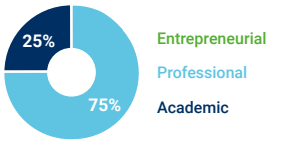


* Relative to the business of the ERG Group and taking into account the objectives of the Business Plan and the ESG Plan

Climate change (Impact)

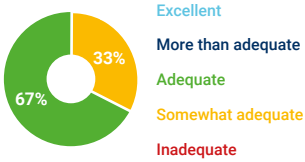
*How do you assess your knowledge/expertise on the **impact of climate change on the company's strategies and business (physical risks, reduction of windiness, reduction of irradiation in the medium/long term)?***

Through what experiences were the aforementioned knowledge/skills acquired?



Protecting the environment and Biodiversity

*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of **protecting the environment and biodiversity (impact on soil, ecosystems, protected species, flora/fauna) and related measures for mitigating impacts?***



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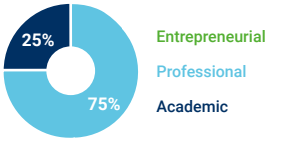
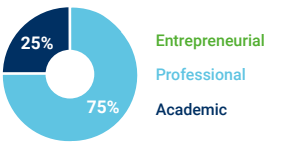


Climate change (Energy transition)

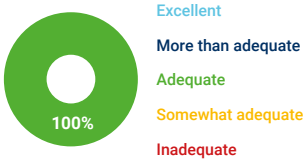
*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in the field of **energy transition (transition plans, decarbonisation strategy, renewable development, green finance)?***

Through what experiences were the aforementioned knowledge/skills acquired?



Circular economy (and Resource Use)

*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in the **use and management of the plant materials at the end of their life, including waste management?***



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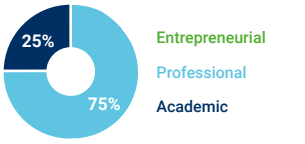
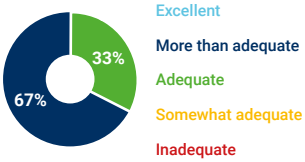


16 For the details of the responsibilities, also with reference to the Board of Statutory Auditor, please see the Report on Corporate Governance.

Equity and Equal Opportunity
(Own Workforce)

*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of **promoting equity, equal opportunities and employee well-being (including people with disabilities) and respect for working conditions (including occupational health and safety and human rights)?***



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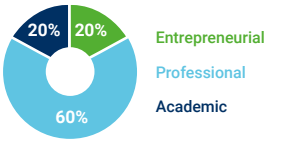
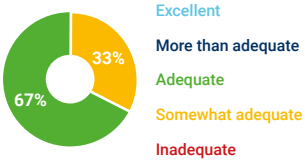


Working conditions
(in the Value Chain)

*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of **respect for the working conditions of employees in the value chain (including occupational health and safety and human rights)?***



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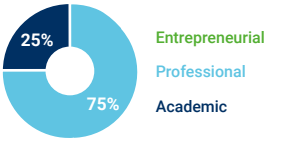

Local communities

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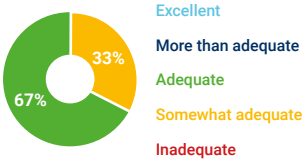

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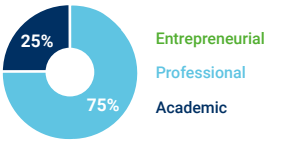

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(Consumers and end users)

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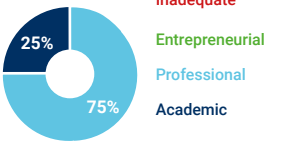
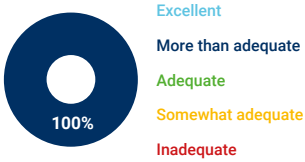


Governance
(Corporate culture)

*Relative to the business developed by the company and taking into account the strategic objectives set out in the ESG Plan, how do you assess your knowledge/expertise in terms of **sound governance, ethical and transparent conduct (with the presence of processes for reporting any irregularities and protection of the whistleblower)?***



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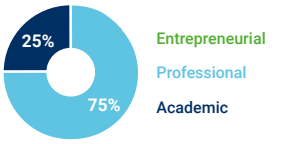

Stakeholders
(Lobbying activities)

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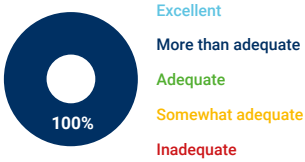

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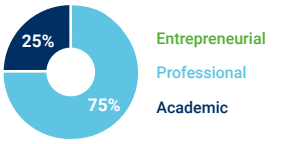

Supply chain
(Management of relationships with suppliers)

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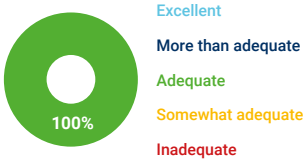

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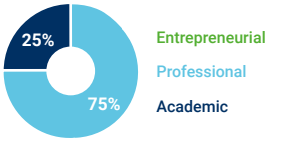


GOV-3

Sustainability performance in incentive systems

The Performance Management system follows a cascading logic along the organisational structure. The annual objectives of the CEO's first line are defined first, followed by those of the employees, and then the results achieved during the year are measured. The objectives are both corporate and individual and include a moment for discussing them at the beginning and end of the year to capitalise on learning.
The incentive system is articulated along two time lines:

- short-term, based on a Management By Objectives (MBO) approach;
- long-term, based on a Performance Share system.

Consistent with the integration of sustainability in every Group strategy and activity, the targets linked to the ESG Plan represent a fundamental element for all the incentive systems. Each system includes a Group sustainability objective common to all participants, consisting of four sub-objectives linked to the Pillars of the ESG Plan: Planet, Engagement, People, Governance.
With regard to the short-term system, the common sustainability objective represents 20% of the short-term variable remuneration of the CEO and 10% for the other beneficiaries.

42% of beneficiaries work on at least one additional personal objective connected to the Sustainability Plan, which on average represents 19% of the short-term variable remuneration target.
The objectives linked to sustainability topics represent 16% of the total individual objectives assigned.

The 2024 Remuneration Policy was approved by the Board of Directors on 12 March 2024, at the proposal of the Nominations and Remuneration Committee, having obtained the favourable opinion of the Board of Statutory Auditors. The Shareholders' Meeting called to approve the Financial Statements at 31 December 2023 expressed its favourable opinion on this Report, with a binding vote on the 2024 Policy, as illustrated in the First section, and an advisory vote on the Second section.

Short-term Incentive System

Short-term incentives concern the Chief Executive Officer, Senior Managers and a selected population of professionals (69% of Middle Management in Italy in 2024). Women represent 28% of the participants in the system (up from 27% in 2023).

The balancing of objectives - between Group economic and sustainability objectives and individual ones - makes it possible to support the development of leadership and individual initiative, with a view to sustainable success. The clawback clause is provided for all beneficiaries.

Sustainability objectives in short-term incentives

Weight Objectives		Pillars		Objective	Target	Result	Indicators Floor 80% / Target 100% / Cap 120%	%	Final value
20% CEO 10% KMs	20%	Planet	10%	Circular Wind: repowering recovery of materials and/or energy	98%	100%		120%	24%
			10%	Circular Solar: Revamping recovery of materials and/or energy	90%	93%		120%	
	20%	Engagement	10%	Education for Next Generation: number of young people involved in training programmes on sustainability and RES (in at least four countries)	23,000 (4 Countries)	23,407		120%	24%
			10%	Social Purpose for Solar Revamping (number of projects carried out)	3 projects	4 projects		120%	
	50%	People	40%	Predictive safety: No fatalities and compliance with Frequency Indices [internal + contractors]: general [FI] and severity [FIs]	No fatalities FI < 4.60 FIs <2.00	FI < 2.49 FIs <1.50		120%	60%
			10%	Incidence of women in workforce increase	30%	42%		120%	
	10%	Governance		1. Internal implementation of the CSRD Adjustment Plan 2. % Increase in volume of suppliers monitoring the Carbon Footprint (+2% vs 44% baseline 2023) 3. Sustainable Procurement: Average supplier scoring (≥ 64 points)	2 projects	3 projects		120%	12%
				OVERALL FINAL VALUE					120%

For all employees in Italy covered by the National Collective Bargaining Agreement (CCNL) for the electricity sector, an annual 'Result Bonus' is defined - as instituted by the CCNL - based on parameters of company profitability (50%), productivity (40%) and accidents (10%), i.e., a specific parameter linked to sustainability goals. These criteria are measured in relation to annually agreed targets between the company and trade union representatives.

Medium/Long-term Incentive System

The 2024-2026 Performance Share Incentive System is defined in line with the objectives of the Business Plan and its time horizon corresponds to the three-year mandate of the Board of Directors. The recipients of the Plan, selected on the basis of the levers that can be used to achieve the Business Plan, are the Chief Executive Officer, the Executive Deputy Chairman, the Directors and Senior Managers of the Group. Therefore, the system contributes to the implementation of the strategy by incentivising management to achieve results consistent with the objectives of the Business Plan, with a view to the sustainable success of the company.

The plan involves the allocation of a pre-established number of ordinary ERG shares. The shares are assigned at the end of the three-year vesting period if a predetermined Group EBITDA (earnings before interest, tax, depreciation/amortisation and impairment losses) target is met for the 2024-2026 period.

Upon achievement of the Minimum Economic Performance Condition, the number of shares that will be allocated depends on the results achieved with respect to the objectives: 60% ERG Share, 20% Growth and 20% Sustainability. At the end of the vesting period, 30% of the shares allocated will be subject to an additional lock-up period of 12 months, which will conclude in 2028, during which said shares are subject to a non-transferability constraint. The plan includes a clawback clause.

Sustainability objectives in long-term incentive 2024-2026

Weight of objective	Indicator weight	Pillars		Objective
20%	20%	Planet		Target Net Zero: % Green Energy on Total consumption (Scope 2)
	20%	Engagement		Improved S&P CSA index rating
	50%	People	40%	HSE Predictive safety: No fatalities and compliance with Frequency Indices [internal + contractors]: general [FI] and severity [FIs]
			10%	Diversity & Inclusion: no. female Key Leaders out of total Key Leaders
	10%	Governance		Sustainable Funding: maintenance of a % of sustainable loan sources out of total financial sources

The progress of the projects within the sustainability objective are compared with the defined targets and periodically shared and analysed by the ESG Committee, the Nominations and Remuneration Committee and approved by the Board of Directors. The Business Development incentive system was set up alongside the Performance Share plan; this system is defined in line with the development phases of organic wind and solar green field projects and with an average time horizon of more than two years.

The objective of the system is to increase the production capacity of wind and solar energy, integrating it 100% into Sustainability Plan. The recipients of the system are the French and German Business Development teams dedicated to wind and solar development projects, which represent 4% of the total workforce. The progress of the projects, with respect to the predefined milestones, is periodically shared and analysed by the Business Development Committee.

Integrating sustainability related performance into incentive schemes

GOV-3	Uom	2024
29. d) the portion of variable remuneration (MBO) that depends on targets and/or impacts related to sustainability CEO	%	50%
29. d) the portion of variable remuneration (MBO) that depends on targets and/or impacts related to sustainability KMs [1] and other beneficiaries	%	10%
29. d) the portion of variable remuneration (LTI) that depends on sustainabil-ity-related targets and/or impacts;	%	40%
29. d) the portion of variable remuneration (Italian employees) that depends on sustainability-related targets and/or impacts;	%	10%

(1) Key Managers

BP 2

Sustainability policies

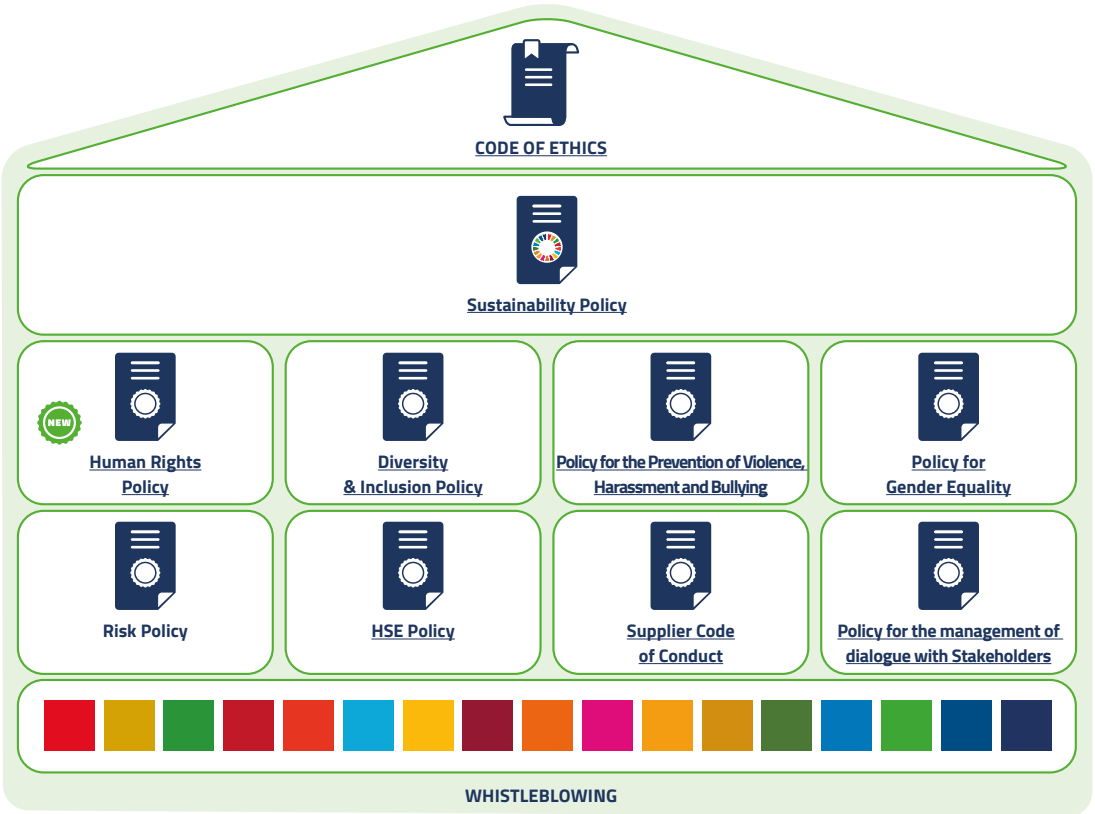
ERG's sustainable development model applies to all Group companies, integrating its business development and management activities, conducted in an ethical and transparent manner, with the protection of the environment and biodiversity, respect for people, and the protection of their health and safety, establishing relationships of trust with stakeholders.

Indeed, sustainable development and the creation of value shared with stakeholders are elements at the basis of ERG's business model, also guaranteeing the strengthening of the Group's reputation and at the same time improving results.

The Code of Ethics in place since 2004 states the Group's principles (integrity and honesty, honourability, fairness, respect and protection, equality and fairness, transparency and confidentiality) and expresses the desire to invest in transparent dialogue with all stakeholders. The Code of Ethics was updated in December 2023 after the transformation of the ERG Group into a Pure Wind & Solar operator. Suppliers are asked to sign the Code, and customers are asked to read it.

The Code of Ethics is accompanied by Policies, Guidelines and internal rules in specific intervention areas, including the Sustainability Policy, the Human Rights Policy, the D&I Policy, in addition to the Policy for the management of dialogue with stakeholders. This set of reference principles not only allows to be socially responsible by complying with laws and regulations, but also to create an inclusive environment that can bring out everyone's talents and thus create shared long-term value.
These policies are accessible on the Group's website.

The whistleblowing channel has been established for reporting any violation or non-compliance with the principles and rules that regulate the company; it is available on the institutional website.



In 2024 the Human Rights Policy has been updated and **the Policy for the management of dialogue with stakeholders**.
Human Rights Policy: The changes introduced include: the implementation of the Diversity & Inclusion Policy (D&I, Anti-Harassment and Gender Equality Policy) and best practices on the "Due Diligence Directive" (supply chain verification system and reports). **The document was approved by the Board of Directors on 13 December 2024**.
Policy for the management of dialogue with Stakeholders: The Policy applies to dialogue outside the Shareholders' Meeting context, with all stakeholders on topics within the Board's competence, including, for example: operating performance and financial results; the company's strategy in the medium-long term; sustainability and environmental and social topics; remuneration policies. **The document was approved by the Board of Directors on 23 February 2024**.

The policies and guidelines adopted by the Group define the principles, actions and operating methods relating to the material topics identified.

Material topics and correlation with Policies and Guidelines

ESRS (European Sustainability Reporting Standards)	Code of Ethics	Sustainability Policy	HSE Policy	Diversity & Inclusion Policy	Human Rights Policy	Anti-Harassment & Bullying Policy	Policy for Gender Equality	Anti-corruption Policy	Policy for the management of dialogue with stakeholders	Whistleblowing Guidelines	Supplier Code of Conduct	Due Diligence on Significant Third Parties	Privacy Organisational Model
Responsibility of politics	BoD	BoD	COO	BoD	BoD	BoD	BoD	BoD	BoD	BoD	BoD	CEO	BoD
E1 – Climate Change	✓	✓	✓						✓	✓	✓		
E4 – Biodiversity and ecosystems	✓	✓	✓						✓	✓	✓		
E5 - Resource use and circular economy	✓	✓	✓						✓	✓	✓		
S1 – Own workforce	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓
S2 - Workers in the value chain	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
S3 - Affected communities	✓	✓			✓	✓	✓	✓	✓	✓		✓	✓
S4 - Consumers and end users	✓	✓			✓			✓	✓	✓		✓	
G1 - Business conduct: ▪ Corporate culture, ▪ Lobbying activities ▪ Management of relationships with suppliers	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

GOV-5 IRO-1 SBM-3

Double Materiality

With the entry into force of the new Corporate Sustainability Reporting Directive (CSRD) and the adoption of the ESRS 1 - General Requirements reporting standard, companies must comply with the double materiality criterion as a basic requirement of the Consolidated Sustainability Statement.
The standard in use establishes as material, for reporting purposes, a question of sustainability where it alternatively or simultaneously meets the criteria defined for impact materiality and financial materiality (known as Double Materiality). Specifically:

- **Impact Materiality** allows the identification and assessment of the actual or potential significant impacts generated by the company in the short, medium or long term;
- **Financial Materiality** allows the identification and assessment of significant, potential risks and opportunities that the company is subject to in the short, medium or long term.

Material topics are those that generate material Impacts, Risks or Opportunities (IRO) for the company, affecting its future cash flows in the short, medium or long term with repercussions on development, performance and positioning in the short, medium or long term.
The ERG Group therefore confirmed the Double Materiality approach already used in the previous two years, and updated it during 2024 with the involvement of all key stakeholders.
The methodology used is divided into the following phases:

A. Context analysis: The starting point of sustainability reporting is analysing the context in which the organisation operates, also through sector benchmarks, and thus the description of the business strategy adopted, the financial results, the regulatory context and the specific regulations applicable to the company, the main business relationships, the geographical area and the nature of the activity carried out by the company.

B. Material topic identification: to identify the material topics, the ERG Group used the Topics of the new ESRS, which indicate those that must be assessed by companies. As a "Pure Renewable on-shore" Operator, it was decided to submit all ESRS Topics for assessment, even those that **do not apply to the ERG Group's business** (such as pollutant emissions and water management), to assess their impact on the value chain. The 12 relevant topics subjected to the materiality analysis are listed below:

- **Climate change** (Energy transition plan, emission reduction strategy, development of renewables)
- **Pollution** in air, water and/or soil (including microplastics)
- **Water and marine resources** (withdrawal, consumption, treatment and discharge) and marine resources (extraction and use).
- **Biodiversity and ecosystems** (use of water and land; impacts on ecosystems and protected species)
- **Resource use and Circular Economy** (use of natural resources; end-of-life management of plants; waste management)
- **Own workforce**, respect for working conditions (including health and safety and human rights)
- **Workers in the value chain** (including health, safety and human rights)
- **Affected communities** where the company invests
- Consumers and end-users
- **Business conduct**, within which the following three topics were identified:
  - **Corporate culture**, including the presence of processes for reporting any irregularities, which guarantee whistleblower protection, and the fight against corruption, Sustainable Finance, ICT and Tax Strategy[17].
  - **Lobbying activities** (e.g., institutions and authorities) to protect their interests
  - **Management of relationships with suppliers** (including payment practices)

C. Identification of Impacts, Risks and Opportunities related to material topics: involving the ESG Committee, the impacts, risks and opportunities associated with the material topics were assessed considering all the activities, business relationships, geographies, and the value chain of the Group:

- The main events generated by the company with respect to the external context (inside-out logic), were identified as "impacts" (negative or positive);
- The topics that derive from the external context and may influence company performance (outside-in logic) were assessed as "risks" and "opportunities".

Following this analysis, the main impacts, risks and opportunities, actual or potential, generated or incurred by the ERG Group were assessed:

- according to their degree of severity (or benefit in the case of positive impacts) and probability according to a "high, medium, low" scale for both the short term (within one year), medium term (within five years) and long term (over five years). Severity and benefit consider the scope, scale, and irremediable nature (only for the negative impacts)
- both in terms of inherent risk (without mitigation strategies) and residual risk (after the implementation of mitigation strategies) through the assessment of the magnitude of the possible financial effects and their relative probability of occurrence according to a "high, medium, low" scale for both the short term (within one year), medium term (within 5 years), and long term (over 5 years).

The final result of materiality was assessed taking into consideration the inherent risk (as required by the interpretative guidelines on the double materiality process).
The magnitude assigned to the risks and opportunities was expressed using a 'high, medium or low' scale representing, according to a qualitative approach, the importance of the risks and opportunities associated with the topic in question.

D. Stakeholder engagement: the stakeholders to be involved were identified, inviting them to respond to an online survey where they were able to express their assessment of the IROs connected to the topics identified in the previous point.

- for Impact Materiality, and in particular to identify the relevant

17 Please refer to "Entity-specific disclosures" in G1

topics from the perspective of the impacts generated by the ERG Group, all stakeholders (suppliers, customers, employees - including trade union representatives - shareholders, media, etc.) were involved. They were asked to evaluate the impacts generated by the IROs connected to the ESRS Topics on a scale of three values (low, moderate, significant) in the short (within one year), medium (within five years) and long term (over five years).

- for Financial Materiality, and in particular to identify the relevant topics from a financial perspective for the ERG Group, the members of the ESG Committee were involved, who are well aware of the sustainability aspects linked to the company's strategies. The ESG Committee participated in both the Impact Materiality and Financial Materiality assessments, and each member provided their point of view on the IRO according a scale of three values (low, moderate, significant) and in the short (within one year), medium (within five years) and long term (over five years).

In addition, an "**Expert Session**" was introduced in 2024 involving consultants and university teachers with expertise in CSRD, value chain and decarbonisation processes. To facilitate the assessment of the impacts referring to the ESRS Topics, a benchmark was provided to analyse the relevance of all the detailed topics (94 sub-sub-topics) along the value chain, with particular reference to the main players in the supply chain.

E. **Assessment and prioritisation**: the responses to the survey were analysed to understand the topics considered significant (or material) from the point of view of both Impact Materiality and Financial Materiality.
   - "High" financial magnitude indicates an event that may have a significant impact on the Group's strategies or its results (e.g., extreme weather events that limit plant operation for a considerable period).
   - "Medium" magnitude indicates an event that may have a moderate impact on the Group's strategies or its results (e.g., incidents at plants that limit their operation for a limited period).
   - "Low" magnitude indicates an event that has no impact, or a negligible impact, on the Group's strategies and results.

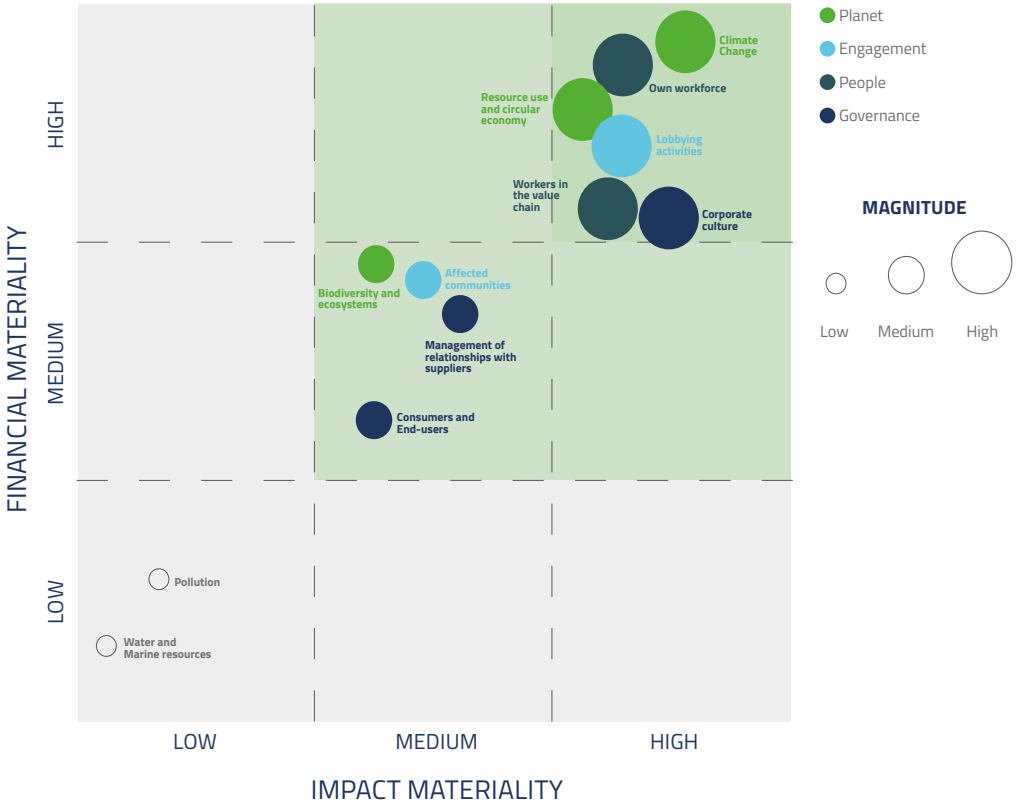
Once the IRO were identified, both on the basis of the impact materiality and with respect to financial materiality, each topic was assigned relevance for double materiality purposes: those assessed with at least a medium evaluation are the "material topics" to be reported on in this section.

The project involved the ESG Committee as the main stakeholder, and the scope of analysis included all the countries where the Group operates at 31 December 2024. The activities were coordinated by the ESG Department in collaboration with the Enterprise Risk Management (ERM) Department.
The support of the ERM Department has several objectives:

- to check whether the main negative impacts and/or risks identified in the ESG sphere are already included in the Risk Catalogues of the ERG Group (e.g., Climate change; Environmental & Biodiversity) to which they are equivalent
- to check whether the management strategies identified in the Risk Policy are effective in ensuring the mitigation of the same negative impacts and/or risks.

The Materiality was approved by the ESG Committee on 5 December 2024 and the Control, Risk and Sustainability Committee on 10 December 2024.

DOUBLE MATERIALITY 2024



"IMPACT MATERIALITY" Results

High Magnitude Medium Magnitude Low Magnitude Short: within one year Medium: within 5 years Long: over five years

Topic	Impact	Inherent Risk	Mitigation strategy	Residual Risk
E1 Climate change (entire value chain)	**Impact (negative):** ▪ Delays in the implementation of RES growth targets (potential) ▪ Failure to achieve decarbonisation targets in the supply chain (potential) **Impact (positive):** ▪ Development of renewable energies capable of reducing greenhouse gas emissions (GHG) and limiting impacts on climate change (actual) ▪ Decarbonisation objectives verified and validated according to a scientific approach by an independent body (Science Based Target initiatives) (actual).	Short Medium Long	▪ Strategic plan that envisages a strategy for the development of RES that are 100% aligned with the EU Taxonomy ▪ Technological (Wind & Solar) and geographical diversification of the generation portfolio ▪ ESG plan with decarbonisation objectives throughout the value chain approved by SBTi and in line with the objectives of the Paris Agreement (actual) ▪ Asset modernisation and efficiency programs (Repowering/Revamping) that make it possible to extract greater value from renewable sources (Wind & Solar).	Short Medium Long
E4 Biodiversity and Ecosystems (entire value chain)	**Impact (negative):** ▪ Incidents on plants with negative repercussions on the environment and biodiversity (potential) ▪ Alteration of natural habitats by wind and solar plants (potential) **Impact (positive):** ▪ "Environmental Impact and Biodiversity Assessment" (prepared by experts in the field), and continuous monitoring, in line with the authorisation requirements, to ensure the preservation of habitats and minimise any negative impacts (actual).	Short Medium Long	▪ Strategic plan that includes the development of re-newable technologies (Wind & Solar) with "negligi-ble/ limited" impacts on the environment and biodi-versity compared to other electricity generation plants ▪ Development of an ESG Plan with measurable biodi-versity objectives ▪ "Environmental Impact and Biodiversity Assess-ment" carried out during the authorisation phase of Wind & Solar projects ▪ Monitoring programme to reduce impacts on biodi-versity (where envisaged by provisions) ▪ Environmental impact assessment (VIncA) During the repowering phase, if the plant is at a distance of less than 5 km from protected areas ▪ HSE incident reporting process ▪ Whistleblowing channel for any reports.	Short Medium Long
E5 Resource use and Circular Economy (entire value chain)	**Impact (negative):** ▪ End-of-life waste management problems (potential) **Impact (positive):** ▪ Development of renewable technologies (Wind & Solar) that involve the recycling/reuse of most of the materials that make up the plants (actual).	Short Medium Long	▪ Development of an ESG Plan with measurable strategies and objectives on the circular economy, making it possible to reduce the amount of material to be sent to landfill during plant modernisation (Wind Repowering and Solar Revamping) ▪ Life Time Extension Program for plants ▪ Whistleblowing channel for any reports	Short Medium Long
S1 Own Workforce (own activities)	**Impact (negative):** ▪ Serious HSE incidents of own employees with negative impacts on the Group's reputation (potential) ▪ Report of workplace harassment (potential) ▪ Failure to enforce D&I and/or Employee Well-being policies, with loss of key figures (potential) **Impact (positive):** ▪ High working conditions and safety standards for all workers at the plants (actual) ▪ HR policies (e.g., Corporate Welfare, Remote Working, Flexible benefits) that meet the needs of employees and make it possible to attract talent (actual) ▪ training for employees' personal and professional growth (actual).	Short Medium Long	▪ Development of an ESG Plan with measurable strate-gies and objectives on Diversity, Equity, Inclusion & Belonging to attract and retain talent, including re-ports within the sustainability reporting ▪ OHSAS 18001 certified management systems, with HSE audits in the field and third-party audits ▪ HSE incident reporting process ▪ Whistleblowing process for reporting harassment.	Short Medium Long
S2 Workers in the value chain (upstream and downstream)	**Impact (negative):** ▪ Failure to verify working conditions along the value chain (including health and safety and human rights) (potential) **Impact (positive):** ▪ Adoption of high ESG standards along the value chain and selection of counterparties according to ESG criteria (decarbonisation; HSE; Human Rights) (actual).	Short Medium Long	▪ Development of an ESG Plan with strategies and objectives along the value chain (decarbonisation; D&I; Human Rights) ▪ "Sustainable Procurement" project which envisages in particular: the selection of suppliers who manage their production processes from an ESG perspective; the use of a "K-technical" for tenders > EUR 100K, which favours the most virtuous suppliers on ESG topics ▪ Selection of industrial customers with a solid economic-financial profile (Investment Grade rating) ▪ Contracts with safeguard clauses (Code of Ethics, 231 Model) ▪ Whistleblowing process for reporting violations (e.g., Human Rights).	Short Medium Long
S3 Affected Communities (entire value chain)	**Impact (negative):** ▪ Risk related to plants (e.g., accidents and/or fires) that may have negative repercussions on the local communities concerned (potential) **Impact (positive):** ▪ Analysis and assessment of the main risks during the plant design phase and definition of the main mitigation and monitoring actions (actual) ▪ Sharing value with local communities for the economic and social development of the territory (actual).	Short Medium Long	▪ Development of an ESG Plan with the aim of sharing value with local communities ▪ Stakeholder mapping with identification of expectations and engagement methods ▪ Stakeholder Engagement programme based on transparency and enhancing relationships with all stakeholders ▪ Permitting process that includes the direct involvement of local communities throughout the authorisation process ▪ Whistleblowing channel for any reports.	Short Medium Long

High Magnitude Medium Magnitude Low Magnitude Short: within one year Medium: within 5 years Long: over five years

Topic	Impact	Inherent Risk	Mitigation strategy	Residual Risk
S4 Consumers and end-users (downstream)	**Impact (negative):** ▪ Non-responsible or ethical management of customer relations (potential) **Impact (positive):** ▪ Sale of renewable electricity that supports the decarbonisation strategies of customer companies (actual).	Short Medium Long	▪ Selection of industrial customers with a solid economic-financial profile (Investment Grade rating) ▪ Contracts with safeguard clauses (Code of Ethics, 231 Model) ▪ Annual customer satisfaction survey ▪ Whistleblowing process for reporting violations.	Short Medium Long
G1 Corporate culture (entire value chain)	**Impact (negative):** ▪ Failure to achieve the objectives set out in the Business/ ESG Plan (e.g., economic-financial and/or decarbonisation objectives) (potential) **Impact (positive)** ▪ Adoption of incentive systems (MBO/LTI) aligned with the objectives of the Business Plan/ESG Plan (actual) ▪ Adoption of responsible and transparent governance practices in reporting ESG topics, with a positive impact on organisations that invest in the energy transition (actual).	Short Medium Long	▪ Incentive systems (MBO/LTI) linked to the objectives of the Business Plan/ESG Plan ▪ Endorsement of the Corporate Governance Code for Listed Companies issued by Borsa Italiana ▪ Internal Control and Risk Management System compliant with other standards and best practices, in terms of internal regulations adopted by the BoD (e.g., Code of Ethics; Sustainability Policy; Human Rights Policy; D&I); of Committees supporting the Board of Directors (Control, Risk & Sustainability Committee, Appointments and Remuneration Committee); of Committees supporting the CEO (Strategic Committee; ESG Committee; Human Capital Committee; Management Committee, etc.) ▪ Supervisory Committee, established pursuant to the 231 Model, acting as "Ethics Committee" ▪ Whistleblowing process for receiving reports.	Short Medium Long
G1 Lobbying activities (own activities)	**Impact (negative):** ▪ failure to implement Stakeholder Engagement programmes for RES development (potential) **Impact (positive):** ▪ implementation of Stakeholder Engagement programmes at international and national level to achieve energy independence through RES development in the reference countries (actual).	Short Medium Long	▪ Stakeholder mapping with identification of expectations and engagement methods ▪ Stakeholder Engagement programme based on transparency and enhancing relationships with all stakeholders ▪ Whistleblowing channel for any reports.	Short Medium Long
G1 Management of relationships with suppliers (upstream)	**Impact (negative):** ▪ Failure to verify ESG topics along the supply chain (including health and safety and human rights) (potential) **Impact (positive):** ▪ Adoption of high ESG standards and selection of suppliers according to ESG criteria (decarbonisation; HSE; Human Rights) (actual).	Short Medium Long	▪ Development of an ESG Plan with strategies and objectives in the supply chain (decarbonisation; D&I; Human Rights) ▪ "Sustainable Procurement" project which envisages in particular: the selection of suppliers who manage their production processes from an ESG perspective; the use of a "K-technical" for tenders > EUR 100K, which favours the most virtuous suppliers on ESG topics ▪ Contracts with safeguard clauses (Code of Ethics, Supplier Code of Conduct, etc.) ▪ Whistleblowing process for reporting violations (e.g., Human Rights).	Short Medium Long
E2 Pollution (upstream and downstream)	**Not applicable to the ERG Group** ERG is a 100% Pure Renewable operator that, through the use of wind and solar technologies, produces electricity without polluting. Limited impacts can be had in terms of emissions only during the construction phase and subsequent dismantling due to use of conventional means of transport (e.g., trucks for the transport of main components). However, given the useful life (more than 20 years), the related impacts can be considered "negligible".			
E3 Water and marine resources (upstream and downstream)	**Not applicable to the ERG Group** ERG is a 100% Pure Renewable operator that uses minimal and negligible quantities of water only for washing solar panels. The water is demineralised, no harmful substances are used and it re-enters the natural cycle after washing.			

"FINANCIAL MATERIALITY" Results

High Magnitude Medium Magnitude Low Magnitude Short: within one year Medium: within 5 years Long: over five years

Topic	Risk/Opportunity	Inherent Risk	Mitigation strategy	Residual Risk
E1 **Climate change (entire value chain)**	**Risks:** ▪ Increase in extreme events caused by climate change that can damage plants and/or infrastructure and/or the supply chain ▪ Negative impacts of climate change on RES production in the medium/long term due to the reduction of natural resources (e.g., wind) **Opportunities:** ▪ More stringent regulations that require greater transparency on emissions with positive effects on green businesses ▪ Increased demand for electricity from RES due to coal phase-out and/or business decarbonisation objectives ▪ Access to green loans and incentives for sustainable projects.	Short Medium Long	▪ Strategic plan that envisages a strategy for the development of RES that are 100% aligned with the EU Taxonomy ▪ Technological (Wind & Solar) and geographical diversification of the generation portfolio ▪ ESG plan with decarbonisation objectives throughout the value chain approved by SBTi and in line with the objectives of the Paris Agreement (actual) ▪ Asset modernisation and efficiency programs (Repowering/Revamping) that make it possible to extract greater value from renewable sources (Wind & Solar).	Short Medium Long
E4 **Biodiversity and Ecosystems (entire value chain)**	**Risks:** ▪ Events that have negative eco-nomic impacts on the Group (e.g., turbine shutdown due to migratory bird flows) **Opportunities:** ▪ Identification of "suitable areas" to reduce the authorisation and construction times of RES pro-jects (e.g., industrial sites) and the impacts on the environment and biodiversity. ▪ Improvement of the environ-mental matrix and biodiversity for the development of RES (e.g., reduction of polluting/ harmful emissions).	Short Medium Long	▪ Development of renewable technologies (Wind & Solar) that have "negligible/limited" impacts on the environment and biodiversity compared to other electricity generation plants ▪ Development of an ESG Plan with strategies and measurable biodiversity objectives ▪ "Environmental Impact and Biodiversity Assessment" carried out during the authorisation phase of Wind & Solar projects ▪ Monitoring programme to reduce impacts on biodiversity (where envisaged by provisions) ▪ Environmental impact assessment (VIncA) During the repowering phase, if the plant is at a distance of less than 5 km from protected areas ▪ HSE incident reporting process.	Short Medium Long
E5 **Resource use and Circular Economy (entire value chain)**	**Risks:** ▪ Dependence on materials that are difficult to extract (e.g., rare earths for the production of solar panels) ▪ Regulations that raise the percentage of materials to be recycled ▪ Escalation of waste management regulations **Opportunities:** ▪ Development and innovations of products that require increasingly less use of "critical" materials ▪ Promotion of circular economy solutions, such as the recycling of turbine components and panels that have a positive impact on the Group's reputation due to lower environmental impact.	Short Medium Long	▪ Development of an ESG Plan with measurable strategies and objectives on the circular economy, making it possible to reduce the amount of material to be sent to landfill during plant modernisation (Wind Repowering and Solar Revamping) ▪ Life Time Extension programme to extend the useful life of plants.	Short Medium Long
S1 **Own Workforce (own activities)**	**Risks:** ▪ Competition in talent attraction policies with exit of key figures ▪ Serious HSE incidents in the supplier chain with negative impacts on the Group's reputation **Opportunities:** ▪ Search for "Green Jobs" by the new generations ▪ Development of inclusion and diversity policies in the workforce with positive repercussion on the Group's reputation ▪ Increased attention of socially responsible investors (SRI) to social topics (e.g., respect for human rights and D&I).	Short Medium Long	▪ Development of an ESG Plan with measurable strategies and objectives on Diversity, Equity, Inclusion & Belonging to attract and retain talent, including reports within the sustainability reporting ▪ OHSAS 18001 certified management systems, with HSE audits in the field and third-party audits ▪ HSE incident reporting process ▪ Whistleblowing process for reporting harassment.	Short Medium Long
S2 **Workers in the value chain (upstream and downstream)**	**Risks:** ▪ Serious HSE incidents in the supplier chain with negative impacts on the Group's reputation ▪ Potential human rights violations or labour exploitation in value chains with a negative impact on the Group's reputation. **Opportunities:** ▪ Suppliers and/or customers attentive to ESG topics (HSE; Human Rights) and/or with high ethical standards.	Short Medium Long	▪ Development of an ESG Plan with strategies and objectives along the value chain (decarbonisation; D&I; Human Rights) ▪ "Sustainable Procurement" project which envisages in particular: the selection of suppliers who manage their production processes from an ESG perspective; the use of a "K-technical" for tenders > EUR 100K, which favours the most virtuous suppliers on ESG topics ▪ Selection of industrial customers with a solid economic-financial profile (Investment Grade rating) ▪ Contracts with safeguard clauses (Code of Ethics, 231 Model) ▪ Whistleblowing process for reporting violations (e.g., Human Rights).	Short Medium Long

High Magnitude Medium Magnitude Low Magnitude Short: within one year Medium: within 5 years Long: over five years

Topic	Risk/Opportunity	Inherent Risk	Mitigation strategy	Residual Risk
S3 Affected Communities (entire value chain)	**Risks:** ▪ Possible local resistance against wind or solar projects for land-scape impacts ▪ Protests or hostility from com-munities due to insufficient in-volvement **Opportunities:** ▪ Direct involvement of local communities when initiating the authorisation process and listen-ing to their requests ▪ Involvement of future genera-tions (Next Generation) in edu-cational activities on topics re-lated to sustainability and RES.	Short Medium Long	▪ Development of an ESG Plan with the aim of sharing value with local communities ▪ Stakeholder mapping with identification of expectations and engagement methods ▪ Stakeholder Engagement programme based on transparency and enhancing relationships with all stakeholders ▪ Permitting process that envisages the direct involvement of local communities throughout the authorisation process.	Short Medium Long
S4 Consumers and end-users (downstream)	**Risks:** ▪ Bankruptcy of a customer due to extreme events caused by climate change, with negative impacts on the Group's economic and financial results **Opportunities:** ▪ Increased demand for clean electricity from industrial customers to achieve their decarbonisation objectives.	Short Medium Long	▪ Selection of industrial customers with a solid economic-financial profile (Investment Grade rating) ▪ Contracts with safeguard clauses (Code of Ethics, 231 Model) ▪ Annual customer satisfaction survey ▪ Whistleblowing process for reporting violations.	Short Medium Long
G1 Corporate culture (entire value chain)	**Risks:** ▪ Volatility of electricity prices with negative repercussions on the Group's strategic objectives and on its Eco/fin results ▪ Increased competition for greater investments in green businesses by Funds/Asset Managers ▪ Increased taxation on energy companies, or changes to incentive systems, with negative repercussions on RES development ▪ Cyber-attacks with repercussions on the business continuity of plants and/or company systems **Opportunities:** ▪ Investors' greater willingness to invest in green assets at better market conditions (e.g., lower interest rates - green bonds) ▪ Greater transparency in reporting ESG topics with a positive impact on organisations investing in the energy transition and on the Group's reputation.	Short Medium Long	▪ Incentive systems (MBO/LTI) linked to the objectives of the Business Plan/ESG Plan ▪ Endorsement of the Corporate Governance Code for Listed Companies issued by Borsa Italiana ▪ Internal Control and Risk Management System which endorses other standards and best practices, in terms of internal regulations adopted by the BoD (e.g., Code of Ethics; Sustainability Policy; Human Rights Policy; D&I); of Committees supporting the Board of Directors (Control, Risk & Sustainability Committee, Appointments and Remuneration Committee); of Committees supporting the CEO (Strategic Committee; ESG Committee; Human Capital Committee; Management Committee, etc.) ▪ Supervisory Committee, established pursuant to the 231 Model, acting as "Ethics Committee" ▪ Whistleblowing process for the receipt of reports (which includes whistleblower protection).	Short Medium Long
G1 Lobbying activities (own activities)	**Risks:** ▪ Complex international geopolitical context that slows down the enforcement of decarbonisation objectives in individual countries ▪ Local Authorities' failure to implement decarbonisation objectives, with delays in the development of RES **Opportunities:** ▪ Commitment made by international and national institutions in support of decarbonisation policies and RES development ▪ Promotion of simplified authorisation processes for RES development and/or plant revamping.	Short Medium Long	▪ Stakeholder mapping with identification of expectations and engagement methods ▪ Stakeholder Engagement programme based on transparency and enhancing relationships with all stakeholders	Short Medium Long
G1 Management of relationships with suppliers (upstream)	**Risks:** ▪ Supply chain interruption due to an increase in extreme events caused by climate change ▪ Serious HSE incidents of employees in the supplier chain with negative impacts on the Group's reputation ▪ Potential human rights violations or labour exploitation in the supply chain **Opportunities:** ▪ Suppliers attentive to ESG topics (HSE; Human Rights) and/or with high ethical standards and positive impact on the Group's reputation ▪ Suppliers that implement decarbonisation strategies, contributing to the Group's Net Zero objective with positive repercussion on the Group's reputation.	Short Medium Long	▪ Development of an ESG Plan with strategies and objectives in the supply chain (decarbonisation; D&I; Human Rights) ▪ "Sustainable Procurement" project which envisages in particular: the selection of suppliers who manage their production processes from an ESG perspective; the use of a "K-technical" for tenders > EUR 100K favours the most virtuous suppliers on ESG topics ▪ Contracts with safeguard clauses (Code of Ethics, Supplier Code of Conduct, etc.) ▪ Whistleblowing process for reporting violations (e.g., Human Rights).	Short Medium Long
E2 Pollution (upstream and downstream)	**Not applicable to the ERG Group** ERG is a 100% Pure Renewable operator that, through the use of wind and solar technologies, produces electricity without polluting. Limited impacts can be had in terms of emissions only during the construction phase and subsequent dismantling due to use of conventional means of transport (e.g., trucks for the transport of main components). However, given the useful life (more than 20 years), the related impacts can be considered "negligible".			
E3 Water and marine resources (upstream and downstream)	**Not applicable to the ERG Group** ERG is a 100% Pure Renewable operator that uses minimal and negligible quantities of water only for washing solar panels. The water is demineralised, no harmful substances are used and it re-enters the natural cycle after washing.			

GOV-4

The Due Diligence Process of the ERG Group

The ERG Group has adopted a system of policies with which all counterparties (in particular suppliers) must comply. The verification of their compliance is entrusted to the following bodies:

- Supervisory Committee: supervises the correct application of the Code of Ethics limited, to the relevant cases under the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01; manages any reports through the appropriate channels (dedicated e-mail and ordinary mail) made available to all employees and third parties.
- ESG Committee: monitors the effective application of the Group Policies (Human Rights, Diversity & Inclusion, Combating episodes of Violence, Harassment and Bullying, and Gender Equality).

In addition, the ERG Group uses a dedicated portal to continuously monitor all counterparties, which concerns:

- the presence of sanctions or legal proceedings in application of Italian Legislative Decree no. 231/01 or equivalent legislation
- the presence of human rights violations, crimes or illegal actions
- the presence of negative news in the press.

The supply chain is also monitored on the management of aspects related to the various areas of sustainability (environment, health and safety, governance, respect for human rights), on economic-financial aspects, and its technical performance is assessed in the execution of contracts.
When critical issues arise, actions are taken based on the severity of the situation, in particular the invitation to implement remedial actions. Field audits make it possible to define targeted improvement plans, so that the supply chain complies with the objectives defined by ERG

Financial Risk

The **Economic/Financial analyses** envisage the verification of:

- Legal information
- Risk Profile trend in the last 10 years (if available): Rating, probability of default, credit limit, CRIF financial stability
- Economic/financial data (EBITDA/profit-losses/cash flows) of the last 10 years (if available)
- Availability of publicly available financial statements (by counterparty in Italy)
- Info present in Public Registers (Protests / Bankruptcies / CIGS)

... in addition to the corporate structure in the group to wich the company belongs (direct / indirect; domestic / international) up to the last ring of control.

ESG risks / reputations

The **Reputational analyses** include the verification through Compliance Catalyst and World Compliance of:

- Beneficial owner
- Politically Exposed Persons (known as PEPs)
- Legal proceedings (initiated or closed) and presence of sanctions (e.g. Italian Legislative Decree 231/01 ESG, or equivalent regulation) on the company, its parents and its subsidiaries
- Legal proceedings (initiated or closed) and presence of sanctions on Directors/ Managers of the company, its parents and its subsidiaries
- Adverse media

The analyses are also integrated with updated information found in the international press and ANSA, the most recognized Italian press agency

ENVIRONMENTAL INFORMATION

ESRS E1

CLIMATE CHANGE

In recent decades, climate conferences have been crucial moments in defining global strategies against climate change. These include the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC), the United Nations Climate Summit and other international fora involving governments, businesses and civil society:

- Paris Agreement (COP21, 2015) - Marked a historic turning point with the aim of limiting global warming to well below 2°C compared to pre-industrial levels, aiming for 1.5°C.
- COP26 (Glasgow, 2021) - Strengthened the commitment to progressively reduce the use of coal and stimulated new emission reduction targets by 2030.
- COP27 (Sharm el-Sheikh, 2022) - Introduced the loss and damage fund in favour of the most vulnerable countries, but left doubts about the real desire to eliminate fossil fuels.
- COP28 (Dubai, 2023) - Raised concerns due to the strong influence of the oil industry and trade-offs that have slowed down the global energy transition.
- COP29 (Baku, 2024) - Led to an agreement to triple climate financing to developing countries, reaching at least 300 billion dollars per year by 2035, which was deemed insufficient, arousing disappointment among the more vulnerable nations. Furthermore, the absence of representatives from the main economies (France and the United States) raised doubts about the effectiveness of the commitments made.

Despite the declared commitments, the most recent conferences have highlighted difficulties in achieving a true energy transition. Many fossil fuel-producing countries continue to defend their interests, while some emerging economies are struggling to balance economic development and emissions reduction. The lack of stringent constraints and the difficulties in financing renewable energy in some markets have further slowed down the process.
In this uncertain context, it is fundamental for ERG SpA to maintain a clear and determined strategy in the path to decarbonisation. As a leader in the renewable energy sector, the company must continue to invest in wind and solar power, strengthening its commitment to the energy transition and contributing to a low-carbon future. Consistency with climate objectives not only strengthens the company's competitive position, but also represents a duty towards future generations and the sustainability of the planet.

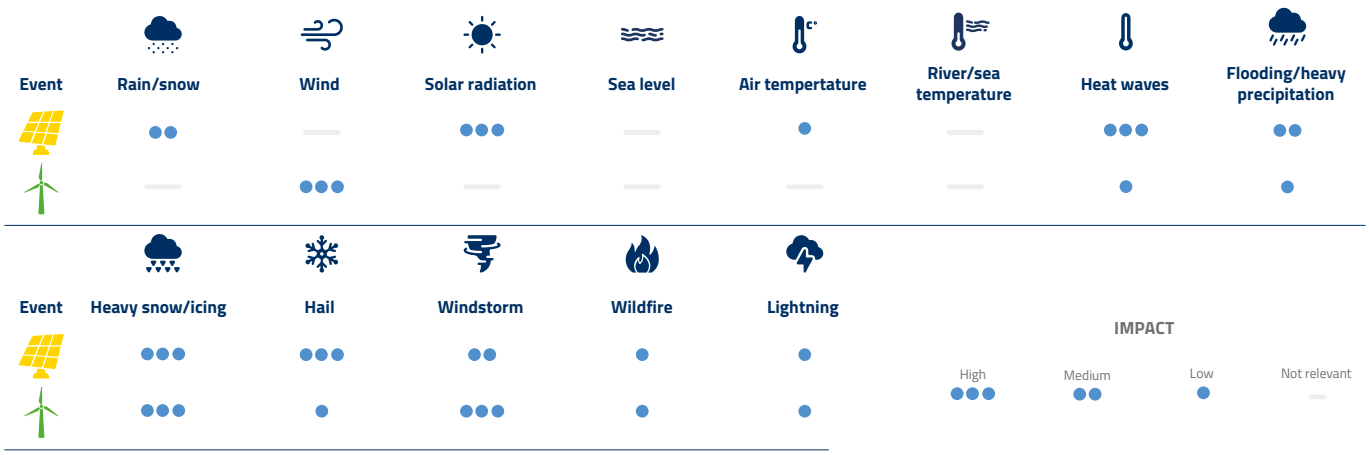
E1-1 E1-2 E1-3 E1-4

Transition Plan Policies and Actions Objectives

Climate change risk management (TCFD framework)

The ERG Group has launched a structured analysis on the impacts of climate change on its business since 2019, following the guidelines of the Task Force on Climate-Related Financial Disclosure (TCFD). ERG has progressively updated its analysis, moving from a qualitative approach to a quantitative one, expanding the geographic perimeter to include the new countries that have progressively entered the scope of consolidation, including Spain and the USA, and focusing only on the production of electricity from renewable sources (wind and solar), after exiting from the hydroelectric and thermoelectric sectors. The Group has adopted emissions scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), one of the most accredited in the literature, considering five emissions scenarios[18]. ERG then identified the variables with potential impacts on its business, classifying them into physical (acute and chronic) and transitory (regulatory, market, reputational and technological) events. The analysis highlighted both risks and opportunities, including the development of Renewable Energy Sources (RES).

18 (RCP: 8.5; 7.0; 4.5; 2.9; 1.9) and two transition scenarios (Below 2 Degree Scenario - B2DS - IEA and Sustainable Development Scenario - SDS)



1. Governance for climate change management

ERG has a sound governance system for managing climate risks, integrated into the company strategy and outlined and monitored by the company's top management:

The Board of Directors is responsible for the strategic direction, charting the path for the Group's renewable future. It analyses economic, regulatory and market scenarios to identify the best development opportunities, supporting decarbonisation.

Control, Risk & Sustainability Committee, supports the assessments and decisions of the Board of Directors relating to: i) ESG Strategy and Plan (with implementation of decarbonisation plans); ii) Integrated reporting (with Sustainability section); Internal Control and Risk Management System (ICRMS), which includes climate risk monitoring. In addition, the operational management of climate risks and opportunities is entrusted to specialised teams in the various company departments.

The ESG Committee defines, plans and supervises the implementation of environmental sustainability, social and governance (ESG) objectives and in particular with reference to climate change:

- it defines medium-long term sustainability guidelines and promotes the implementation of practices and projects consistent with the company strategy;
- it approves the ESG Initiatives Plan as a constituent part of the Group's Business Plan, oversees its execution, reaching objectives and the priority intervention areas;
- manages the preparation and dissemination of the Sustainability Section of Integrated Reporting.

Enterprise Risk Management (ERM) is the Group structure that supports management in identifying, assessing and monitoring risks, as well as in defining the most effective response strategies to mitigate them. In particular, ERM supports the ESG area in assessing the risks and opportunities from climate risks.

Moreover, ERG actively participates in stakeholder dialogue (including institutions, trade associations and local representatives) to contribute to the development of renewable energies. ERG participates in numerous national and international working groups and initiatives on energy and environmental policies, providing its industrial experience and sectoral knowledge to contribute to the energy transition. The dialogue with the main players in the sector makes it possible to strengthen ERG's role in promoting decarbonisation policies that are fundamental for the business and for the fight against climate change.

2. Strategy

ERG operates in the renewable energy sector and has aligned its business model with the objectives of the energy transition. To combat climate change, ERG has integrated its climate strategy into its business strategy, adopting the following actions:

- development and production of wind and photovoltaic energy;
- geographic and technological diversification, in order to compensate for the negative impacts of climate change;
- technological evolution of wind turbines to increase the generation of energy from wind.
- establishment of effective and lasting relationships with stakeholders;

ERG has an ESG Plan focused on becoming Net Zero by 2040. The Science Based Target initiative's (SBTi) approval of theemission reduction targets, in line with the threshold necessary to keep the global temperature increase within 1.5°C, confirms the validity of thedecarbonisation strategy.

In detail, ERG has structured its path towards decarbonisation into the following main phases:

- production and sale of 100% renewable energy;
- exclusive consumption of 100% renewable energy by company plants and structures;
- decarbonisation of the supply chain, supporting main suppliers on an emission reduction pathway, certified by the Science Based Targets initiative (SBTi).

3. Risk Management

Starting from the analysis of risks and opportunities, ERG has developed an in-depth study on the impacts that climate change could have on its business, following the guidelines of the Task Force on Climate-Related Financial Disclosure (TCFD).

Starting from the identification of risks and opportunities, ERG has developed an analysis of the impacts that climate change can have on its business.

Climate change represents a risk that can have economic and financial impacts on ERG's business in the short, medium and long term. Some of the main effects include:

- decrease in the availability of renewable resources, i.e., wind and sun;
- limitations or impediments to plant operations;
- increase in operation and maintenance costs (O&M);
- increase in insurance and regulatory compliance costs.

For details on the analyses carried out and the risks and opportunities identified, please see the TCFD table present on the institutional website www.erg.eu.

ERG adopts a structured approach to identify, assess and mitigate climate risks through:

- **Continuous monitoring** of physical and transitional risk factors.
- **Geographic diversification** of plants to reduce vulnerability to specific climate events.
- **Technological diversification** of plants (Wind, Solar and Storage) to reduce vulnerability to specific climate events.
- **Investments in innovation** and technological updating to improve the efficiency and resilience of infrastructures.
- **Stakeholder engagement** to adapt the company strategy to regulatory and market developments.

At plant management level, ERG has adopted a series of solutions to manage and mitigate these risks, including:

- **use of advanced forecasting models** to define the production plan and short-term operating activities;
- **planning plant down-time** during periods in which renewable energy sources have lower availability, so as to carry out maintenance without blocking the production of energy in periods of greater availability of wind and sun;
- **continuous performance monitoring** through industrial control systems (SCADA), based on Key Performance Indicators (KPIs), to promptly intervene in the event of a fault and reduce downtime;
- **continuous improvement of management and maintenance processes**, to maximise operational efficiency and plant productivity;
- **insurance policies** to mitigate the risks related to the interruption of operations and damage to assets in the generation portfolio.

4. Metrics and objectives

ERG uses key metrics to monitor climate progress, including:

- **Reduction of CO_2 emissions**, with Net Zero objectives defined in line with international standards.
- **Share of renewable energy produced**, with a target of growth in installed capacity.
- **Asset resilience to climate change**, assessed through scenario analysis in compliance with the objectives of the Paris Agreement.

ERG's commitment to climate risk management translates into a proactive strategy that aims to consolidate its leadership in the renewable energy sector, while ensuring stability and sustainable growth.

The update of the analysis focused on wind and photovoltaic activities and confirmed ERG's resilience to climate change thanks to its energy transition towards a green economy, with its own "Pure Renewable Player" generation model.

E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

In 2023, ERG established an internal working group involving the Performance Control, Energy Studies & EU Affairs, Engineering Innovation and Innovation Projects departments, together with the ESG area. The objective was to assess the quantitative impact of climate change on the annual production of the Group's wind assets, with a medium (2020-2039), medium-long (2040-2059) and long-term (2080-2099) projection.

The analysis showed that, in general, the risks of a decrease in average wind speed in the medium term (2020-2039) are limited. Historical and statistical analyses of the percentage change in wind speed indicate limited annual fluctuations in energy production. These fluctuations are also already integrated in the historical series underlying the production estimates contained in the Business Plan.

ERG's working group will continue to monitor long-term climate scenarios to ensure that the estimates are always up-to-date and realistic.
In 2024, ERG carried out an in-depth analysis of the change in irradiation for the Group's solar plants.
Following the same methodology used for wind farms, ERG launched a technical panel to assess the quantitative impact of climate change on the annual production of the Group's photovoltaic plants, adopting the same time horizons.
The analysis foreshadowed a gradual increase in irradiation at all latitudes, directly related to the increase in average temperature and the reduction in rainy days caused by climate change. The increase in irradiation in the medium term is comparable and consistent with historical fluctuations. Therefore, a very positive impact is expected for the solar resource. Although having a negative effect on the output of the photovoltaic modules, the temperature increase can be considered negligible, since their loss of efficiency is much lower than the increase in irradiation and will be further mitigated by the technological development of new photovoltaic panels.

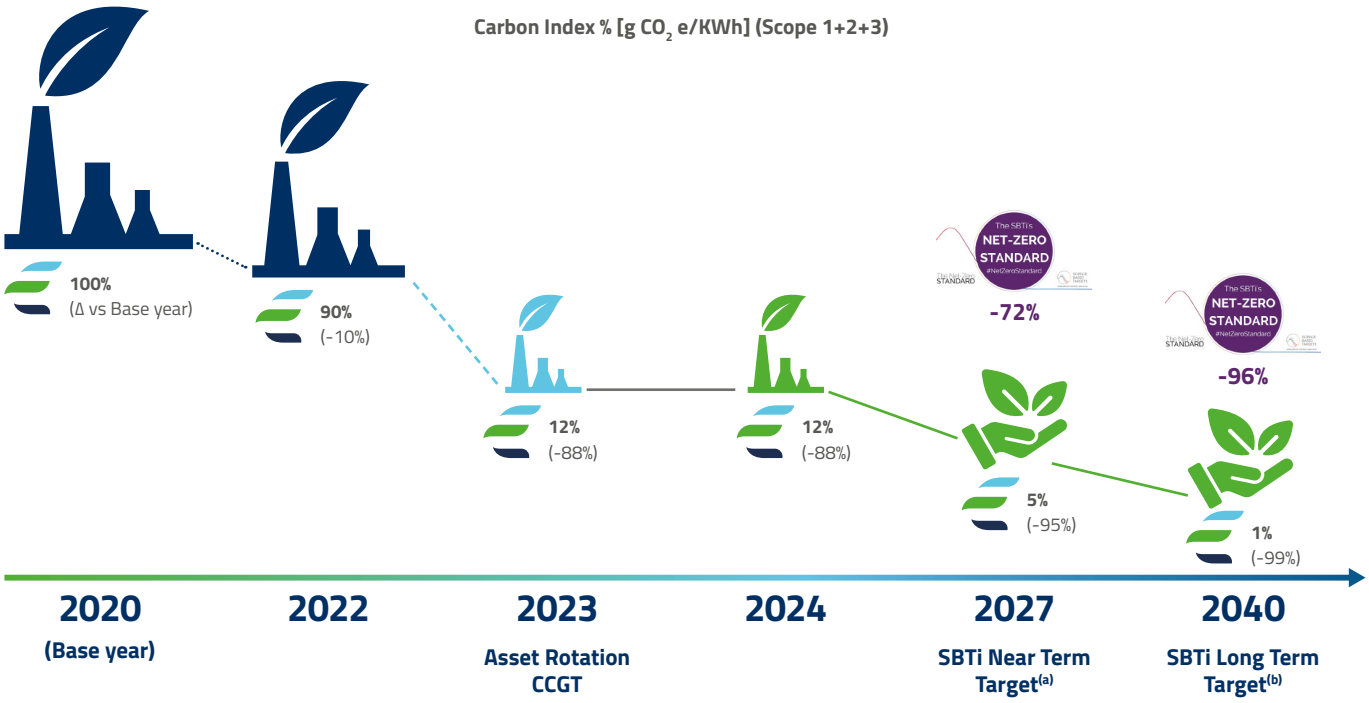
Net Zero by 2040 Objective

The ERG Group is committed to achieving the goal of net zero climate-altering emissions by 2040. With the exit from the thermoelectric sector in 2023, the company's entire electricity generation comes from renewable sources, in line with the European Union (EU) Taxonomy. The decarbonisation strategy is divided into three phases:

- production and sale of energy entirely from renewable sources;
- exclusive consumption of renewable energy in company plants and infrastructures;
- decarbonisation of the supply chain, involving the main suppliers on an emission reduction pathway, certified by the Science Based Targets initiative (SBTi).

The goal is to ensure that at least 75% of suppliers with a turnover greater than EUR 1 million obtain SBTi certification for emissions reduction by 2030, reaching 90% by 2040.
ERG monitors its Net Zero objectives annually, which envisage an effective reduction in emissions without resorting to carbon credits or offsetting measures. The Group does not use greenhouse gas removal or storage techniques, in line with its 100% renewable generation model.

THE PATH TO NET ZERO



NET ZERO target approved by SBTi

(a) In the short term:
- reduction of direct (Scope 1) and indirect GHG emissions from energy consumption (Scope 2) by 72% per MWh by 2027 compared to 2020;
- increase in renewable energy consumption from 94% in 2020 to 100% in 2030;
- reduction of direct (Scope 1) and indirect GHG emissions from energy sale (Scope 3) by 70.4% per MWh by 2027 compared to 2020.

(b) In the long term:
- reduction of direct (Scope 1) and indirect GHG emissions from energy consumption (Scope 2) by 94.8% per MWh by 2040 compared to 2020;
- reduction of direct (Scope 1) and indirect GHG emissions from energy sale (Scope 3) by 95.3% per MWh by 2040 compared to 2020;
- reduction of other indirect GHG emissions (Scope 3) by 97% per MWh by 2040 compared to 2020.

Certification of Decarbonisation Objectives

On 7 July 2023, the Science Based Target initiative (SBTi) approved the ERG Group's greenhouse gas (GHG) emission reduction targets, in line with the threshold necessary to keep the global temperature increase within 1.5°C. ERG is among the top 15 companies in the world and among the first two in Italy in the electricity utility sector and independent electricity producers to have obtained this certification. ERG's commitment to Net Zero envisages concrete actions both in the short term, with objectives set for 2027, and in the long term, with the climate neutrality target set for 2040.

The ERG Group recognizes the importance of sustainability and is proud to be a pure-renewable company committed to the energy transition and the fight against climate change. The Group's decarbonization journey is ambitious and concrete: it has set a net-zero target for 2040, validated by the Science Based Targets initiative (SBTi), in line with the sectoral pathway for energy companies to limit global temperature rise to 1.5°C, as outlined in the Paris Agreement. The ERG Group is aware of the importance of transparent planning that aligns with evolving regulations. However, ERG's decarbonization plan, aligned with international best practices and approved by SBTi, is not yet fully aligned with the reporting requirements set by the ESRS. The company is evaluating what actions to introduce in the future to comply with these requirements. ERG will continue to pursue its sustainable strategy with determination, actively contributing to the energy transition and ensuring transparency in its decarbonization journey.

It is further noted that ERG is not excluded from the EU Paris-aligned benchmarks, as its business and revenues do not fall within the list of Article 12 of Commission Implementing Regulation (EU) 2022/2453 of November 30, 2022, which amends the technical implementation standards set by Implementing Regulation (EU) 2021/637 regarding the disclosure of environmental, social, and governance risks..

ESRS 2 GOV-3 ESRS E1

Climate-related remuneration policies

The incentive system used by the ERG Group is based on two time lines: i) short-term, based on a Management By Objectives (MBO) approach; ii) long-term, based on a Performance Share system (LTI). Consistent with the integration of sustainability in the Group strategy, the targets linked to the ESG Plan represent a fundamental element for all the incentive systems. In relation to climate-related remuneration policies, both the MBO and the LTI systems include the assignment of both objectives linked to growth in RES (installed production capacity in MW) and objectives related to Group Sustainability (linked to the ESG Plan).
Therefore, given that the growth of the ERG Group is focused on the management and development of RES (Wind, Sun and Batteries - three 100% green technologies in line with the European taxonomy), 100% of the remuneration systems have climate-related objectives for both the CEO and for the entire population participating in these incentive systems.

EU Taxonomy

According to the Taxonomy, an economic activity is considered sustainable if[19]:

1. it contributes substantially to one or more of the EU's six environmental objectives (compliant with the technical screening criteria);
2. it complies with the "Do No Significant Harm" (DNSH) principle, ensuring that it does not cause significant damage to the other objectives;
3. it meets minimum safeguard requirements, in compliance with the guidelines of the Organisation for Cooperation and Development (OECD) for multinational enterprises and the United Nations' Guiding Principles on business and human rights

6 ENVIRONMENTAL OBJECTIVES - EU TAXONOMY

Climate change mitigation | **Climate change adaptation** | **Pollution prevention and reduction** | **Transition to a circular economy** | **Sustainable use and protection of water and marine resources** | **Protection and restoration of biodiversity and ecosystems**

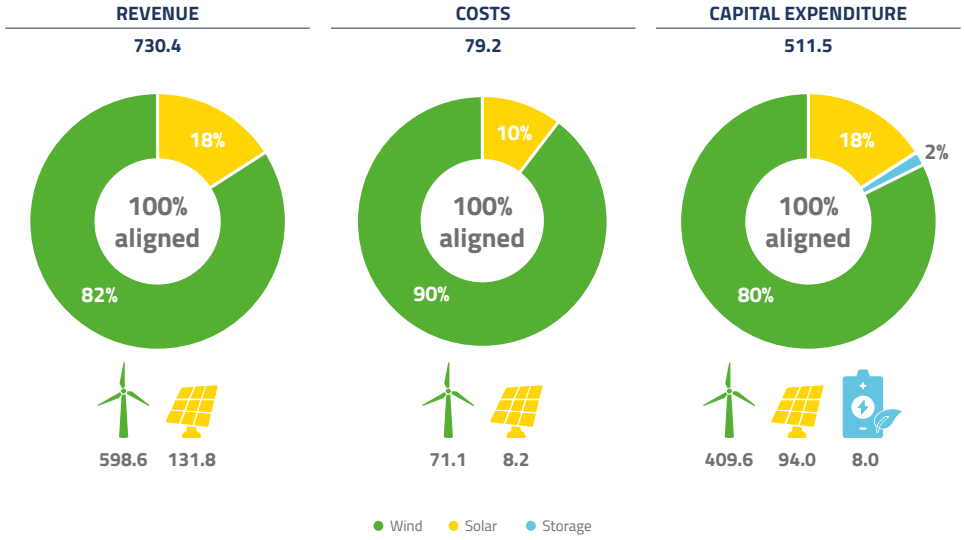
Also for 2024, following the 'by technology' approach used in the Directors' Report of the Consolidated Financial Statements, ERG examined the impact of its activities. In addition to the two climate objectives – mitigation and adaptation – the Group explored the requirements related to the four environmental objectives: prevention and control of pollution, sustainable use and protection of water and marine resources, transition to a circular economy and protection and restoration of biodiversity and ecosystems.

The analysis confirmed that **ERG's activities are fully aligned with the EU Taxonomy**[20], in continuity with the results of 2022 and 2023. Activities 4.1 (electricity generation using solar photovoltaic technology), activities 4.3 (electricy generation from wind power) and 4.10 (storage of electricity) contribute significantly to climate change mitigation, as does **the Group's investment plan**[21], (1 billion euros in the period 2024-2026) **also fully aligned with the EU Taxonomy**, as it focuses on the development of wind (4.3) and photovoltaic energy (4.1) and, starting from 2024, also the development of storage (4.10).

To calculate the key performance indicators (KPIs), ERG used the data contained in the Consolidated Financial Statements at 31 December 2024 and in compliance with EU Commision guidelines, has defined Revenues, Opex and Capex.
In line with 2023, Revenue[22] was considered net of the impact of the fair value of hedging (since they are purely financial transactions).
For costs and capital expenditure, there was a discontinuity in the KPI calculation: for costs, only maintenance costs were considered (also including personnel expenses) and not all operating expenses; for capital expenditure[23], the amounts related to goodwill recognised at the time of acquisition[24] were instead excluded.
The amounts were aligned with the Group total, avoiding double counting thanks to the use of consolidated figures, i.e., net of the elimination of 'infragroup' financial transactions between entities belonging to the ERG Group.
The Group confirms 100% alignment with the Taxonomy, as it is exclusively focused on renewable business.
Details of the economic activities aligned with the Taxonomy are available in the section "annexes" - UE Taxonomy - KPI Revenues - Capex - Opex

19 Art 3 of Regulation (EU) no. 2020/852
20 in application of Article 10, paragraph 3 of Regulation (EU) no. 2020/852
21 See "Strategy and objectives for the period 2025-2026", R&D expenses are not expected
22 See "Note 1 of the Consolidated Financial Statement"
23 See the "Comments on the year's performance"
24 See the "Note 17 of Consolidated Financial Statements"

2024 ANALYSIS RESULTS (€M)



Reported Data
For the purposes of the Taxonomy, the following were considered:
Revenue: Consolidated revenue (738.1 €M) net of the fair value of hedges (7.7 €M in revenue) for a total net amount of 730.4 €M
Costs: Costs of only maintenance (70.1 €M) and personnel (9.2 €M) for a total of 79.2 €M
CapEx: Consolidated CapEx (553.0 €M) net of goodwill (41.5 €M) for a total net amount of 511.5 €M
Capital expenditure also includes intangible concessions and licences.

Compliance with the Do No Significant Harm (DNSH) criteria and minimum safeguards

The DNSH technical criteria on the need to do no significant harm require that economic activities do not have a particularly negative environmental impact. ERG carried out an internal analysis to assess compliance with these criteria in its activities, in particular for the production of photovoltaic energy (activity 4.1) and wind energy (activity 4.3) and energy storage (activity 4.10).
The analysis considered:

- the authorisations (e.g., environmental) obtained for the construction and operation of wind and solar plants (Wind & Solar or W&S) and for energy storage;
- the analysis of chronic and acute climate risks and their compensation and mitigation measures;
- the durability of W&S technologies;
- the disposal and recyclability of components at the end of the useful life of W&S plants.

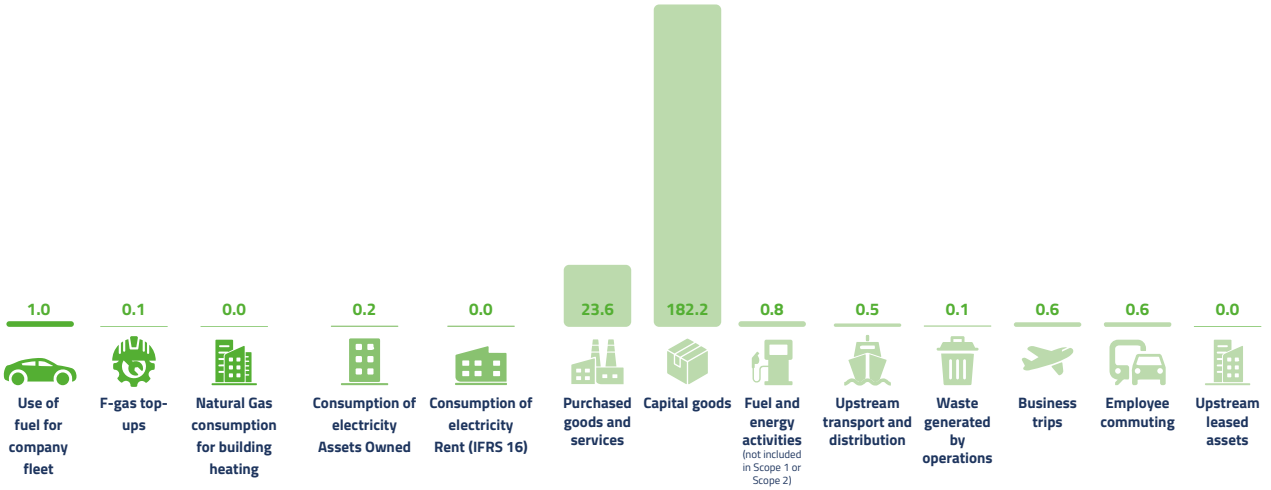
The analysis results confirm that ERG operates in full compliance with the DNSH technical criteria.
ERG also assessed the compliance of its organisational structure and internal processes with the requirements of the minimum safeguards. In this context, the non-binding opinion of the Platform on Sustainability Finance (PSF) was taken as a reference. The analysis examined the company processes and regulatory documents to verify their compliance with the recommendations of the PSF. The reference company policies include the Code of Ethics, Human Rights Policy, Anti-corruption Policy and the tax strategy. These documents define the fundamental principles that the Group integrates into its business strategy to guarantee the protection of all stakeholders.

The analysis confirmed that ERG carries out its activities in full compliance with the minimum safeguards.

Internships	Requirements (Annex I)	Satisfaction	Satisfaction	Satisfaction
Climate change adaptation	The activity fulfils the criteria of Annex A of the Delegated Acts supplementing Regulation (EU) 2020/852.	✓	✓	✓
Sustainable use and protection of water and marine resources	Not applicable (Does not apply to On-shore Renewable Energy Plants)			
Transition to a circular economy	The activity assesses the availability of equipment and components of high durability and recyclability and easy dismantling and upgrading, using them where possible.	✓	✓	✓
Pollution prevention and reduction	Not applicable (Does not apply to Renewable Sources)			
Protection and restoration of biodiversity and ecosystems	The activity fulfils the criteria of Annex D of the Delegated Acts supplementing Regulation (EU) 2020/852. In the case of offshore wind installations, the activity does not hinder the achievement of good environmental status as set out in Directive 2008/56/EC	✓	✓	✓

E1-6

Emissions



EMISSIONS ($ktCO_2E$)

GHG emissions and targets

E1-4 E1-6	Uom					Milestones and target years				
		2020 Base Year	2023 (N-1)	2024 (N)	%N / N-1	2027	2030	2035	2040	Annnual % target / Base year
Scope 1 GHG Emissions										
48. (a) Gross Scope 1 GHG emis-sions	tCO_2eq	1,147,990	1,028	1,118	9%					
48. (b) Percentage of Scope 1 GHG emissions from regulated emission trading schemes	%	-	-	-						
Scope 2 GHG emissions										
49. (a) Gross location-based Scope 2 GHG emissions	tCO_2eq	14,200	5,768	8,263	47%					
49. (b) Gross market-based Scope 2 GHG emissions	tCO_2eq	1,301	208	242	16%					
Scope 3 GHG emissions										
51. Total Gross indirect (Scope 3) GHG emissions	tCO_2eq	441,865	172,697	208,313	21%					
Fuel and energy activities (not included in Scope 1 or Scope 2)	*tCO_2eq*	352,186	668	830	24%					
Total GHG emissions										
52. (a) Total GHG emissions (location-based)	tCO_2eq	1,604,055	179,493	217,694	21%					
52. (b) Total GHG emissions (market-based)	tCO_2eq	1,591,156	173,933	209,673	21%					
Production	**Gwh**	**6.580**	**6.139**	**6.959**	**13%**					
Carbon Index										
Scope 1 and Scope 2	$grCO_2e/KWh$	174.7	0.2	0.2	-3%	48.9			9.1	14%
Scope 2	$grCO_2e/KWh$	0.2	0.0	0.0	3%		0.0	0.0	0.0	100%
Scope 3 (ex. category 3)	$grCO_2e/KWh$	13.6	28.0	29.8	6%				0.4	16%
Scope 1 + Scope 3 (category 3)	$grCO_2e/KWh$	228.0	0.3	0.3	1%	67.5			10.7	14%

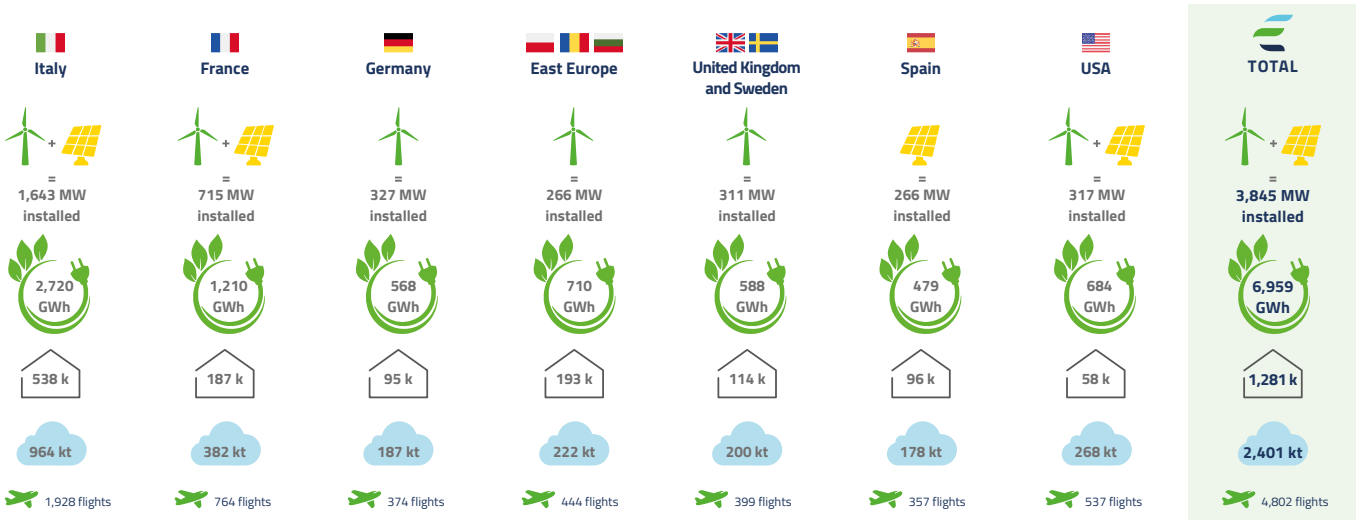
E1-6 GHG Intensity based on net revenue	Uom	2023 (N-1)	2024 (N)	% N / N-1
53. Total GHG emissions (location-based) per net revenue	$kgCO_2e/€$ - %	0.24	0.29	22%
53. Total GHG emissions (market-based) per net revenue	$kgCO_2e/€$ - %	0.23	0.28	21%
Connectivity with financial reporting information				
AR 55. Total net revenue	€	740,920,000	738,065,000	
AR 55. Net revenue used to calculate GHG intensity	€	740,920,000	738,065,000	
AR 55. Net revenue (other)	€	-	-	

Gross GHG emissions of scope 1, 2, 3 and total GHG emissions	Uom	2024
AR 45. (d) The undertaking shall provide information about the share of contractual instruments (GHG emis-son Scope 2)	%	100%
AR 45. (d) Optional - The undertaking may disclose the share of market-based scope 2 GHG emissions linked to purchased electricity bundled with instruments such as Guarantee of Origins or Renewable Energy Certifi-cates.	%	97%
AR 45. (d) The undertaking shall provide information about the share of contractual instruments used for the sale and purchase of energy bundled with attributes about the energy generation.	%	100%
AR 45. (d) The undertaking shall provide information about the share of contractual instruments used for the sale and purchase of energy bundled with unbundled energy attribute claims.	%	100%
AR 46. (g) disclose the extent to which the undertaking's Scope 3 GHG emissions are measured using inputs from specific activities within the entity's upstream and downstream value chain, and disclose the percentage of emissions calculated using primary data obtained from suppliers or other value chain partners;	%	51%

ERG does not participate in emission trading, as its business model is entirely based on the production of energy from renewable sources. The "locked-in" or fugitive emissions, equal to 0.04%, derive from leaks of fluorinated gases (F-gases including SF6) used in cooling and heating systems, therefore, they do not influence the achievement of decarbonization objectives.

CO_2 avoided: renewables for the future of the planet

Thanks to the production of clean wind and solar energy, in 2024 ERG avoided the emission of 2,401 kt of CO_2 into the atmosphere, equivalent to the emissions of 4,802 London-New York flights.



E1-5

Renewable energy consumption

ERG's commitment to decarbonisation involves the exclusive use of renewable energy for the domestic consumption of its wind and photovoltaic plants, when they are not in production. The goal, also certified by SBTi, is to reach 100% renewable energy consumption by 2030. For the plants developed internally, ERG activates the supply of renewable energy at the same time as the plant is commissioned. For plants that ERG purchases from other operators, if the electricity supply is not already from renewable sources, the internal policy sets out a maximum period of two years for conversion to 100% renewable energy supply.

Energy consumption and mix

E1-5	Uom	2024	2023
37. (a) Total energy consumption from fossil sources	MWh	5,393	5,096
AR 34. Share of fossil sources in to-tal energy consumption	%	16%	20%
37. (b) Total energy consumption from nuclear sources	MWh	-	-
AR 34. Share of consumption from nuclear sources in total energy con-sumption	%	-	-
37. (c) i. Fuel consumption for re-newable sources including biomass (also comprising industrial and mu-nicipal waste of biologic origin), bio-fuels, biogas, hydrogen from re-newable sources, etc.	MWh	-	-
37. (c) ii. Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	28,361	20,815
37. (c) iii. Consumption of self-generated non-fuel renewable en-ergy	MWh	-	-
37. (c) Total energy consumption from renewable sources	MWh	28,361	20,815
AR 34. Share of renewable sources in total energy consumption	%	84%	80%
37. Total energy consumption	**MWh**	**33,754**	**25,911**
39. Non-renewable energy production	MWh	-	-
39. Renewable energy production	MWh	6,958,980	6,138,690
Non-renewable energy production and renew-able energy production	**MWh**	**6,958,980**	**6,138,690**

E1-5

The constant improvement of energy efficiency

ERG is committed to achieving the highest standards of energy efficiency, maximising producibility and optimising plant availability. The Group has adopted two main efficiency strategies to increase performance:

- **Repowering** - Replacement of old wind turbines in wind farms with latest generation, more powerful and efficient models. This makes it possible to halve the total number of wind turbines, doubling the total power and tripling the average producibility of the wind farm, with the same total area occupied.
- **Revamping** – Updating existing photovoltaic systems by replacing obsolete or less efficient components, such as solar panels, inverters and monitoring systems, with more advanced technologies. This process improves the operational efficiency of the plant without having to expand the area occupied. Although the nominal power of the plant may remain unchanged, revamping may result in greater energy production and improve plant reliability and sustainability. In some cases, the reduction of the occupied area allows the installation of new capacity, with a solar repowering operation.

Wind repowering

Wind repowering involves upgrading existing plants by replacing old blades and turbines with higher performing wind turbine models, equipped with longer and lighter blades, capable of increasing energy production, efficiency, reliability and regulatory compliance, with the following advantages:

- **greater sustainability**, thanks to the lower number of wind turbines (-50%), which for the same occupied surface area reduces the environmental impact, doubling power and tripling production;
- **optimal use of windier sites**, usually occupied by the oldest and least performing wind farms;
- **greater electric grid efficiency**, thanks to the decrease in its virtual saturation, which makes it possible to better exploit the existing infrastructure;
- **reduced environmental impact**, as by limiting the need for new plants, land occupation and alteration of ecosystems are minimised.

In addition to improving performance and extending the life of the plants, wind repowering has further advantages, including:

- greater consensus from local communities and institutions;
- simplified authorisation procedures;
- reduction of new network works;
- simplified connection procedures.

ERG has adopted repowering as a key development strategy since 2018. It counts on a 750 MW pipeline of wind repowering in Italy, France and Germany, to date 270 MW have been built and an additional 110 MW authorised.

Revamping and repowering projects of photovoltaic plants

The **Sunrise** project included revamping 18 solar farms in Italy belonging to the ERG portfolio, with a total capacity of approximately 31 MW. All the plants concerned have been in operation for at least 10 years. In parallel, the Siena project concerned the modernisation of another seven solar farms located in Italy, for a total capacity of 23 MW. It was also possible to repower three wind farms of the **Siena** project, increasing the installed capacity by a further 5 MW overall, without increasing land use. The interventions for this project involved the replacement of all the main components, i.e., photovoltaic modules, inverters and voltage transformers, as well as the installation of support structures for the modules that automatically follow the sun to the horizon, contributing to a significant expected increase in energy production, equal to 20%.

Updating and improvement of wind farms in operation

In addition to repowering, ERG has developed a process for updating and improving the wind farms in operation, which includes two main strategies:

- **scheduled updating (retrofit)**. Based on the monitoring of critical components during ongoing maintenance to reduce breakage, the identification of potentially worn components and their preventive replacement allows to extend the useful life of the plants, preventing breakdowns, avoiding total machine downtime, reducing maintenance costs and maintaining production performance high;
- **performance improvement**. Based on the search and implementation of solutions to resolve inefficiencies of components or software in operating machinery. The replacement of obsolete components makes it possible to increase the nominal capacity of the turbine. The valuation of the investment considers the ratio between the cost of the implementation and the benefits in terms of production increase.

Storage systems are essential in supporting renewable sources

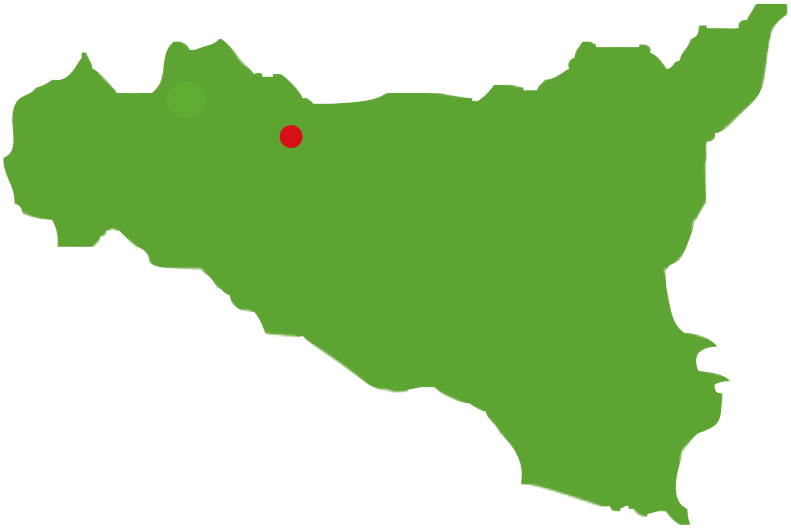
Storage systems (or batteries) are essential in supporting the spread of non-programmable renewable sources, such as wind and photovoltaic energy. Their role is to store electricity and make it available in the absence of wind or sun, helping to balance supply and demand and ensuring greater stability in the electricity grid. ERG recognises storage as a strategic solution to ensure the flexibility, stability and reliability of the energy system of the future.
Through a greater boost to Battery Energy Storage System (BESS) projects as well as the wind and solar hybridisation of plants, ERG's aim to increase the Groups plant flexibilityportfolio to integrate the generation of energy from the sun and wind with systems capable of balancing their production and increasing their effectiveness.
The Group's first investment in a Battery Energy Storage System (BESS) concerns a **12.5 MW** system, currently under construction in Vicari, Sicily, which is expected to come into operation in the **third quarter of 2025**. The plan also includes a 200 MW pipeline of Battery Storage between Italy, Spain, France and the United Kingdom.
Some time ago, an internal multidisciplinary group launched detailed technical-economic studies, profitability simulations and in-depth technological, authorisation and legal analyses on the feasibility of installing a first ERG storage system near one of thewind farms. This work led, at the end of 2023, to the finalisation of the first engineering, procurement and construction (EPC) contract for a lithium-ion BESS with technology provided by CATL, which will be installed in Vicari, Sicily. The plant will affect two areas: one inside and one near an existing substation, connected to the Vicari and Roccapalumba wind farms. The installation of this BESS marks ERG's official entry into the Italian storage market, with commercial operations scheduled for August 2025.

First investment in **storage**

12.5 MW capacity

Under construction

Planned **commissioning in 3Q 2025**



ESRS E4

BIODIVERSITY AND ECOSYSTEMS

E4-1 E4-2, E4-3, E4-4

Operating with respect for the environment and biodiversity

Protecting the environment and safeguarding biodiversity are strategic objectives of the ERG Group, which develops innovative energy plants with constant attention to the environment and the ecosystems with which it interacts. ERG carries out a biodiversity assessment for all plants developed internally, with the aim of avoiding damage to the environment and biodiversity through mitigation actions to minimise negative impacts, in line with the requirements contained in the plant authorisations.
ERG has defined specific objectives and actions to preserve biodiversity in the Environmental, Social & Governance or ESG Plan, including:

- **No Go in UNESCO Areas**– No plants in UNESCO areas;
- **No Net Loss of Biodiversity @2030** – No net negative impact on biodiversity by 2030;
- **No Net Deforestation @2025** – No net deforestation by 2025.

ERG also plans to implement the guidelines defined by the Taskforce on Nature-Related Financial Disclosures (TNFD) by 2028 to further strengthen the management of risks and opportunities related to biodiversity and ecosystems.
In defining the objectives related to biodiversity and ecosystems, ERG considers the ecological thresholds as an integral part of the environmental authorisation processes (EIA). The thresholds vary depending on the area that is subject to authorisation.

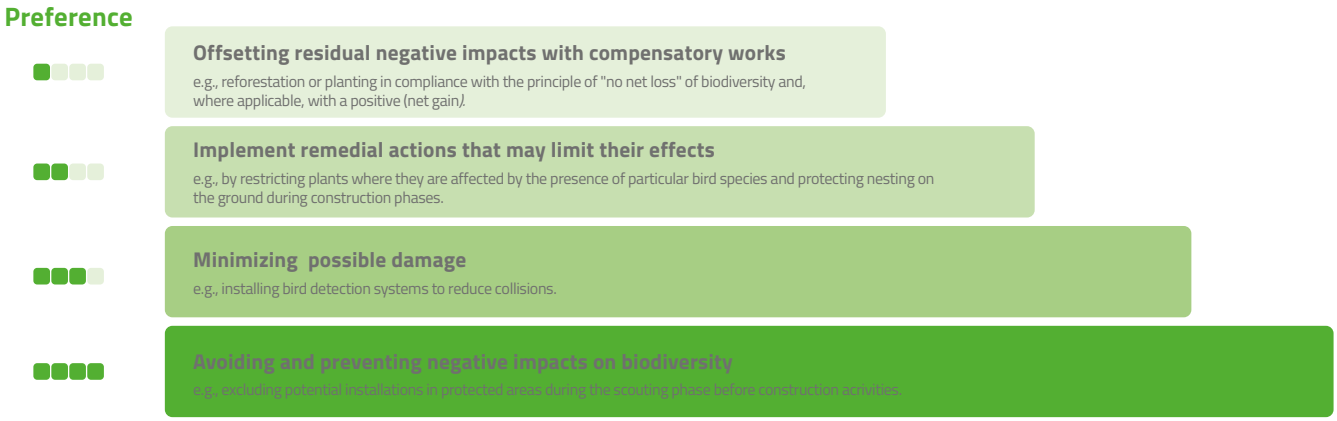
For all plants developed internally, ERG therefore envisages:

- **biodiversity assessments** in line with the authorisation procedures;
- **mitigation action**s, according to the mitigation hierarchy adopted by the ERG Group, if required by the authorisation requirements.

The mitigation hierarchy represents the best reference practice, and is aimed at:

- avoiding negative impacts on biodiversity;
- minimising any damage;
- implementing remedial actions;
- offsetting residual impacts.

MITIGATION HIERARCHY



Protecting plants biodiversity

ERG is committed to preserving the habitats aroundits plants, avoiding operating in protected areas and contributing to deforestation as much as possible, and always in compliance with the authorisations obtained. These commitments are consistent with the Sustainable Development Goals (SDGs) defined by the United Nations worldwide. As confirmation of thecommitment to minimising possible impacts on nature and biodiversity, in addition to the commitments stated in the Sustainability Policy, ERG has included specific objectives in the ESG Plan which envisage assessing impacts on the environment and biodiversity for all internally developed plants subjected, according to the authorisation process, to environmental assessments. ERG carries out this analysis well before the start of construction, during the final design phase, i.e., before submitting the project to begin the authorisation process. In this phase, in compliance with EU Directive 2014/52/EU, all environmental and biodiversity aspects related to the project are assessed in all the countries in which ERG operates. Once the authorisation has been obtained, the company monitors the possible impacts in both the construction phase and in the operational phase, applying any mitigation actions. Some examples of the application of assessment and mitigation processes in the various countries in which ERG operates include:

- **Italy** – The authorisation process for a new wind farm is particularly complex and involves central institutions such as the Ministry of the Environment and Energy Security

(MASE) and the Ministry of Culture (MIC), together with local authorities that assess the analyses and studies presented by the proponent. MASE assesses environmental aspects such as birdlife, noise, management of excavated soil and rock, electromagnetic radiation and shadow flickering, i.e., the optical effect caused by the shadows of the rotating blades on surrounding buildings. MIC instead focuses more on landscape and archaeological impacts. After obtaining the Environmental Impact Assessment (EIA), the next step is the Single Authorisation (SA) process, issued by the competent Region. In some cases, for migratory transit areas, the authorities may request more in-depth studies on the interaction of the farm with seasonal migration, providing for pre-construction and post-construction monitoring.

- **France** – The authorisation process for new renewable energy projects is particularly complex. An independent group of expert naturalists has been studying fauna, flora and natural habitats for more than a year. These studies make it possible to optimise the layout of the turbines and minimise their environmental impact. ERG also adopts specific mitigation measures during construction, such as adapting the work planning to avoid the most critical periods for fauna and construction site monitoring by an ecologist. Once the farm is operational, to protect the fauna, the company can turn off the wind turbines at night for the passage of bats when the weather conditions are favourable. There are also solutions such as bird detection systems, designed to reduce the risk of collision with moving blades.
- **Germany** – Environmental assessments include the study of nesting birds at risk of collision with wind turbines. The mitigation and compensation measures include anti-collision systems, the shut-down of turbines during field sowing periods, nature preservation interventions and support programmes for the species. ERG continues to protect biodiversity during the operational phase. One such example is the repowering project in Saxony, where the company studied the activity of bats to adapt the operation of the turbines and minimise their impact.
- **Spain** – According to the Environmental Impact Declaration (EID), ERG allocated additional land in the Tabernas and Almansol projects to implement environmental compensatory measures, including crop rotation and the protection of natural habitats of community interest. The EID also includes compensatory measures to be applied directly on the area of the photovoltaic plants, such as artificial nests and buildings equipped for endangered species.
- **United Kingdom** – The authorisation process for a wind farm requires compliance with national and local regulations, with detailed studies on ecological, birding and landscape aspects. ERG is committed to improving local biodiversity, ensuring that every project, especially if large, has a significantly positive impact compared to the pre-existing situation. An example is the wind farm in Sandy Knowe, Scotland, where ERG has implemented a habitat restoration initiative as part of its Habitat Management Plan.

Italy

In the design of photovoltaic plants, ERG adopts measures to maintain the agronomic characteristics of the land unchanged, without altering the morphology and structure of the soil and subsoil. This approach makes it possible to reduce surface erosion and prevent any risk of hydrogeological instability.
For the entire duration of the plants, the soil is not subject to anthropic pressures, avoiding foreign chemical elements such as herbicides or fertilisers, and ensuring the maintenance of organic components. ERG ensures the continuity of the habitats, preventing the photovoltaic plants from obstructing natural connections and thus allowing the movement of species between the nodes of the ecological network. The perimeter fences are designed to allow the passage of medium and small size fauna through ecological openings. Furthermore, the absence of human activity or disturbing elements in the area of the plants favours the presence of birdlife.
In support of local biodiversity, ERG also implements a green perimeter mitigation belt consisting of native species, which allows the enrichment and continuity of nourishment for the species. This intervention is comparable to a reforestation process, contributing to the resilience of ecosystems and the creation of favourable habitats for local fauna.

France

The Voie Sacrée wind farm adopts a proactive approach in mitigating impacts on biodiversity, focusing on the protection of Montagu's harriers, a protected and threatened species. During the operational phase, a nest was identified near a turbine, representing a significant risk for the species. ERG intervened by stopping the turbine and protecting the nest and chicks from agricultural activities for two consecutive years, in collaboration with the local nature association Meuse Nature Environnement. To further support the Montagu's harrier, ERG also created a safety area of 50 x 50 metres around the turbines, designed to facilitate nesting. This area is not used for agricultural activities,but was sown with suitable crops such as barley and wheat to improve the quality and sustainability of the habitat. The initiative is the result of a collaboration with local farmers and the association Meuse Nature Environnement, ensuring sustainable and respectful management of the area.

The effectiveness of the measures adopted is assessed by ornithologists through post-intervention environmental monitoring focused on:

- behaviour of the relocated Montagu's harriers;
- attractiveness of the new area for the species;
- reproductive success of the species and its loyalty to this new habitat.

Ornithologists are also assessing if the specially designed area can be used for nesting and if it can contribute to reducing the risks related to the proximity of the turbines. This initiative reflects ERG's commitment to balancing the production of renewable energy with the preservation of biodiversity through targeted and species-specific strategies.

Germany

ERG is in the preliminary construction phase of the Aukrug wind farm, which is situated in the northern area of Germany. The area is characterised by an agricultural landscape with ditches, water protection areas and protected trees, which can serve as winter shelters for fauna. Before issuing the authorisation, ERG drew up a detailed land storage plan, including all the necessary environmental assessments to calculate the impact of the project. The impacts that cannot be mitigated have been offset through the purchase of 'eco-points', used to finance local environmental projects.

Before the works begin, ERG will implement ecological supervision during construction to:

- avoid conflicts with national environmental protection regulations;
- ensure compliance with legal provisions.

Spain

For the Garnacha photovoltaic plant, ERG provided an agronomic plan to be implemented on an alternative plot of land outside the area of the photovoltaic plant. The Foundation for Natural Heritage of Castile and León is responsible for applying the agronomic plan, which will have the same surface area as the project (224.37 ha). The main measures include:

- crop rotation;
- use of long-cycle grains and late harvesting;
- a significant presence of uncultivated land;
- prohibition of plant protection products;
- maintenance and conservation of natural borders.

As regards fauna, the project involves the installation of various infrastructures:

- a building for the storage and recovery of the lesser kestrel;
- six mounds that serve as a refuge for small mammals and invertebrates;
- 40 nest boxes and 10 perches for birds of prey;
- reflective plates on the fences to prevent bird collisions;
- ecological corridors for the passage of wild animals.

Lastly, to reduce the visual impact on the local population, ERG installed a plant screen around the photovoltaic plant. For the Fregenal photovoltaic plant, ERG has adopted further measures in favour of biodiversity, including:

- anti-killing barriers for amphibians;
- planting trees to form a plant barrier in the southern sector of the project;
- control of the vegetation inside the plant through sheep grazing.

ESRS E5

RESOURCE USE AND CIRCULAR ECONOMY

E5-1 E5-2 E5-3

Policies, Actions and Objectives relating to resource use and circular economy

For ERG, the sustainable management of resources and their end of life - in a word, their **circularity** - is a key principle that **reduces environmental impact**, minimising waste and maximising the reuse of production inputs.
A **circular economy** model not only limits CO_2 emissions, but guarantees respect for the environment and the needs of future generations simultaneously with regulatory compliance and a reduction in financial risks linked to resource scarcity. Circularity is an integral part of ERG's corporate strategy and is closely linked to plant modernisation activities, in particular through wind repowering and photovoltaic revamping projects, which require the responsible and circular management of the decommissioned and replaced components. In its Environmental, Social & Governance (ESG) Plan, ERG has defined specific goals in relation to circular economy, which are also part of the remuneration criteria for top management in the short term, on the basis of management by objectives (MBO) and in the medium-long term also on the basis of hours lost due to accidents (Long Term Incentive or LTI).

The main objectives include:
- **Wind circular economy**: ≥ 98% of material recovered from wind repowering projects.
- **Solar circular economy**: ≥ 90% of material recovered from solar revamping projects.

ERG's approach to sustainable resource management is reflected in the Group's policies and guidelines, summarised below:

"Tackling the challenges of the future requires vision, expertise and the ability to execute. Thanks to a synergistic approach to organic development, design and implementation, we transform opportunities into concrete solutions, helping to accelerate the energy transition."

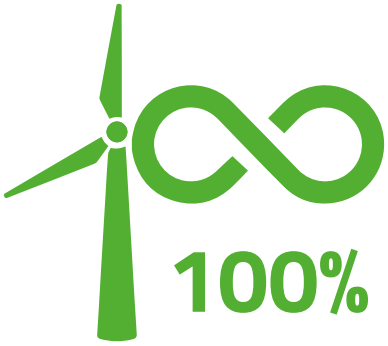
Costantino Deperu
Engineering Development

The circularity of wind repowering

ERG integrated the sustainable management of end-of-life assets into its repowering planning right from the initial phases of the project. Despite the prolonged period of operations, the dismantled turbines maintain a **residual capacity** that allows their **reuse** in sites other than the original ones. For this reason, ERG has developed a technical and commercial approach so that decommissioned turbines can be included in a virtuous cycle of reuse in the secondary market.
The Group dismantles its wind turbines in collaboration with accredited suppliers, such as Ventos Metodicos for Italy and AS Green for Germany. These companies take care of the disassembly and collection, acquiring ownership of the components and thus favouring their reuse and recycling. In 2024, as part of its repowering program, ERG dismantled a total of **32 wind turbines**, of which 30 in Italy and two in Germany.
Sold without the tower, the wind turbines are demolished and recycled locally, minimising the transport of materials, favouring the complete recovery of the ferrous part and avoiding sending them to landfills.

RECOVERY OF WIND TURBINES (WTGS) - REPOWERING 2024

32 turbines dismantled in 2024



WTG recovered (second-hand market)

The circularity of photovoltaic revamping

Also in 2024, ERG followed a virtuous path of **circular economy** for the revamping projects of photovoltaic farms, guaranteeing the recovery and reuse of discarded materials, through:

- **photovoltaic module management** – the modules which were replaced because they were no longer functioning or with non-repairable defects were transferred, consistent with regulatory provisions, to dedicated consortia able to maximise the recovery of the materials that make up the panels;
- **metallic structure recovery** – the old support structures of the modules were sent for recycling at dedicated plants;

Thanks to this approach, in 2024 ERG **gave new life to 92% of decommissioned photovoltaic modules and support structures**.

MODULE RECOVERY - SOLAR REVAMPING 2024

9 solar farms dismantled (24.7 MW)

Overall recovery (photovoltaic modules and structures)

E5-5

Towards circular waste management

The reduction of environmental impacts is a central element of ERG's sustainability strategy and takes the form of the adoption of policies aimed at **minimising the waste** generated by activities.
The main waste flows derive from plant maintenance operations and the revamping of photovoltaic installations.
The waste is classified according to its origin and the presence of hazardous substances, assigning the relevant identification code from the European Waste Catalogue (EWC) to each, discriminating between hazardous and non-hazardous waste. Once produced, ERG temporarily stores the waste in dedicated areas compliant with regulatory requirements, known as 'temporary deposits', recording the waste in the 'loading and unloading register'.
The temporary deposits are managed according to the times and methods dictated by the regulations. ERG plans the collection and transport of waste to authorised treatment plants with the support of qualified intermediaries enrolled in the National Registry of Environmental Managers.
The choice of the final destination plant is based on the type and location of the waste, with the following priority hierarchy:

- **recovery;**
- **treatment;**
- **waste-to-energy;**
- **disposal in landfills** only as a last option.

Thanks to a constant commitment to improving the circularity of processes, in 2024 the Group managed to recover approximately 93% of its waste, actively contributing to the transition to a circular economy model.
WTGs dismantled as part of the Repowering projects are not included in the recovered waste, as they were sold in the second market and therefore did not enter the waste cycle.
ERG intends to further strengthen waste containment and sustainable management practices in 2025.

Resource Outflows

E5-5	Uom	2024	2023
Diverted from disposal			
37. (b) Total	t	2,330	322
37. (b) Hazardous waste	t	77	56
37. (b) i. Preparation for reuse	t		-
37. (b) ii. Recycling	t		-
37. (b) iii. Other recovery operations	t	77	56
37. (b) Non-hazardous waste	t	2,254	266
37. (b) i. Preparation for reuse	t	-	-
37. (b) ii. Recycling	t		-
37. (b) iii. Other recovery operations	t	2,254	266
Directed to disposal			
37. (c) Total	t	185	30
37. (c) Hazardous waste	t	42	26
37. (c) i. Incineration	t		-
37. (c) ii. Landfill	t	-	-
37. (c) iii. Other disposal operations	t	42	26
37. (c) Non-hazardous waste	t	143	4
37. (c) i. Incineration	t	-	-
37. (c) ii. Landfill	t	-	-
37. (c) iii. Other disposal operations	t	143	4
37. Total waste	**t**	**2,515**	**352**
37. d) Non-recycled waste (of which)	t	185	30
37. d) Percentage of non-recycled waste (of which)	%	7%	9%
39. Total amount of radioactive waste	t	-	-
39. Total amount of hazardous waste	t	118	82

The increase on quantities compared to 2023 was mainly due to fires that involved two turbines (that had an impact of approximately 527t) and an increase in solar repowering activities which contributed to an increase in the panels directed to the consortium.

Life time extension in wind power

The Life Time Extension (LTE) process, which aims to **extend the operating life** of wind turbines beyond the 20-year validity set forth in the manufacturer's 'Certificate', continued in 2024. Overall, **40 plants** have been certified, with an installed capacity of approximately **530 MW** distributed between Italy, Germany and France. **A life extension of 10 years** has been confirmed for most of these plants, while for some, further in-depth studies are underway to achieve the same goal. At the same time, therehave been launched preliminary technical-economic assessments on another 800 MW distributed among all the countries in the ERG portfolio. The 2025 certification plan will continue, involving another nine plants for approximately 110 MW of total installed capacity.
The maintenance campaign on V47 wind turbines, the oldest in ERG's portfolio, continued in Italy in 2024. This activity focused on extending the useful life of the structural components is carried out every year by internal personnel on about 200 turbines. The Life Time Extension process of ERG aims to **identify structural and safety criticalities** of the plants through in-depth engineering studies and the operational experience gained in the management and maintenance of assets. The objective is to implement **specific monitoring and maintenance plans** aimed at maximising the operational life of the plants. The Life Time Extension has multiple effects:

- **greater security and reliability** in asset management;
- **reduced environmental impact** of plants, thanks to the postponement of their decommissioning and disposal.

"ERG has built a path of sustainable growth with agility and innovation, consolidating its position in the energy market. The ability to forge long-term agreements with industrial and corporate partners allows us to guarantee stability and competitiveness, and to accelerate the transition to increasingly efficient and sustainable energy.

Renato Sturani
Chief Operating Officer

Efficiency in wind operations & maintenance through predictive analysis

To minimise costs and production losses due to **maintenance** work on plants, ERG has implemented a strategy for the management and maintenance (Operation & Maintenance or O&M) of activities aimed at **optimising existing processes** and **adopting increasingly advanced and efficient technologies**.
In its wind farms, ERG has internalised O&M activities by adopting a **predictive maintenance** model. Thanks to continuous monitoring of the operating conditions of wind turbines, it is possible to identify any defects and anomalies of the components as they first appear, reducing the risk of machine downtime due to unexpected breakdowns. This approach is based on the production of detailed preventive and customised turbine maintenance sheets. To facilitate the machines' monitoring, ERG has installed advanced sensors on 936 turbines, totalling 2,343 MW between Italy, France, Germany, Eastern Europe and the United Kingdom. As a whole, this monitoring network forms a Condition Monitoring System (CMS) that makes it possible to monitor the status of the main mechanical components, such as the main shaft bearings, the multiplier and the generator, which are more subject to breakage, thus reducing repair and maintenance costs and times. ERG considers the installation of these devices as a basic requirement for the delivery of all new machines in company'sfleet. The automated analysis of the data generated by the CMS has improved the machines' monitoring, making it possible to identify anomalies and prevent turbine failures, increasing operational efficiency and production and reducing the waste generated by maintenance activities.

SOCIAL INFORMATION

"In an increasingly multi-generational and multi-cultural business environment, we are committed to creating an inclusive work environment that not only attracts the best talent, but also enhances and retains it, building a path of sustainable growth. Our attention is focused on developing the skills needed to meet future challenges, with highly specialised and innovative training."

Giorgio Coraggioso
Chief Human Capital & ICT Officer

ESRS S1

PEOPLE AT THE CORE

S1-1 S1- 5

Strategies, Policies, Actions and Objectives

In its more than 85 years of history, the ERG Group has faced innovative and sustainable evolutions and growth processes, mainly thanks to its people. ERG is convinced that every single person makes a difference: every talent is valuable to continue to grow as a Group and generate innovation for the entire community. To enhance human capital, characterised by talent, skills and relationships, the company invests in a stimulating and inclusive working environment in which everyone can express themselves to the best of their abilities and improve their skills. The principles guiding the approach to people are described in the Code of Ethics and in the policies (Sustainability, Human Rights, Diversity and Inclusion, Gender Equality, and Preventing Violence, Harassment and Bullying in the Workplace).

Also in 2024, ERG worked to make the most of its people, with actions and initiatives in various areas.

Diversity equity & inclusion

The ERG Group has defined a programme of actions aimed at developing a professional environment based on equal opportunities, non-discrimination and respect for diversity. This commitment also materialised in 2024 through the achievement of gender equality certification.

Skills development

ERG implements:

- solutions oriented towards professional development, promoting the growth of skills in line with changes in the labour market;
- continuous training tools (long-life learning) and professional requalification;
- international mobility opportunities for the professional growth of people in line with the company's growth and development objectives;
- training courses consistent with technological innovations and business needs;
- productivity enhancement and incentive systems that link economic results with the contribution of people, guaranteeing sustainability over time.

Multi-generationality and multiculturality

ERG works to increase the soft skills indispensable for managing a multi-generational and multicultural business. The gradual entry of 'Generation Z' resources into the company required designing targeted tools to understand their needs and expectations, in order to encourage effective recruitment. In addition, ERG has been operating in a multicultural context and market for years, and 30 nationalities interact within the company.

Work-life balance

ERG places people's needs and engagement as central elements of the strategy in human resources management. In particular, it has given a strong boost to the work-life balance plan to support the overall well-being of employees and their families, and more generally corporate social policies.

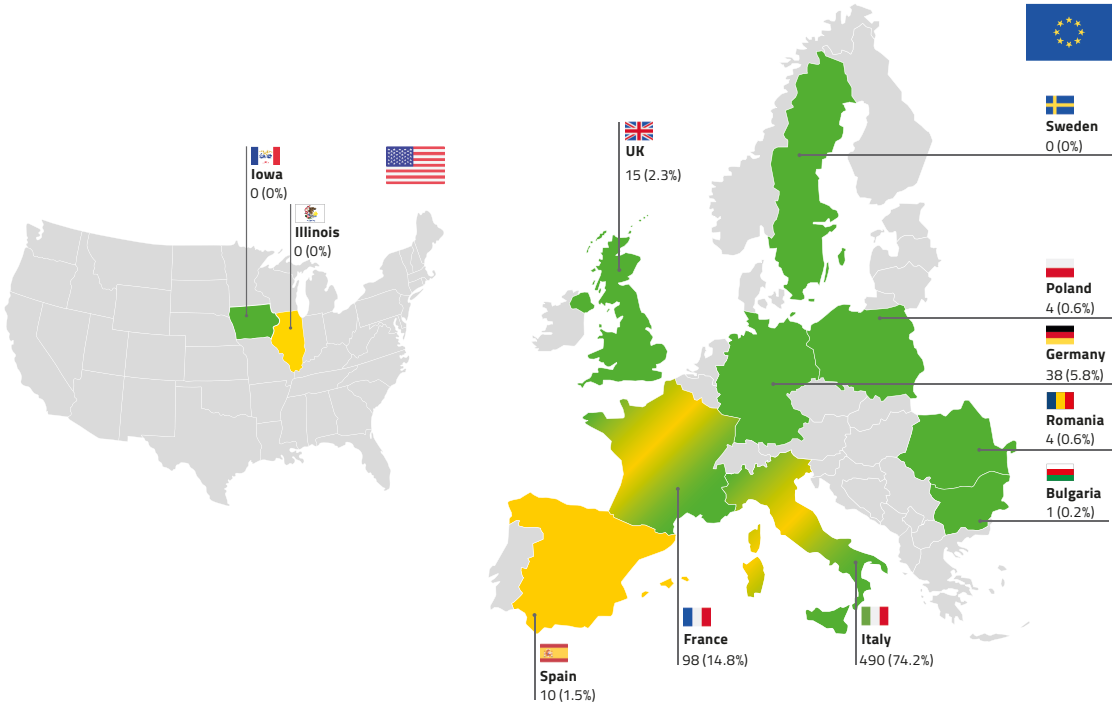
S1-6 S1-7 S1-9

The people of ERG

TOTAL: 660

455 (68.9%)

205 (31.1%)



Characteristics of the undertaking's employees

S1-6	Uom	2024					2023				
		Men	Women	Others	Not reported	Total	Men	Women	Others	Not reported	Total
50. (a) Total employees	**no.**	**455**	**205**	**-**	**-**	**660**	**441**	**195**	**-**	**-**	**636**
50. (b) Permanent em-ployees	no.	452	203	-	-	655	434	194	-	-	628
50. (b) Temporary em-ployees	no.	3	2	-	-	5	7	1	-	-	8
50. (b) Non-guaranteed hours employees	no.	-	-	-	-	-	-	-	-	-	-
52. Optional - Total em-ployees	**no.**	**455**	**205**	**-**	**-**	**660**	**441**	**195**	**-**	**-**	**636**
52. (a) Optional - Full-time employees	no.	454	178	-	-	632	441	168	-	-	609
52. (b) Optional - Part-time employees	no.	1	27	-	-	28	-	27	-	-	27

Number of employees at the end of the period is 660 (651 average employees)
Financial statement turnover 738.1 €M
Turnover per employee = 1.1 €M/employee

Characteristics of the undertaking's employees

S1-6	Uom	2024	2023
Number of employees	no.	651	611
50. (c) Number of employees who have left	no.	45	42
50. (c) Rate of employee turnover	%	6,9%	6,9%

Characteristics of non-employees in the undertaking's own workforce

S1-7	Uom	2024	2023
55. (a) Total number of non-employee workers	no.	17	18
55. (a) of which workers provided by undertakings primarily engaged in employment activities	no.	6	5
55. a) of which number of grant holders	no.	11	13

Non-employees are calculated in terms of number of people and are represented by:

- fellows: personnel undergoing training and with internships at the company with a six-month/one-year contract without defined working hours and with a monthly repayment of expenses below the tax minimum. The remuneration is a fixed monthly amount defined at government level without the payment of contributions.

- temporary workers: workers provided by temporary employment agencies to cover work peaks or temporary absences. The company contract and any supplementary contract apply. The duration is variable according to needs and the work contract can be renewed up to a maximum of 24 months.

Diversity metrics - top management

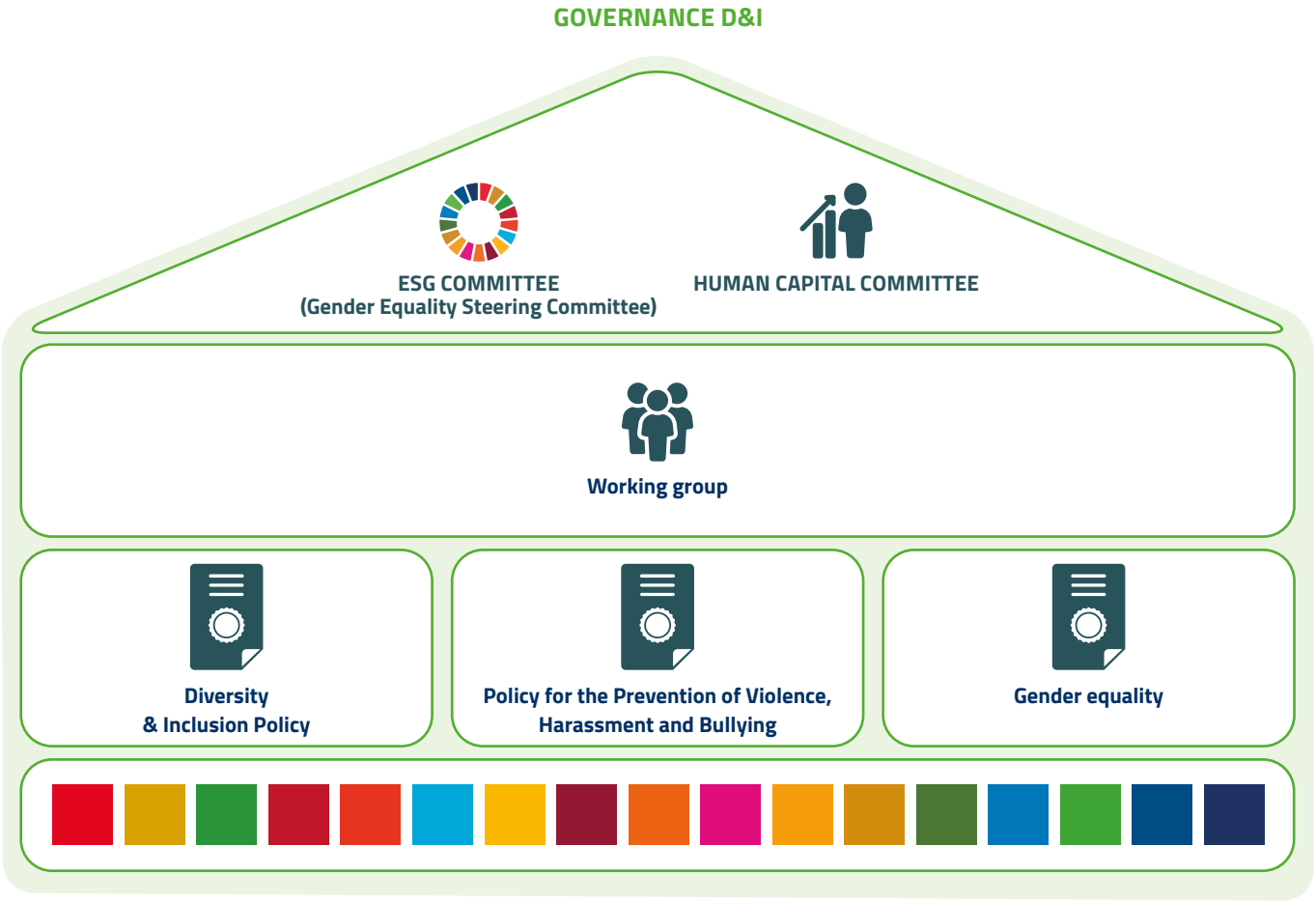
S1-9	Uom	2024					2023				
		Men	Women	Others	Not reported	Total	Men	Women	Others	Not reported	Total
66. (a) Number	no.	7	1	-	-	8	7	1	-	-	8
66. (b) Percentage	%	88%	13%	-	-	100%	88%	13%	-	-	100%

Diversity metrics - age range

S1-9	Uom	2024					2023				
Number		Men	Women	Others	Not reported	Total	Men	Women	Others	Not reported	Total
< 30 years old	no.	58	32	-	-	90	65	24	-	-	89
30-50 years	no.	300	122	-	-	422	293	124	-	-	417
> 50 years old	no.	97	51	-	-	148	83	47	-	-	130
Total	**no.**	**455**	**205**	**-**	**-**	**660**	**441**	**195**	**-**	**-**	**636**
Percentage	**Uom**	**Men**	**Women**	**Others**	**Not reported**	**Total**	**Men**	**Women**	**Others**	**Not reported**	**Total**
< 30 years old	%	13%	16%	-	-	14%	15%	12%	-	-	14%
30-50 years	%	66%	60%	-	-	64%	66%	64%	-	-	66%
> 50 years old	%	21%	25%	-	-	22%	19%	24%	-	-	20%
Total	**%**	**69%**	**31%**	**-**	**-**	**100%**	**69%**	**31%**	**-**	**-**	**100%**

The approach to diversity, equity & inclusion

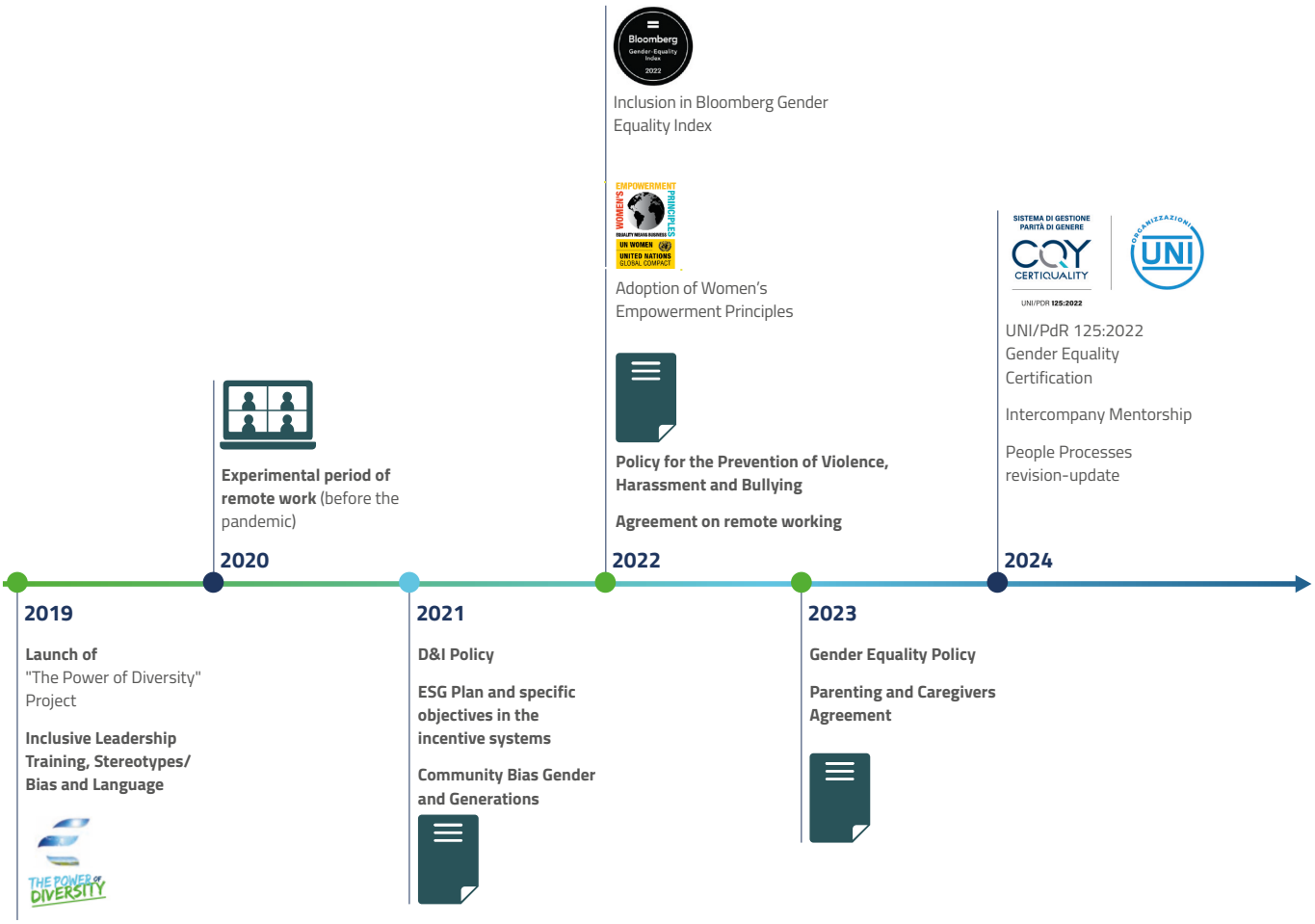
"Since its inception, ERG has given fundamental importance to the Person and to Human Capital. Corporate development and, more generally, the centrality of ESG topics and the challenges related to the energy transition require the enhancement of the specificity and talents of each person even further. In this ever-changing environment, the diversity of ideas and experiences is crucial for generating innovation and value for ERG and its stakeholders. As part of its Business Plan and ESG Plan, ERG has defined an action programme to develop a professional environment based on equal opportunities, non-discrimination and respect for diversity and multiculturalism. The company has adopted a proactive strategy to overcome any barriers that might prevent people from being fully included in the workforce. It has also defined clear and measurable objectives that have been incorporated into the short- and long-term variable incentive schemes."
Diversity and Inclusion Policy



On 1 August 2024, ERG S.p.A. and ERG Power Generation S.p.A. obtained UNI PdR 125:2022 certification ("Gender Equality Certification"), confirming the soundness of the path launched in 2019 to promote women in the company.

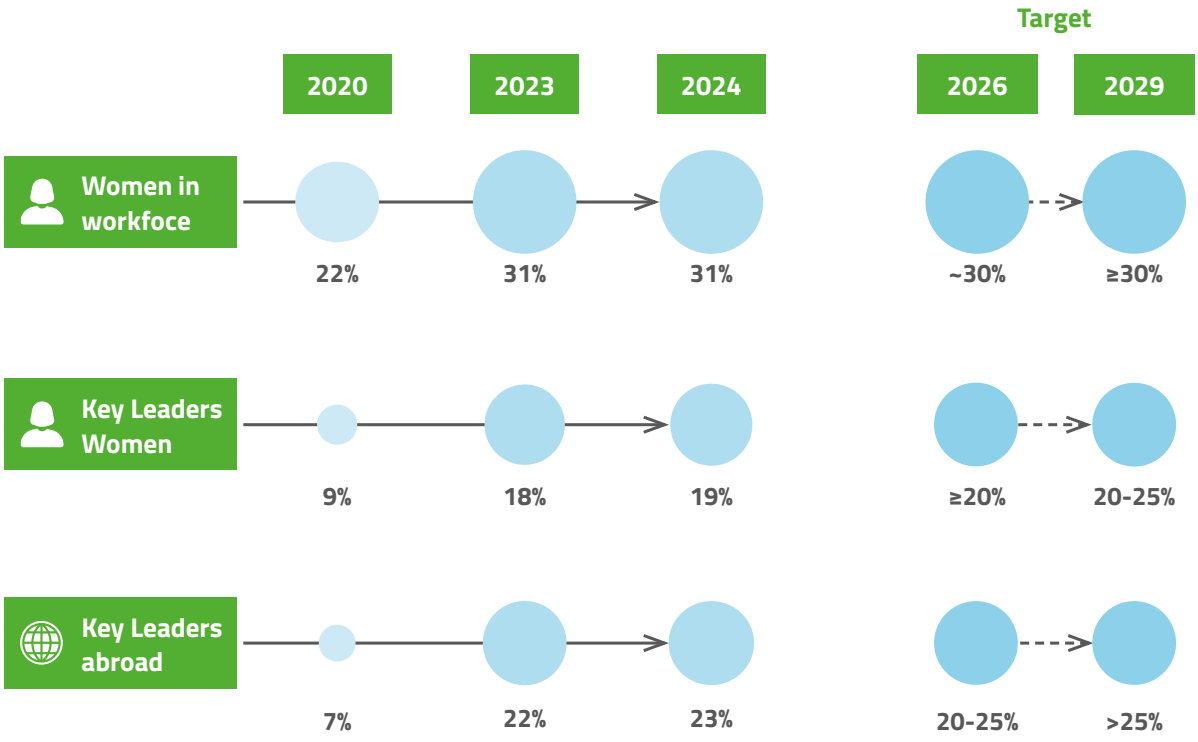
This recognition marked an important evolution in People processes, leading the Group to review and update the entire life cycle of the person in the company. The commitment has been strengthened to ensuring fairness in growth opportunities, transparent pay policies and an increasingly inclusive working environment attentive that values differences, in all Group companies.

This certification goal was achieved with the constant improvement of practices, which seek to promote the diversity and well-being of each person through the centralised management of policies and processes.



Erg has also set specific objectives to ensure an inclusive work environment that recognises and values every individual.

THE PATH FOR AN INCLUSIVE AND CULTURAL EVOLUTION



S1-2 S1-3

People engagement

People Engagement has always been one of the ERG Group's priorities. The sharing of values, the evolution of culture in line with the strategy, and the knowledge of short- and long-term objectives are indispensable elements for the achievement of company results, and simultaneously for professional satisfaction, the realisation of one's own purpose and individual well-being.
The two activation axes of People Engagement are:

- **Strategic alignment**, which is based on the availability of information, constant and timely updates on projects and results, and the opportunity to exchange views with Top Management and colleagues;
- **Belonging**, which reinforces the sense of belonging through awareness of what working at ERG makes possible: contributing to the just transition and building a more sustainable world, enhancing one's personal purpose while achieving that of the company. It is based on building a safe, inclusive environment where each person can express themselves, growing professionally and personally.

TOOLS FOR STRATEGIC ALIGNMENT

INITIATIVES FOR BELONGING

ACTIVITIES CARRIED OUT DURING 2024

1 Group Meeting for Group Key Leaders (77 people) to comment on the strategic plan and discuss the new Group Leadership Model

2 Question Times:
- 5 June: 345 connections (people and meeting rooms)
- 18 November: 416 connections (people and meeting rooms)

1 Purpose Day, to discover or update each person's Purpose, open to all people, and align it with that of ERG

10 Mentors, 10 STEM Role Models, 15 Ambassadors in schools

All Group people involved in live events in the various local offices at the end of the year and a live stream

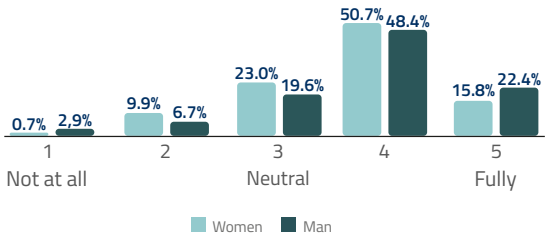
ERG4sport: Madrid Marathon, Charity Program Relay Marathon Milan, Sellaronda Bike Day

Survey

Every year, ERG invites all Group people to share their perceptions of the work environment, professional satisfaction and the level of engagement with their role and the company through a survey. The survey allows us to refine the activities aimed at creating a work environment that facilitates the best expression of self. It is anonymous and makes it possible to share ideas, suggestions and proposals for improvement with open-answer questions that integrate the traditional closed-choice responses.

Participation in the 2024 survey exceeded all expectations and outcomes of previous years, obtaining a response from over 70% of the workforce. The result is confirmed as positive, although with a slight decrease compared to 2023. Professional satisfaction is on average 3.78 on a scale of 1 to 5 (3.89 in 2023). Engagement with work achieved an average score of 3.78 (3.88 in 2023) and the organisational score of 3.68 (3.80 in 2023). The differences between genders and between the Italian workforce and that of other countries are not statistically significant.

JOB SATISFACTION



JOB ENGAGEMENT

Total Average 2024: 3.78
(2023: 3.88)

2024: 3.80
2023: 3.96

2024: 3.76
2023: 3.85

ORGANIZATIONAL ENGAGEMENT

Total Average 2024: 3.68
(2023: 3.80)

2024: 3.59
2023: 3.73

2024: 3.73
2023: 3.84

S1 – 2

Trade union and workers' representatives

The company considers it fundamental to involve employees and their representatives in the decision-making processes that affect company strategy, work organisation and occupational health and safety. ERG communicates with trade union representatives in the contexts envisaged by legislation and collective agreements, guaranteeing a discussion on the main topics concerning the management of real and potential impacts on the workforce. Workers can express their perspectives through periodic meetings with its representatives or directly through periodic meetings with ERG Top Management, with the possibility of discussing company topics with them.

The involvement of workers is a central element in the company's management of industrial relations, which is governed by the following key instruments.

- **The National Collective Labour Agreement (NCLA)** is the first fundamental document that regulates the rights and duties of both workers and the company. It establishes the guidelines for employment relationships, the economic and regulatory treatment, as well as defining the participation tools for the workers' representatives within the company. Trade union legal representation rights and collective bargaining mechanisms are defined Through the National Collective Labour Agreement, guaranteeing workers a shared reference basis for the protection of their interests. In particular, with regard to sustainability matters, also pursuant to Italian Legislative Decree no. 125 of 6 September 2024, implementing EU Directive no. 2022/2464 (known as the 'Corporate Sustainability Reporting Directive'), Article 6, paragraph 12 provides that, after the approval of the final financial statements for the year, the trade unions may request meetings where the company provides the relevant information.
- **The Industrial Relations Protocol**, developed in collaboration with trade unions, establishes the rules and procedures that govern dialogue between the company and trade unions. This document outlines the consultation and prior information processes that the company actuates before implementing organisational or strategic changes that may have an impact on personnel. The protocol also calls for periodic meetings with trade union representatives to monitor and discuss central topics such as working conditions, training, company welfare policies and technological innovations.
- **The Bilateral Corporate Commissions**, consisting of company and trade union representatives, have the objective of addressing specific and strategic topics, training and development policies, equal opportunities and occupational health and safety. They create an essential space for dialogue and continuous collaboration, aimed at developing shared solutions on topics of strategic interest to both parties.
- **Periodic/thematic discussion tables** are an articulated system of discussions with trade union representatives, which includes periodic, thematic and extraordinary meetings. These spaces for dialogue aim to monitor the application of company agreements, share professional development and personnel training plans, address organisational critical issues and manage emerging needs in a flexible and targeted manner.

The consultation process takes place at both national and local level, depending on the topics covered.

Thanks to these tools, the company guarantees respect for workers' rights, transparency in company decisions and the maintenance of positive and collaborative industrial relations, in line with the principles of social dialogue.

The company entrusts the operational responsibility for engaging workers and their representatives to the HR Function and the Human Capital Committee (HCC), which plays a key role in developing and monitoring human capital strategies and ensures that employee engagement policies are integrated with company objectives, promoting ethical and sustainable people management.

S1-8 S1-11

Coverage of collective bargaining and social protection

Collective Bargaining

During 2024, the relationship with the trade unions was characterised by constructive dialogue, proactive collaboration and mutual transparency, consolidating a discussion model that has proven to be highly effective and efficient over time. These key elements have made it possible to reach significant agreements at both national and local level, with concrete repercussions on improving the quality of work and the well-being of employees.

In line with the principles promoted by the European CSRD (Corporate Sustainability Reporting Directive), the Group has also begun building new communication and participation channels that further strengthen social dialogue. This approach not only promotes listening and the active involvement of social parties,but also contributes to integrating social sustainability and responsible governance into company strategy. These initiatives have proven essential in ensuring the long-term competitiveness of the company, successfully addressing the complex challenges of the national and international context and promoting a more inclusive and participatory working environment.

During 2024, application continued of the trade union agreement aimed at developing the technical and professional skills of resources, with a specific focus on the technical and maintenance area of Wind & Solar. The main objective was to align the skills of personnel with the challenges of a constantly evolving market, while guaranteeing high operating standards. This agreement is confirmed as a fundamental strategic element for enhancing human capital, strengthening organisational growth and, with a view to retention, favouring the permanence of the most qualified and competent resources.

In addition, an agreement was signed for the revision of the ERG Group's Performance Bonus, following the sale of the ERG Power CCGT plant in 2023. The agreement defines the guidelines for the two-year period 2024-2025, in compliance with the Group's new corporate structure as a leading operator in the field of clean energy from renewable sources.

The agreement on remote working was also renewed.

At the level of the EEA (European Economic Area), the following percentages are reported regarding employee coverage by workers' representatives in countries where the level of employment is significant:

- Italy: 100% of employees are covered by company union representatives (RSA/RSU), as required by the National Collective Labour Agreement (CCNL).
- France: 100% of employees are represented by company committees (Comités d'Entreprise), in line with the French Labour Code.
- Spain: 100% of employees are covered by the local national contract, in compliance with Spanish labour law.

All workers, both in Italy and abroad, benefit from social coverage against loss of income deriving from the following events:

- **Illness**: protected by the legislation in force in the relative country, with any additions deriving from contractual arrangements.
- **Unemployment**: guaranteed according to the local regulations of each country, ensuring economic support in work transition phases.
- **Injuries or acquired disabilities**: covered in Italy as envisaged by the National Collective Labour Agreement (NCLA) for Electricity and by INAIL, and abroad through equivalent insurance and contractual systems, in compliance with local regulations.
- **Retirement**: regulated by the legislation in force in each country where the Group operates, guaranteeing economic security at the end of an employee's career.

The ERG Group adapts its policies to comply with the specific regulatory and contractual requirements of each country, guaranteeing high standards of protection and social assistance wherever the workers are located.

Coverage of collective bargaining and social dialogue

S1-8	Uom	2024	2023
Employees covered by collective bargaining agreements	no.	598	573
Number of employees	no.	660	636
60. (a) Percentage of its total employees covered by collec-tive bargaining agreements;	%	91%	90%
Number of employees covered by workers' representatives	no.	564	541
Number of employees	no.	660	636
63. (a) Percentage of employees covered by workers' repre-sentatives	%	86%	85%

All managers who, although covered by National Collective Labour Agreements (NCLA for industry managers), do not appoint their own representative and are excluded from the coverage of workers' representatives.

Support for parents and family

ERG promotes work-life balance by ensuring adequate support at every stage of work and personal life. It recognises the value of care in all situations, including contingent ones, in which a person may find themselves during their working life, defining benefits and services to support them.

In terms of parental measures, compulsory maternity and paternity leave is envisaged, which allows for time off work before and after the birth of the child. Employees receive their full remuneration during these periods. Parental leave is guaranteed, which allows parents to take care of the child in its first years of life. This period can be shared between the mother and father and can be split or continuous, with an allowance calculated based on the child's age and the duration of the absence. ERG recognises:

- 21 fully paid weeks for 'primary' parental leave
- 2 fully paid weeks for 'secondary' parental leave

It should also be noted that in 2024, 100% of people who took parental leave returned to work.

To facilitate the return to work, an annual contribution for nurseries and pre-schools is offered in order to support parents in managing everyday life. Paid hours are also provided for breastfeeding up to the first year of the child's life (for 75% of ERG people).

To promote reconciling work and family life, ERG offers part-time opportunities, and allows two additional days per month compared to the eight standard days of remote working for those with special family needs, such as caring for children under 14 years of age and/or family members with disabilities.

In addition, paid leave is provided for personal medical examinations or for providing support to family members, and additional leave related to parenting according to the regulations of each country.

Lastly, ERG has introduced the 'Solidarity Holiday Bank', which allows each employee to give leave days to colleagues experiencing hardships, to assist family members who need constant care or who find themselves in difficult situations. The company contributes to this initiative by adding 100% of the days of solidarity leave donated.

Health and income support

In all Group countries, supplementary health insurance is available at favourable conditions with respect to market alternatives. To promote preventive healthcare, an additional contribution is given to carry out specific health check-ups in addition to the packages offered by healthcare coverage.

In Italy, employees with an income lower than EUR 80,000 can access the Flexible Benefit programme, which makes it possible to convert the company performance bonus into reimbursements, goods and welfare services. Membership in the programme guarantees an increase in purchasing power of approximately 35% by cumulating tax savings and company integration.

Lastly, in countries where regulations allow it, ERG offers supplementary pension plan coverage through pension funds, also boosted by company contributions.

S1-15

Corporate welfare and well-being at the heart of strategy

The integrated welfare model is built around people, with the aim of meeting the needs of Group employees and their families, helping them to live well and stay healthy, making them feel comfortable and satisfied in the work environment, reaching performance levels that are satisfactory for both the individual and the Group.

The welfare model covers the five areas of well-being (Purpose & Career, Physical, Financial, Mental and Social).
The Group accompanies the person from the moment they are hired (with the onboarding process), following them through the various stages of their corporate and private life, until they make their natural exit from the world of work.

The Group's ESG Plan includes specific targets in the area of employees' well-being that go in the direction of a better work-life balance.

Among the initiatives for the psychophysical well-being of people, the paths for managing work-related stress, psychological support, the well-being platform and agreements, as well as an internal gym in the main office, are all noteworthy.

The 'solidarity holiday' model has been exported to the various countries and the harmonisation of benefits and remote working will continue, in line with the specific needs of each country.

Finally, ERG offers tools for managing negative impacts: each worker benefits from an accident and risk policy that also covers them during business trips.

Purpose & Career		Onboarding	ERG orientation programme aimed at introducing the company, the main tools available and the main stakeholders to enable the new employee to settle in quickly.
		ERG Academy and growth paths	Training and development course aimed at increasing the individual value of people.
Physical well-being		Medical assistance	Health insurance that guarantees a percentage reimburse-ment of health expenses in public and private healthcare institutions.
		Professional and non-professional accident policy	Additional and improved insurance coverage compared with legal and contractual obligations.
	ONE HEALTH	Prevention programmes and safeguards	Prevention protocols differentiated by the types of risk associated with the workplace (head offices, production sites). Voluntary cancer prevention programmes. Flu vaccination campaign.
		ERG Wellness pro-gramme	Gym and path focused on the health and well-being of employees to promote work-life balance and lifestyle improvement.
Financial well-being		Supplementary pension schemes	Supplementary pension funds supported by company contributions.
		Life insurance	Coverage aimed at ensuring the safety of employees' families
		Flexible benefits	Possibility of converting a portion of the participation bonus into welfare goods and services
		Transport	Contribution to encourage the use of the public transport system.
		Agreements	Agreements for the purchase of goods and services, agreements with CAAF, bank credit cards.
Mental well-being		Working hours	Remote working. Additional time off for medical examinations for self and family members. Part-time for parents. Flexible working hours, individual time accounts.
		Solidarity holidays	Reserve of holiday hours donated by employees to benefit colleagues in need. ERG doubles every day donated by employees.
		Marriage leave	More flexible marriage leave compared with national legislation.
		Parental leave and mandatory absences	During the mandatory maternity and paternity leave, employees maintain company benefits; in this period 100% of the ordinary remuneration is paid.
		Crèche & nursery school	Agreements or reimbursements.
Social well-being		Scholastic excellence	Scholarships for the most deserving children of employees.
		Free time	Family Day and corporate volunteering projects.
	4sport	Erg4Sport	Direct participation in national and international sports events.
	30	Events	Christmas gift and Christmas party. 30 years together.

Work Flexibility

The values that characterise ERG's managerial model reinforce the culture of autonomy, innovation and mutual trust. In this context, agile working, or remote work, is promoted as a flexibility tool that makes it possible to improve work/life balance, and as a sign of concrete attention to the community, also in terms of environmental sustainability.

At ERG, remote working is characterised by a flexible and results-oriented approach, also guaranteeing the right to disconnect in time slots not included in the working hours. The participants are all people who, due to their activities, type and organisational and production needs, can carry out their duties in alternative places to the usual ones. Each employee involved can take advantage of eight days a month of remote work. For personal reasons or for temporary needs of family balance, some
people - in agreement with the HR department - can take advantage of a higher number of agile working days per month.

Staff work remotely on a voluntary basis, signing an individual agreement in compliance with regulations. The agile work agreement also sets out better conditions (ten days per month of remote work) for caregivers[25].

Work-life balance metrics

S1-15	Uom	2024				
		Men	Women	Others	Not reported	Total
Number of employees entitled to take family-related leave	no.	455	205	-	-	660
Number of entitled em-ployees that took family-related leave	no.	24	13	-	-	37
93. (a) Percentage of employees entitled to take family-related leave	%	100%	100%	-	-	100%
93. (b) Percentage of entitled employees that took family-related leave	%	5%	6%	-	-	6%

S1-10

Equity at the heart of the pay system

ERG's primary objective is to pursue and guarantee equal opportunities for economic recognition for all people based on their role, characteristics and professional skills, in accordance with the principle of equal pay for equal work. In this context, the Group seeks to adopt policies and procedures that prevent all forms of discriminatory behaviour. The Nominations and Remuneration Committee and the Human Capital Committee monitor the system's consistency and effectiveness through specific performance indicators (KPIs), working alongside the D&I Steering Committee (ESG Committee).

The remuneration policy is therefore focused on the recognition of merit and its implementation is based on three key principles: Equity, Sustainability and Selectivity.

We Seek Equity
by benchmarking remuneration in the relevant markets, also taking into account input from external stakeholders

We pursue Sustainability, in the sense of the optimal balance between the aspirations of the individual and the financial means of the company, ensuring compliance with the conditions set by collective bargaining between the social partners and the legal provisions on minimum wages

We encourage Selectivity
developing high performers and recognising market conditions for those who perform on average

25 See "Support for Parents and Family"

In compliance with local legislation, ERG applies an integrated pay system to all employees:

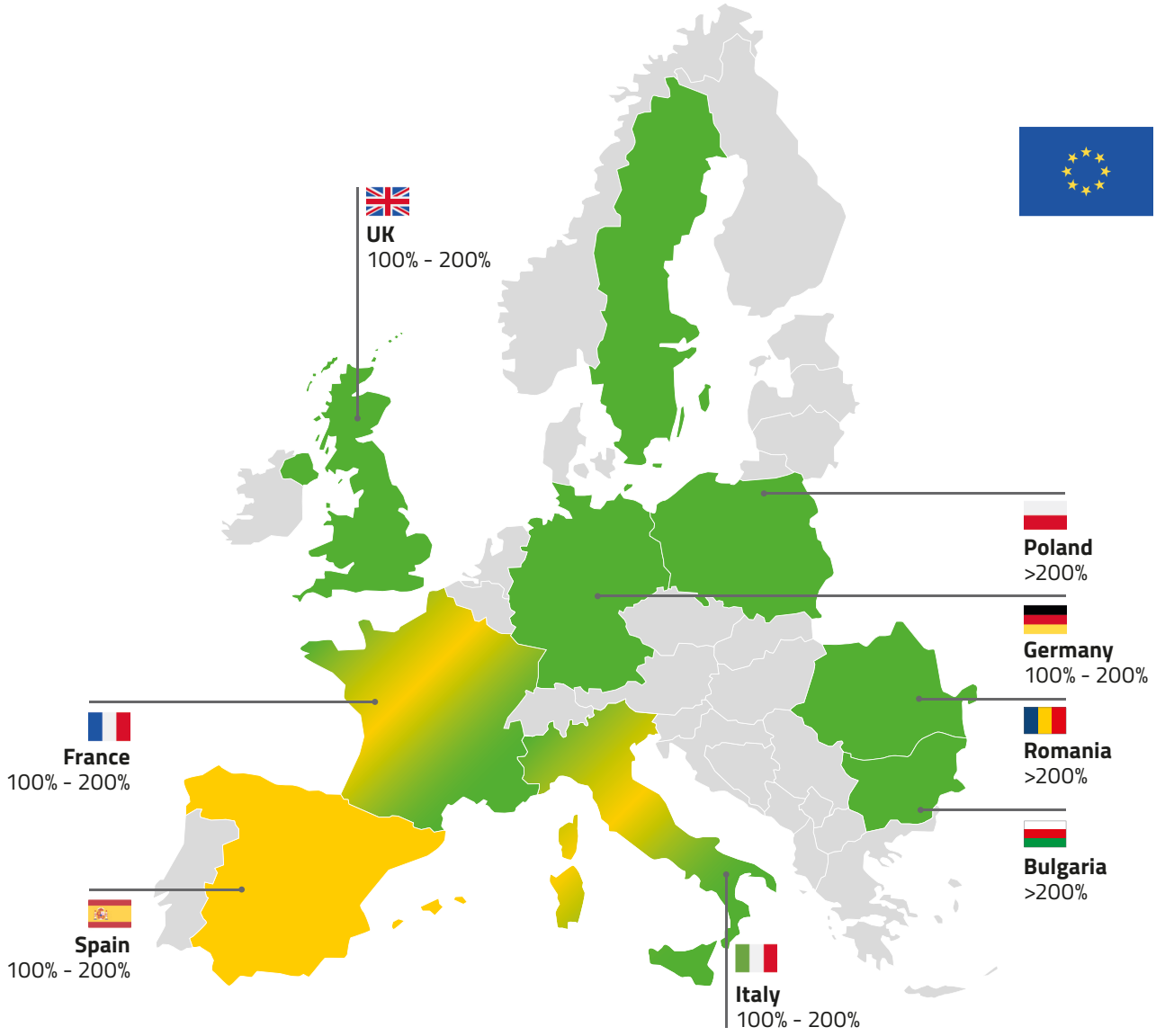
- common in all the states in which it operates;
- consistent with the reference markets in terms of salary progression;
- linked to company and individual performance.

The system adopts market benchmarks constituted, for each role, by the median of the sectors to which it belongs, thereby guaranteeing fair remuneration policies that are competitive with respect to the role and professionalism matured and consistent with the principles of diversity and inclusion.

Minimum Wage

ERG ensures that the principle of living wage is respected, committed to guaranteeing all its employees a decent wage that allows for an adequate quality of life. The value of collective bargaining with workers' representatives is recognised, when they are present, and national regulations on the topic are respected.

In the countries where ERG operates, the minimum wages provide by the Group are well above what is required by law or by collective agreement. As far as Italy is concerned, the analysis of the minimum wage level by category and gender shows entry-level wages in line with the values established by the National Labour Agreements.



S1-16

Gender Pay Gap

ERG believes in the importance of gender pay equity at all levels, and periodically monitors the performance of this indicator. The 2024 data show a substantial alignment between the remuneration of the male population compared to the female, in line with Group objectives: 100% with reference to fixed remuneration and 104% with reference to total remuneration. Gender pay equity is calculated for homogeneous qualifications, as the ratio between the average gross (fixed and total) remuneration[26] of the male gender compared to the average gross (fixed and total) remuneration of the female gender at Group level.

S1-16 97, 98	Fixed Remuneration			Total Remuneration		
	2024	2023	2022	2024	2023	2022
Total Pay ratio (men vs women)	**100**	**99**	**99**	**104**	**103**	**105**
Senior Managers	101	106	110	101	107	108
Middle management	101	100	103	103	103	106
White-collar	103	101	102	104	102	103
Ratio between the total annual remuneration of the highest paid individual and the median total annual remuneration of all employees (excluding the above-mentioned person)	23	21	21	35	32	33

The detailed analysis shows a decrease in the gap for the Senior Managers category and a substantial maintenance of the gap in the other homogeneous categories. This result can be attributed to both actions on the development and remuneration levers to reduce the pay gap, and the different combination of new recruits and exits. In the graphs above, the breakdown by professionalism is calculated for the categories where both genders are represented (therefore Key Managers and Blue-collar workers are excluded, in which only the male gender is present). The total pay ratio instead includes all Group employees. Also considering the total target remuneration at Group level, note the same trend in the previous year in both the general index and in terms of roles and skills. The figure on total remuneration is calculated as the sum of the gross annual remuneration and the short-term target remuneration for each year. Also considering the CEO, the gender pay gap on fixed remuneration is 104%.
In Italy, the country with about 75% of employees, there is a substantial balance at the overall level: 100% with reference to fixed remuneration and 106% with reference to total remuneration. Also considering the CEO, the gender pay gap on fixed remuneration in Italy is 106%.

On the other hand, considering the ratio between the average gross remuneration (fixed and total) of the female gender compared to the average gross remuneration (fixed and total) of the male gender:

	Fixed remuneration[(1)]			Total remuneration		
	2024	2023	2022	2024	2023	2022
Total pay ratio (women vs men)	**100**	**101**	**101**	**96**	**97**	**95**
Senior Managers	99	94	90	99	93	92
Middle management	99	100	97	97	97	94
White-collar	97	99	98	96	98	97

(1) For further details, please see the 'Report on the Remuneration Policy and the amounts paid out in section II, "Payments made 2024", point 7.1

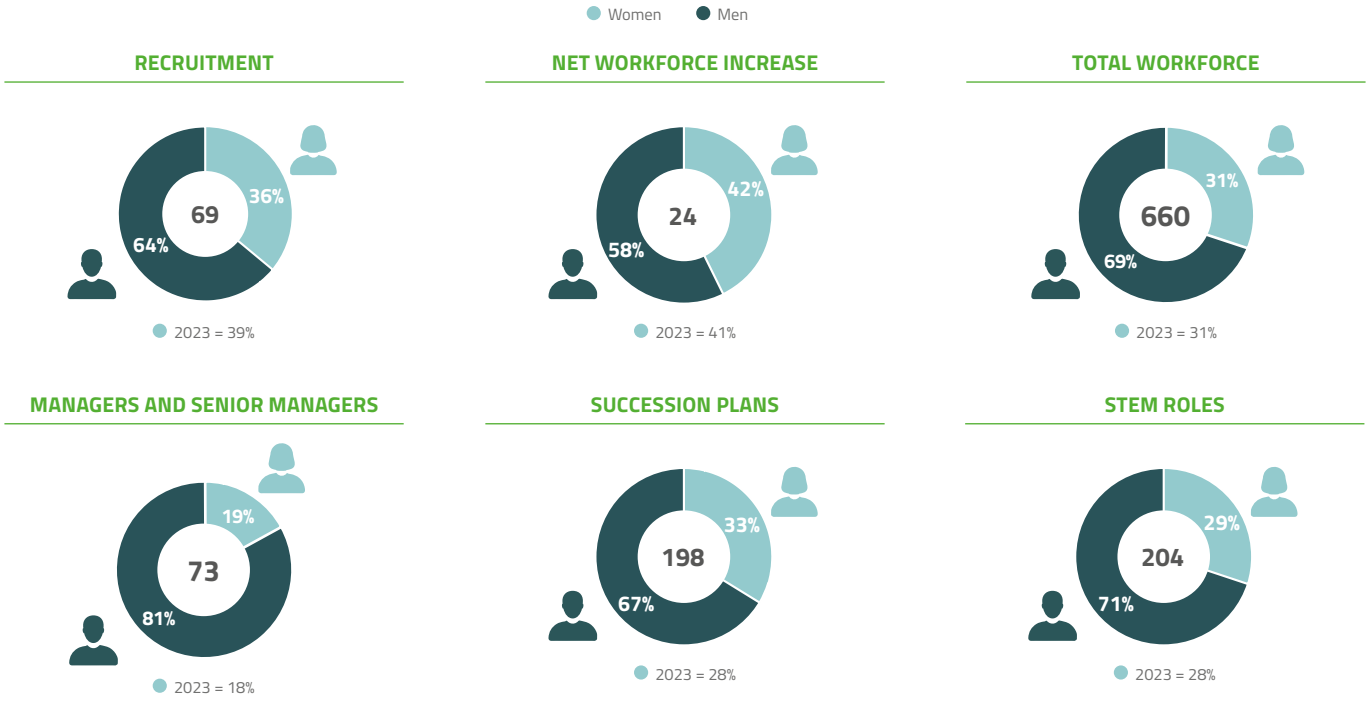
26 The average gross remuneration is calculated based on the parity of hours worked, as per the contracts applied

Actions in place to close the gender pay gap

The development path taken in favour of women is also reflected in the improvement of the gap at every professional level. The gradual increase in the female workforce at the various organisational levels is a natural tool for achieving equal remuneration in the medium term. Specific targets have been defined in the ESG Plan in order to accelerate this process.

The levers used to bridge the gender gap translate into actions and initiatives that influence all the phases of women's journey in the organisation, from entry into the workforce to development in positions of responsibility, paying attention to balancing the work impact on life in the most relevant moments (becoming parents and/or personal/family care).

ERG acts through processes governed by specific policies: staff selection, annual remuneration review, promotion paths and succession plans, with the aim of preparing a suitable audience for managerial appointments in the near future. Fair remuneration is guaranteed for the same job, skills and seniority within these processes.



S1-13

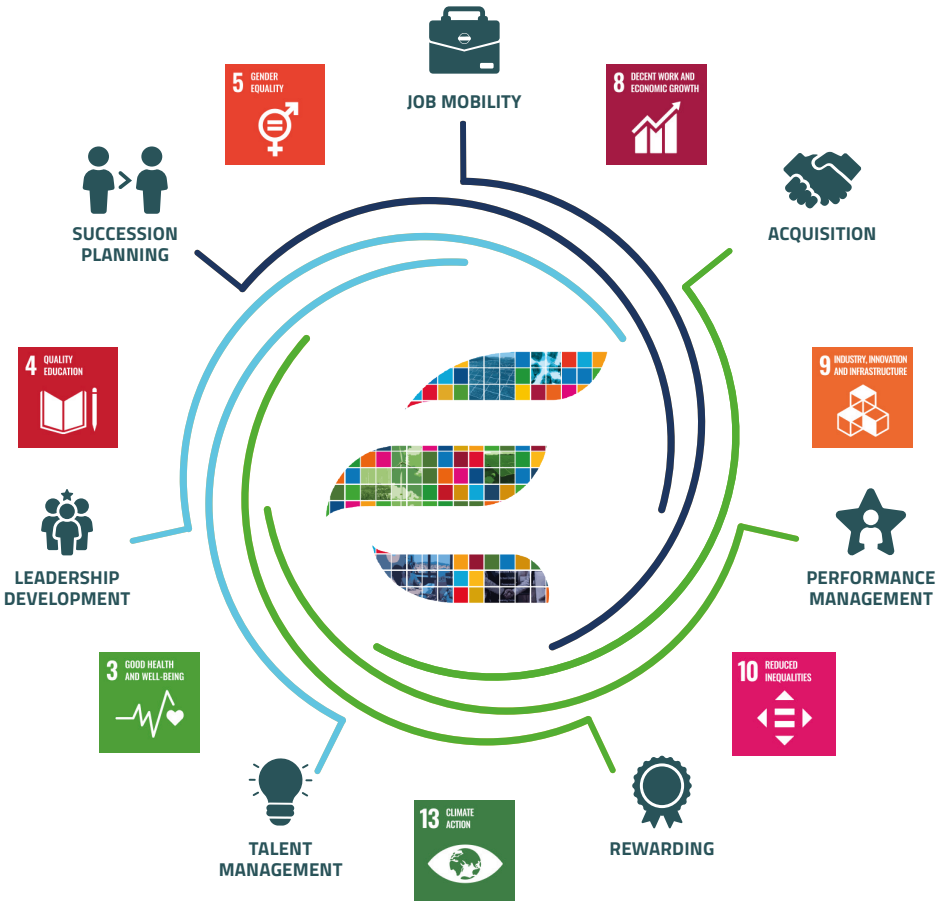
Human capital management and development

The management and development of human capital are guided by two pillars that support the achievement of company results, both of which are indispensable for maintaining a high level of competitiveness and for sustaining a corporate culture geared towards transparently communicating values and strategy to the entire organisation, placing the person at the heart of the company:

- **Organisational Development**: organisational model, processes, roles and responsibilities aimed at the management and growth of the Group;
- T**alent Management**: selection and insertion, leadership development, performance, potential assessment, talent management, succession plans aimed at enhancing people.

The Leadership Model allows the Group to relate with people on how to achieve results through values, skills and behaviours that also drive career development. The combination of human and organisational capital makes it possible to interpret and anticipate market needs by planning actions and defining strategies to manage change.
The processes that drive the development of human capital implement the Leadership Model as individual and collective operational plans and can be managed through a portal that everyone can access from the day they are hired.

In line with this approach, ERG develops a "holistic vision" of individuals. People Managers are encouraged, through the various Talent Management processes, to observe and interact with their staff, considering their performance, skills, development potential, and motivation. Talent is the key to achieving extraordinary results naturally and passionately; this is why paths are offered to recognise it, use it and develop it to grow together with the Group. ERG regards talent as a founding element of diversity and enhances it precisely because it is an individual characteristic.



The search for new talent

The constant search and attraction of new talent has always been a strategic priority for the ERG Group.
ERG seeks people who stand out for their ability to anticipate and overcome the challenges faced by the renewable energy sector today and in the future. It does so through Talent Attraction and Talent Acquisition processes based on the principles of diversity and equal opportunities, which make it possible to fully enhance, without discrimination, the skills and talent of each person.

Thanks to a clear "Employee Value Proposition", the Group:
- enhances the professional expectations of candidates;
- promotes corporate values and culture in order to facilitate inclusion, guarantee diversity, support employees' work-life balance and well-being while improving performance and production processes.

In recent years, and in particular in 2024, the HR function has implemented Employer Branding actions for:
- sharing the identity and culture of ERG;
- clearly communicate the Employee Value Proposition;
- highlight culture and international mobility in the professional paths offered.

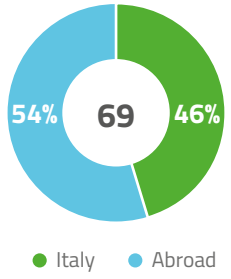
During 2024, the HR department addressed the labour market through Employer Branding actions for the placement of 69 new people, of which 36.2% from head hunters recruiting activities and 63.8% from direct applications, networking and ad hoc meetings in universities and higher education schools.

Among those recruited in 2024, 46% reside in Italy and 54% in one of the other countries of interest to the ERG Group.

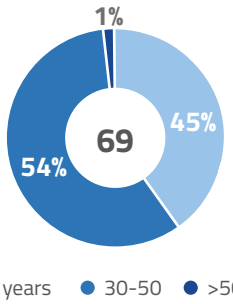
As regards age, 1% of new recruits are over the age of 50, 54% are aged between 30 and 50 and 45% are under the age of 30. 42% of the new ERG People are therefore part of Generation Z.

Lastly, the incidence of women in the workforce increase was 42%, with the recruitment of 36% of female resources
.

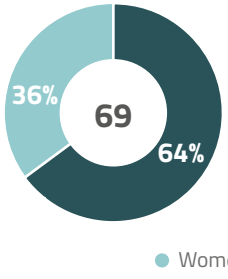
HIRES BY GEOGRAPHY



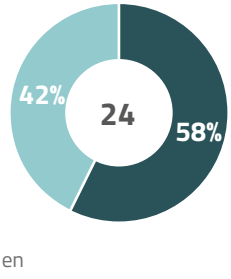
HIRES BY AGE BRACKET



HIRES BY GENDER



NET WORKFORCE INCREASE



The new onboarding process

ERG values people the moment they join the company; for this reason, it reviewed and developed the onboarding process in 2024, starting from the identification of the main difficulties that new people may face.

Providing the new ERG People with the tools and useful information through ad hoc meetings is essential in facilitating them and involving them in company life, and gives them the first opportunities to get to know the company and make themselves known.

In order to enhance people as individuals and not merely as professionals, ERG has also introduced the figure of the company Buddy: a person who follows the new ERG People starting the days before their entry and throughout the entire Onboarding process.

ERG and the assessment of development dedicated to generation Z

ERG considers development plans as strategic investments that make it possible to define professional roadmaps for people, hand in hand with the development of the company business.

Through the HR department, ERG initiates real professional development mappings within the company, taking into consideration both the short-term and long-term prospects.
Given the gradual increase in recruitment of people belonging to Generation Z, in 2024 ERG chose to dedicate a development path to support the junior resources who must adapt to a highly competitive and constantly evolving market, in order to generate an innovative, digital and systemic vision of the organisation by consolidating the key skills of the leaders of the future.
In 2024, 23 people were involved in Italy and France (11 women and 12 men): they participated in individual and group activities and defined their own Individual Development Plan.
The Individual Development Plan is a new instrument developed in 2024 as support for people's personal and professional development. It is based on the concept of individual responsibility in the path of growth and makes it possible to achieve both short-term and long-term development objectives by working on hard and soft skills in a structured manner.

Employer Value Proposition

In recent years, and in particular in 2024, the HR function has implemented Employer Branding actions for:

- sharing the identity and culture of ERG
- clearly communicating the Employee Value Position, based on inclusion and diversity and on the promotion of every initiative for the well-being and work-life balance of employees
- giving relevance to culture and international mobility in the professional paths offered.

The Employer Value Proposition is based on three pillars for a 'Just and Inclusive Transition':

- We are GreenenERGymakers and SDGs Contributors – The Group produces electricity from clean, renewable, and sustainable sources. Working at ERG means being a protagonist in the sustainable economy, contributing to the respect of the environment and to the improvement of the quality of life, supporting the achievement of the Sustainable Development Goals (SDGs) set by the UN;

- Employability and Self-accountability - each person is responsible for building their own 'sustainable future' by keeping skills up to date and discovering and enhancing their talent. Every year, people are asked to design their training path and to propose professional experiences of interest for their individual career path;
- Talent - each of one of ERG's people learn to connect their personal talent with that of others, with the company purpose and with ERG's way of working. For some years now, the Group's career website and use of social media have been a fundamental channel, and the national and international awards the Group has received from Potentialpark (a Swedish company specialising in the analysis of online talent) confirm the effectiveness of the strategy.

Career management and leadership development

Integrated career management is based on the principles of fairness, sustainability and selectivity, through a growth pathway articulated in different professional qualifications: Specialist, Professional, Manager, Senior Manager, Director.
The promotion process is guided and shared by the Human Capital Committee, which by guaranteeing equal development opportunities:

- defines and annually updates the pipelines of the candidates who may be promoted in the following three years;
- monitors and directs the path of candidates.

A total of 32 people were appointed in 2024: 2 Senior Managers, 12 Managers (of which 4 women) and 18 Professionals (of which 6 women).

Number of employees that participated in regular reviews

S1-13	Uom	2024				
		Men	Women	Others	Not reported	Total
Number of employees that participated in regular reviews	no.	266	139	-	-	405
Number of regular reviews	no.	266	139	-	-	405
Number of employees	no.	455	205	-	-	660
Percentage of employees that participated in regular re-views	%	58%	68%	-	-	61%
Number of regular reviews conducted per employee	no.	0.6	0.7	-	-	0.6

Training and skills development metrics

S1-13 Optional	Uom	2024				
		Employees that participated in regular reviews (no.)	Performance reviews (no.)	Employees (no.)	Employees that participated in regular reviews (%)	Regular reviews conducted per employee (no.)
Executives	no. - %	35	35	35	100%	1.0
Managers	no. - %	199	199	222	90%	0.9
Employees	no. - %	156	156	254	61%	0.6
Workers	no. - %	15	15	149	10%	0.1
Total	**no. - %**	**405**	**405**	**660**	**61%**	**0.6**

Upskilling e Reskilling

Again in 2024, the ERG group used the experience of its people to cope with the complex business context and the changes related to a constantly evolving world of work, with the consequent need to adapt to new tools, technologies and methodologies and to acquire new skills.

In this context, upskilling and reskilling processes continue to support the company's transformation and ensure the 'network' collaboration model where all departments collaborate, each with their own responsibilities and skills to achieve the Group's objectives.

Upskilling and reskilling are therefore confirmed as fundamental levers for:
- attracting new talents;
- facilitating people in skills growth and in the best possible fulfilment of individual aspirations.

In this sense, upskilling and reskilling processes also have a social purpose.

To encourage the development of these processes, in addition to leveraging technical and managerial training, management continued the incentive path of other key elements:
- learning agility, understood as the desire to learn, to innovate and to seek new horizons;
- managerial courage, to seek new professional experiences and responsibilities in order to develop the ability to manage different risks in different contexts;
- the 'generosity' of management in continuing to nurture these processes, enabling the development of talent and giving them the opportunity to undertake different professional experiences within the Group.

People managers play a key role in reskilling processes, collaborating with each other and with HR management in defining the best ways and timing for the transfer of people from one role to another.

In 2024, 40 individual reskilling processes and 23 upskilling processes were generated (of which 70% in the asset development and management areas), and it is expected that these processes will continue to be used in the coming years to better meet the new challenges.

Career and succession plans

Career and succession plans are a fundamental part of the staff development strategy, relating the company needs, business objectives and the individual expectations of people.

Career development is intended as a roadmap that defines the short, medium and long-term growth objectives of employees, with a view to bringing out untapped potential, supporting the company in training the skills of the future, attracting new talents, fostering inclusion, engagement and motivation. ERG works to retain talent, improve the perception of its brand and guarantee professional growth through criteria of meritocracy and transparency and attention to work-life balance.

The career development process is led by the HR department and the Human Capital Committee, but consistent with the principle of self-responsibility, each person is invited to share their professional aspirations via the talent management portal.

Succession plans contribute to building an organisation that is resilient over time and ready to manage the continuous changes in the world of work. Succession planning is a continuous process for evaluating, integrating and updating talent management strategies, pursuing growth and development prospects linked to company objectives and the values of diversity and inclusion. The annual update enables:
- planning, defining and managing career and succession plans in line with people's performance and new expectations;
- identifying activities to support the development of sustainable leadership.

The Succession Planning process involves the Human Capital Committee and the Nominations and Remuneration Committee.

In 2024, 107 organisational positions were mapped, and in 97% of cases suitable resources were identified to cover the role: this confirms the Group's soundness in ensuring continuity even in the face of turnover and professional growth.

Privacy management

ERG considers the protection of the personal data of all its stakeholders, and in particular of the Group's people, of fundamental importance.
ERG ensures the management of personal data protection activities through a dedicated organisational structure (231 Compliance & Privacy) and the identification of a Contact Person for the processing of personal data for each relevant Group company.
On 15 October 2024, in line with the 2024 objectives, the Board of Directors of ERG S.p.A. approved the update of the Privacy Organisational Model in order to increase the accountability of the entire organisational structure for more effective management and protection of personal data within the ERG Group, also in light of the process of adjustments to the ISO/IEC 27001:2022 standards (Information security, cybersecurity and privacy protection - Information security management systems).

In particular, it should be noted that one of the main innovations of the Privacy Organisational Model is the identification of the role of Privacy Focal Point, with the task of facilitating the management of topics and obligations related to the processing of personal data within the unit organisational structure and support the Data Processor. The people covering the role of Privacy Focal Point have been adequately trained.
The Privacy Organisational Model has been adopted by all Group companies, both in Italy and abroad.

ERG Academy: Training at ERG

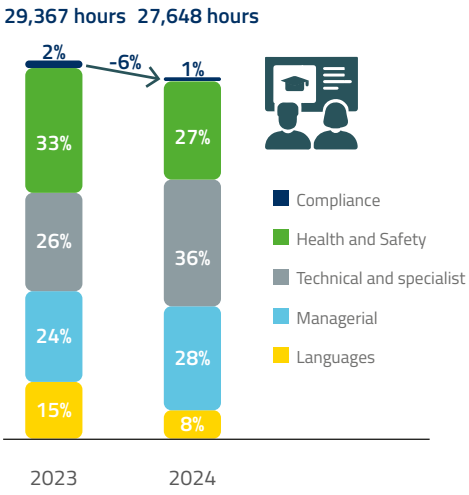
LEARNING ECOSYSTEM

For over 85 years, ERG has valued its human capital through the transmission of knowledge, skills and values. The people who join the company inherit a wealth of experience that has been consolidated over time, helping to ensure the continuity of the corporate know-how and culture.

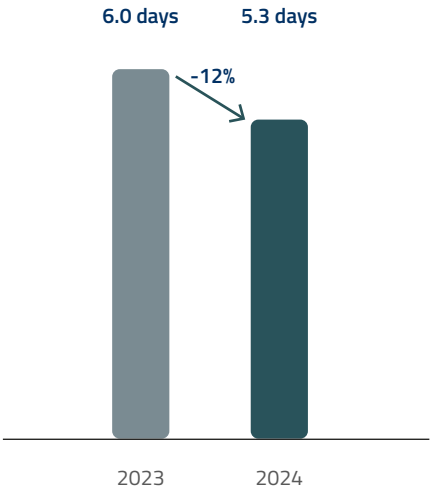
ERG Academy was created in 2023; the learning ecosystem is designed to support the growth of the Group, the network company and all the people who are part of it. The Academy aims to spread the Group's values, develop strategic skills and encourage the sharing of experiences, creating a stimulating and innovation-oriented environment.

The distinctive trait of ERG Academy is an inclusive and proactive approach: an initiative dedicated to ERG's people, but also extends its impact externally, offering training courses on crucial topics such as the Just Transition and sustainable development. The Academy thereby not only contributes to internal professional growth, but also becomes a valuable tool for the next generation and for the areas where ERG operates[27].

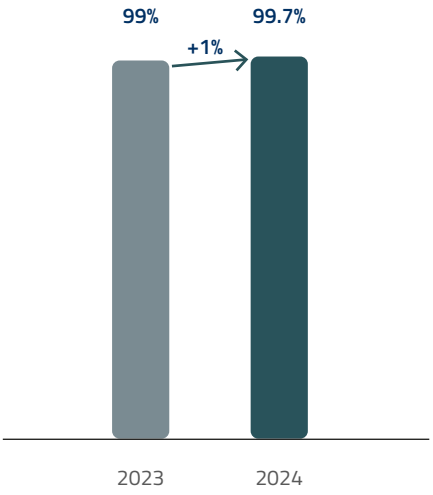
NO. TRAINING HOURS PROVIDED



NO. AVERAGE DAYS OF TRAINING PER EMPLOYEE



% EMPLOYEES PARTICIPATING



27 See the section "ERG Academy for the Next Generation"

Managerial training

Within the ERG Academy, managerial training covers a key role, with an inclusive approach: every person, regardless of role, professional seniority, personal background, business, workplace or contractual hours, has access to dedicated training courses.

Through the platform We Grow with ERG, everyone has the opportunity to independently develop managerial skills, including those related to sustainability. This tool allows to personalise one's learning path and flexibly manage professional growth.

The managerial training of ERG Academy has multiple objectives, both at individual and Group level:

- to learn the values, skills and behaviours of the ERG Leadership Model;
- to develop and enhance managerial skills, adapting them to new challenges;
- to create opportunities for discussion and exchange between colleagues from different company areas;
- to promote the enhancement of diversity and inclusion as key elements of the corporate culture;
- to identify one's purpose and connect it to that of ERG, strengthening the sense of belonging and the contribution to the Group's success.

Through these paths, ERG Academy aims to train knowledgeable and responsible leaders, capable of tackling the challenges of the energy transition and sustainable innovation with competence and vision.

Training and skills development metrics (employees)

S1-13	Uom	2024					2023				
		Men	Women	Others	Not reported	Total	Men	Women	Others	Not reported	Total
Number of training hours	h	20,145	7,503	-	-	27,648	21,576	7,791	-	-	29,367
Average hours of training [1]	h	44	37	-	-	42	49	40	-	-	46

(1) Data calculated on the number of employees at the end of the period. Total training also includes courses provided to staff who left the company during the year.

Training and skills development metrics (non employees)

S1-13 Optional	Uom	2024
Hours of training	h	414
Non-employee workers trained	no.	10
Non-employee workers	no.	17
Average hours of training	h	24

Mentors, role models, ambassadors: the wealth of intergenerational exchange

The surveys carried out over the years, involving generations of ERG People, have always highlighted a strong passion for work and an important alignment in values between people and the company.
Passion, experience, desire to get involved and generosity are the pillars of the Mentorship, Role Modelling and Ambassadorship programmes, which foster dialogue between people of different generations and roles, creating connections and helping to build a new way of experiencing work, also outside ERG.
Since 2022, thanks to partnerships with organisations that facilitate encounters between students and ERG People, this passion and approach to work have been shared more systematically through:

- **Mentorship courses**, which involved some Senior Managers and Directors;
- **Role Modelling programmes** aimed at helping middle school girls and boys and their parents to understand the usefulness and passion of STEM studies. Eight women with typically scientific degrees and professional experience took part in these programmes;
- **Ambassadorship initiatives**, with some colleagues sharing the stories in front of secondary school classes. They discussed their experience at ERG and what it means to be GreenenERGymakers, but also how they dealt with the choices regarding study paths and professional opportunities.

In 2024, ERG promoted an **Inter-company Mentorship** path within the companies belonging to Valore D, the main association of companies engaged in the dissemination of culture, action and support of all forms of inclusion in Italy. The seven-month course was attended by 20 Mentors-Senior Managers (of which 10 from ERG) and 20 Mentee-Middle Managers (of which 10 from ERG) to discuss leadership by sharing experiences.

S1-14

Protection of health and safety

The protection of health and safety is an absolute priority for the ERG Group and encompasses all the people who work, in any capacity, in the Group's offices, plants, construction sites and when travelling to operational sites. The integrated and participatory approach is developed along two lines:

- In a top-down logic, the process starts from Top Management and with the support of the HSEQ (Health, Safety, Environment, Quality) Organisational Unit, through all levels of the organisation, involving both the internal staff and the outsourced staff operating at ERG sites.
- In a bottom-up logic, the active participation of all people is encouraged in the identification and management of risks, thanks to proactive communication as well as the contribution of workers' representatives.

The Group promotes continuous dialogue through risk analysis, the collection of reports from the field and periodic meetings to assess events that have occurred and identify remedial actions.

Training, Awareness-raising and Innovative Technologies
The safety culture is disseminated through information and training meetings for the entire company population, and through digital tools such as the intranet and a dedicated app. The latter allows anyone to quickly report anomalies, non-compliance or anomalous events (injuries, accidents, near misses). Each report is handled by the HSE&Q Unit, which analyses the causes and monitors the implementation of the necessary remedial actions.

Risk Analysis and Impact Prevention
The Occupational Health and Safety Management System is based on the analysis of the possible impacts of company activities, considered in three main areas:

- health and safety of employees;
- health and safety of third-party workers who operate at Group plants;
- health and safety of third-party visitors.

This analysis allows to implement targeted prevention and protection measures, monitoring their effectiveness through regular audits and analyses of anomalous events (accidents, injuries and near misses). The lessons learned are shared and applied across the board to prevent the recurrence of events and transform near misses into opportunities for improvement.

Management of Anomalous Events and Remedial Actions
The analysis of anomalous events, such as injuries, accidents and near misses, is a key element of the corporate approach to health and safety. After a careful assessment of the causes, remedial actions are identified and implemented not only in the specific context in which the event occurred, but also in all similar contexts, thus preventing the repetition of similar situations or the possible evolution of near-misses into more serious accidents.

The Health and Safety Management System is used to manage the reporting, communication, analysis and correction of all events involving both ERG workers and those of contractors in a coordinated manner.

For each incident, a working group is set up to analyse the primary causes, with a level of involvement proportionate to the seriousness of the event. Less serious events are analysed at Operating Unit level, while for the most significant cases, the COO is directly involved in identifying the assessment team.

Once the remedial actions have been identified, they are assigned to the competent managers and constantly monitored until completion, thanks to a centralised register that guarantees the tracking and effectiveness of the measures adopted.

Transparency and Reporting
HSE performance monitoring is supported by a detailed reporting system that makes use of a digital platform, through:

- Monthly reports addressed to both Operational Management and the Management Committee.
- Quarterly reports to the Board of Directors (BoD). In any case, a summary report of the HSE performance is provided at each meeting of the BoD.

These documents include the analysis of the performance indices, the progress of the remedial actions and an overall assessment of the events of the reference period.

HSE Performance Indicators and ESG Objectives
The safety of internal workers and contractors is at the heart of the ESG Plan, which includes specific KPIs to measure and improve performance: These KPIs are:

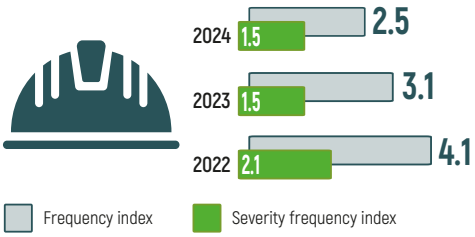
- **The LTIF frequency index:** number of accidents per million total hours worked.
- **The LTIF Sev frequency index**: number of accidents with absence of more than 30 days per million work hours.
- **Number of fatal injuries**: with the target set to zero.

These indicators are integrated into the short and long-term incentive plans, reinforcing the shared commitment to the continuous improvement of health and safety.

Trend of HSE Indicators for 2024
During 2024, the Injury Frequency Index (LTIF) of the ERG Group stood at **2.49**, marking a continuous reduction compared to previous years (3.09 in 2023 and 4.12 in 2022 - entire group perimeter of internal and external injuries). The Severe Injury Frequency Index (LTIF Sev) stood at 1.50, also confirming a downward trend compared to previous years (1.55 in 2023 and 2.06 in 2022). It should be noted that in 2024 there were no injuries to personnel within the group.
Unfortunately, in this very context, the year 2024 was marked by a serious accident: in May, a fatal injury occurred at the repowering construction site in Salemi, Sicily, involving a worker from a subcontractor hired by ERG's main contractor.[28] The exact circumstances of the event remain unclear to this day, as investigations are still ongoing.

28 In this regard, it should be noted that, in consideration of the above, the company has decided to suspend the fatality settlement pending the conclusion of the investigation.

ACCIDENT INDICES (INTERNAL AND EXTERNAL)



	2024
NEAR MISSES	43

Future Objectives and Targets
The objective defined within the Plan horizon is LTIF <3 (2.95 by 2029). In the long term, ERG confirms its commitment to a safe working environment, maintaining the goal of zero fatal injuries throughout the plan period.
The improvement in the indices is accompanied by a significant increase in the Group's activities, highlighted by the growth in the number of sites managed and the greater installed capacity. These results reflect the constant commitment to raising safety standards, aware that the path to excellence requires continuous attention and daily work to prevent any possible risk.

Operational Controls and HSEQ Audits
Compliance with the principles and regulations on occupational health and safety and environmental protection is an imperative for ERG personnel and for all personnel of third-party companies with which ERG collaborates. To guarantee this commitment, the Group's HSE&Q organisational units, together with the operations managers and safety coordinators, carry out numerous field checks throughout the year to verify compliance with regulations and internal procedures and instructions during work activities.

In addition to these field audits, there are also the standard ones required by the HSE&Q management systems that periodically monitor working environments and operating processes. In recent years, the Group has significantly intensified control activities in wind and photovoltaic plants, both for internal personnel and for contractors. This choice stems from the desire to prevent accidents and promote a shared safety culture.

The Group constructively collaborates with contractors in health and safety management, convinced that these synergies represent a fundamental leverage for continuous improvement. The Group defends the importance of virtuous behaviour through the concrete example of its personnel, supported by awareness-raising and training initiatives mainly dedicated to internal personnel and sometimes external operators.

In 2024, 2,214 **HSEQ checks** were carried out, broken down as follows:
- **Wind farms**: 1,901
- **Photovoltaic plants**: 313

The audit activities instead include internal audits conducted by dedicated ERG Group personnel, and external audits carried out by management system certification bodies.

All organisational units and processes included in the control programs were audited during the year, guaranteeing widespread monitoring and continuous attention to compliance and the improvement of HSE performance.

Health and safety metrics

S1-14	Uom	2024			2023		
		Employees	Non-employee workers	Total	Employees	Non-employee workers	Total
88. (a) Percentage of people in its own workforce who are cov-ered by the undertaking's health and safety management system based on legal requirements and/or recognised standards or guidelines	no.	100%	100%	100%	100%	100%	100%
88. (b) Number of fatalities as a result of work-related injuries and work-related ill health.	no.	-	-	-	-	-	-
88. (c) Number of recordable work-related accidents;	no.	-	-	-	5	-	5
Hours worked [1]	h	1,068,916	-	1,068,916	990,922	-	990,922
88. (c) Rate of recordable work-related accidents;	no.	-	-	-	5.0	-	5.0
AR 94. Optional - The disclosure may include cases of work-related ill health that were de-tected during the reporting period among people who were formerly in the undertaking's workforce.	no.	-	-	-	-	-	-
88. (d) Disclose the number of cases of recordable work-related ill health, subject to legal re-strictions on the collection of da-ta;	no.	-	-	-	-	-	-
88. (e) Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatali-ties from ill health	no.	-	-	-	181	-	181
90. Optional - Percentage of its own workers covered by a health and safety management system which is based on legal require-ments and/or recognised stand-ards or guidelines and which has been internally audited and/or audited or certified by an external party.	%			97%			97%

(1) For non-employed personnel, the recognition of hours worked is not envisaged, in line with the contractual nature of this type of collaboration.

Group HSE Management Systems

Management Systems are the organisation and control structure with which the ERG Group systematically defines, implements and monitors objectives related to the environment, occupational health and safety and quality.

All company processes are developed and improved according to the HSE&Q Policy, which is based on the general principles described in the Code of Ethics, the Sustainability Policy and the Human Rights Policy.

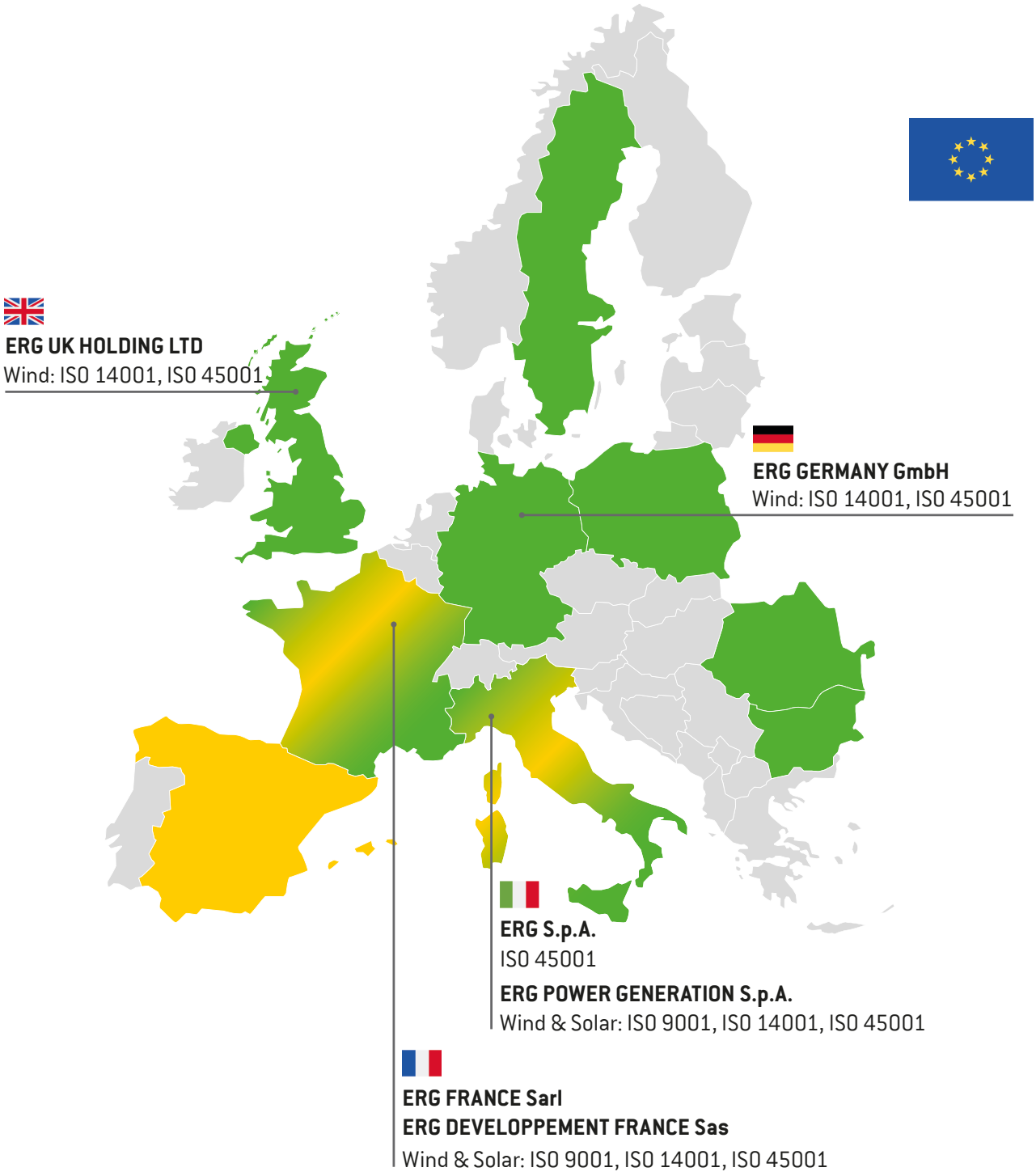
The Management Systems comply with recognised international standards:
- ISO 14001:2015 for environmental management;
- ISO 45001:2018 for occupational health and safety;
- ISO 9001:2015 for quality.

The Management Systems' implementation and continuous improvement are coordinated by the HSE&Q department, which regularly verifies their effectiveness through internal audits, audits conducted by external certification bodies and by monitoring specific performance indicators.
At the end of 2024, the coverage of HSE certifications on Group assets is as follows:
- Environmental certification (ISO 14001): 76% of installed capacity.
- Quality certification (ISO 9001): 61% of installed capacity.
- Health and safety certification (ISO 45001): 76% of installed capacity and 97% of the Group's people.

As regards ISO 45001 certification (health and safety), the Group has reached 100% coverage in countries where it is strategically necessary or where maintenance is internalised, thereby guaranteeing integrity for both the total installed capacity and for the personnel involved.

These results testify to the constant commitment to consolidating and improving an integrated HSE system aligned with operational needs, the highest international standards and strategic objectives.

MAP OF HSE&Q CERTIFICATIONS (EU PERIMETER)



Entity-specific disclosures

S1-6 S1-9

Characteristics of the undertaking's employees and diversity metrics

Personnel, work organisation and industrial relations

	Uom	2024	2023
Employees at 31/12	no.	660	636
Average workforce	no.	651	611
Senior Managers	no.	35	33
of which at Genoa site	no.	31	30
Middle management	no.	222	203
White-collar workers	no.	254	254
Blue-collar workers	no.	149	146
Non-employee workers	no.	17	18
Female employment	%	31.1%	30.7%
Of which female employment at Genoa site	%	45.6%	44.1%
Average seniority (years)	no.	9.7	9.5
Average employee age (years)	no.	41.9	41.7
Part time employees (Italy)	%	5.3%	5.5%
Part time employees (abroad)	%	1.2%	0.6%
Percentage of overtime (Italy)	%	4.2%	4.1%
Percentage of overtime (abroad)	%	1.7%	1.4%
Unionisation rate (Italy)	%	26.0%	25.3%
Ongoing labour disputes	no.	1	-
Strike [1]	no.	44	12
Turnover (inbound staff + outbound staff)/headcount	%	17.5%	24.1%
Recruitment rate (inbound staff/headcount)	%	10.6%	17.0%
Outbound turnover rate	%	6.9%	6.9%

(1) Hours of Italy-wide strikes

New employee hires and employee turnover - Gender and age group

		Uom	2024				2023			
			<30 years	30/50 years	>50 years	Total	<30 years	30/50 years	>50 years	Total
New recruits	Men	no.	17	26	1	44	32	32	-	64
	Women	no.	14	11	-	25	15	24	2	41
	Total	**no.**	**31**	**37**	**1**	**69**	**47**	**56**	**2**	**105**
Inbound turnover rate	Men	%	2.6%	4.0%	0.2%	6.8%	5.2%	5.2%	0.0%	10.5%
	Women	%	2.2%	1.7%	0.0%	3.8%	2.5%	3.9%	0.3%	6.7%
	Total	**%**	**4.8%**	**5.7%**	**0.2%**	**10.6%**	**7.7%**	**9.2%**	**0.3%**	**17.2%**
New outbound	Men	no.	7	21	2	30	7	16	4	27
	Women	no.	3	10	2	15	6	7	2	15
	Total	**no.**	**10**	**31**	**4**	**45**	**13**	**23**	**6**	**42**
Turnover rate	Men	%	1.1%	3.2%	0.3%	4.6%	1.2%	2.6%	0.7%	4.4%
	Women	%	0.5%	1.5%	0.3%	2.3%	1.0%	1.2%	0.3%	2.5%
	Total	**%**	**1.5%**	**4.8%**	**0.6%**	**6.9%**	**2.1%**	**3.8%**	**1.0%**	**6.9%**

New employee hires and employee turnover - Country

	Uom	2024				2023			
		New re-cruits	New out-bound	Recruitment rate	Turnover rate	New re-cruits	New out-bound	Recruitment rate	Turnover rate
Italy	no. - %	32	15	4.9%	2.3%	48	18	7.9%	2.9%
France	no. - %	21	14	3.2%	2.2%	31	18	5.1%	2.9%
Germany	no. - %	10	12	1.5%	1.8%	12	4	2.0%	0.7%
United Kingdom	no. - %	4	3	0.6%	0.5%	6	1	1.0%	0.2%
Bulgaria	no. - %	-	-	-	-	-	-	-	-
Poland	no. - %	-	-	-	-	2	-	0.3%	-
Romania	no. - %	1	1	0.2%	0.2%	-	-	-	-
Sweden	no. - %	-	-	-	-	-	-	-	-
Spain	no. - %	1	-	0.2%	-	6	1	1.0%	0.2%
USA	no. - %	-	-	-	-	-	-	-	-
Total	no. - %	**69**	**45**	**10.6%**	**6.9%**	**105**	**42**	**17.2%**	**6.9%**

Employment (Inbound and outbound by qualification)

		Uom	2024						2023					
			Senior Managers	Middle management Managers	Middle management Professionals	White-collar workers	Blue-collar workers	Total	Senior Managers	Middle management Managers	Middle management Professionals	White-collar workers	Blue-collar workers	Total
New recruits	Men	no.	-	-	8	18	18	44	-	-	12	34	18	64
	Women	no.	-	-	6	19	-	25	-	-	8	32	1	41
	Total	no.	**-**	**-**	**14**	**37**	**18**	**69**	**-**	**-**	**20**	**66**	**19**	**105**
New outbound	Men	no.	-	2	6	13	9	30	3	1	7	9	7	27
	Women	no.	-	1	3	11	-	15	-	-	6	8	1	15
	Total	no.	**-**	**3**	**9**	**24**	**9**	**45**	**3**	**1**	**13**	**17**	**8**	**42**

New recruits by contract type

	Uom	2024			2023		
		Italy	Abroad	Total	Italy	Abroad	Total
company acquisitions	no.	-	-	-	-	3	3
Permanent contract	no.	27	37	64	42	53	95
Temporary contract	no.	5	-	5	6	1	7
Interns	no.	-	-	-	-	-	-
Total	**no.**	**32**	**37**	**69**	**48**	**57**	**105**

Outbound by mode

	Uom	2024			2023		
		Italy	Abroad	Total	Italy	Abroad	Total
Resignation	no.	13	24	37	13	21	34
End of temporary contract	no.	-	-	-	-	-	-
Agreed resolution	no.	2	4	6	4	-	4
Failure to pass the probationary period	no.	-	2	2	-	3	3
Dismissal	no.	-	-	-	1	-	1
Death	no.	-	-	-	-	-	-
company divestiture	no.	-	-	-	-	-	-
Total	**no.**	**15**	**30**	**45**	**18**	**24**	**42**

Diversity metrics (contract type/gender)

	Uom	2024					2023		
		Men	Women	Others	Not reported	Total	Men	Women	Total
Senior Managers	no.	30	5	-	-	35	28	5	33
Middle management - Managers	no.	29	9	-	-	38	28	7	35
Middle management - Professionals	no.	117	67	-	-	184	107	61	168
Middle management	no.	146	76	-	-	222	135	68	203
White-collar workers	no.	130	124	-	-	254	132	122	254
Blue-collar workers	no.	149	-	-	-	149	146	-	146
Total	**no.**	**455**	**205**	**-**	**-**	**660**	**441**	**195**	**636**
Senior Managers	%	86%	14%	-	-	5%	85%	15%	5%
Middle management - Managers	%	76%	24%	-	-	6%	80%	20%	6%
Middle management - Professionals	%	64%	36%	-	-	28%	64%	36%	26%
Middle management	%	66%	34%	-	-	34%	67%	33%	32%
White-collar workers	%	51%	49%	-	-	38%	52%	48%	40%
Blue-collar workers	%	100%	-	-	-	23%	100%	-	23%
Total	**%**	**69%**	**31%**	**-**	**-**	**100%**	**69%**	**31%**	**100%**

Diversity metrics (women in workforce)

	Uom	2024	2023
Percentage of Women in Work-force (excluding Blue Collar)	%	40%	40%
Percentage of Women in Succes-sion Plans with at least one wom-an	%	64%	56%
Percentage of Women Promoted during the year	%	31%	23%
Percentage of Women in IT/engineering roles	%	28%	26%
Percentage of Women in manage-rial positions operating areas	%	30%	31%

Diversity metrics (contract type/age group)

	Uom	2024				2023			
		<30 years	30/50 years	>50 years	Total	<30 years	30/50 years	>50 years	Total
Senior Managers	no.	-	19	16	35	-	22	11	33
Middle management	no.	8	159	55	222	4	154	45	203
White-collar workers	no.	54	153	47	254	59	149	46	254
Blue-collar workers	no.	28	91	30	149	26	92	28	146
Total	**no.**	**90**	**422**	**148**	**660**	**89**	**417**	**130**	**636**
Senior Managers	%	-	54%	46%	100%	-	67%	33%	100%
Middle management	%	4%	72%	25%	100%	2%	76%	22%	100%
White-collar workers	%	21%	60%	19%	100%	23%	59%	18%	100%
Blue-collar workers	%	19%	61%	20%	100%	18%	63%	19%	100%

Employees by Citizenship

	Uom	2024				2023			
		Employees	% of the total work-force	N management level	% of the total work-force management	Employees	% of the total work-force	N management level	% of the total work-force management
Italy	no. - %	496	75%	197	77%	483	76%	186	79%
France	no. - %	74	11%	39	15%	65	10%	31	13%
Germany	no. - %	27	4%	5	2%	32	5%	6	3%
United Kingdom	no. - %	8	1%	1	0%	8	1%	1	0%
Morocco	no. - %	11	2%	2	1%	10	2%	1	0%
Spain	no. - %	8	1%	1	0%	7	0%	1	0%
Romania	no. - %	4	1%	2	1%	5	0%	2	0%
Other	no. - %	32	5%	10	4%	26	6%	8	5%
Total	**no. - %**	**660**	**100%**	**257**	**100%**	**636**	**100%**	**236**	**100%**

S1-10

Adequate wages

Difference between ERG italian average salary vs applicable National Collective Labour Agreements

	Uom	2024		2023		Change in 2024 vs 2023	
		Men	Women	Men	Women	Men	Women
Key Managers	%	265%	-	254%	-	11%	-
Senior Managers	%	144%	143%	143%	135%	1%	8%
Middle management	%	121%	121%	122%	121%	-1%	-
White-collar workers	%	113%	113%	114%	115%	-1%	-2%
Blue-collar workers	%	109%	-	110%	-	-1%	-

Difference between ERG italian minimum salary vs applicable National Collective Labour Agreements

	Uom	2024		2023		Change in 2024 vs 2023	
		Men	Women	Men	Women	Men	Women
Key Managers	%	238%	-	225%	-	13%	0%
Senior Managers	%	119%	125%	112%	112%	7%	13%
Middle management	%	100%	100%	100%	102%	-	-2%
White-collar workers	%	100%	110%	106%	110%	-6%	-
Blue-collar workers	%	100%	-	100%	-	-	-

S1-11

Social protection

Defined benefit plan obligations and other retirement plans

	Uom	2024	2023
Contractual pension funds	no.	376	329
Other provisions	no.	17	14
Non-registered	no.	267	293
Overall total	**no.**	**660**	**636**

S1-13

Training and skills development metrics

Open positions held by internal candidates

	Uom	2024	2023
Open positions held by internal candidates	%	19%	9%

Average hiring cost per employee

	Uom	2024	2023
Average hiring cost	€K/emp	5,0	4,6

Average training hours per year per employee[1]

	Uom	2024						2023					
		Hours Men	Average hours Men	Hours Women	Average hours Women	Total Hours	Total average hours	Hours Men	Average hours Men	Hours Women	Average hours Women	Total Hours	Total average hours
Senior Managers	h	875	29	207	41	1,081	31	730	26	246	49	976	30
Middle management	h	5,259	36	2,715	36	7,974	36	4,774	35	2,997	44	7,771	38
White-collar workers	h	5,406	42	4,582	37	9,988	39	6,924	53	4,546	37	11,470	45
Blue-collar work-ers	h	8,606	58	-	-	8,606	58	9,148	63	1	-	9,149	63
Total	**h**	**20,145**	**44**	**7,503**	**37**	**27,648**	**42**	**21,576**	**49**	**7,791**	**40**	**29,367**	**46**

(1) Figure calculated on the number of employees at the end of the year. Total training also includes courses provided to staff who left the company during the year.

Type of training courses

	Uom	2024		2023	
		Hours	Percentage	Hours	Percentage
Health and safety training	h - %	7,081	26%	9,724	33%
Employee language training	h - %	2,140	8%	4,320	15%
Technical specialised employee training	h - %	10,126	37%	7,749	26%
Managerial training	h - %	7,849	28%	7,102	24%
Compliance training	h - %	452	2%	473	2%
Overall total	**h - %**	**27,648**	**100%**	**29,367**	**100%**

Average training per employee

	Uom	2024	2023
Training cost	€M	1,15	1,10
Average training cost	€K/emp	1,76	1,80

S1-14

Health and safety metrics

Cases of occupational disease

	Uom	2024			2023		
		Men	Women	Total	Men	Women	Total
Cases of occupa-tional disease	no.	-	-	-	-	-	-
Occupational dis-ease rate	%	-	-	-	-	-	-
Work-related deaths	no.	-	-	-	-	-	-
Sick leave rate [1]	%	1.3%	1.7%	1.4%	1.6%	2.1%	1.7%

The safety indicators do not count 'non-employees'

(1) Leave rate refers to Italian employees only (no. of days absence/workable days)

Injuries in the workplace

	Uom	2024			2023		
		Men	Women	Total	Men	Women	Total
Working days lost	no.	-	-	-	181	-	181
Number of injuries	no.	-	-	-	5	-	5
Hours worked	h	748,194	320,722	1,068,916	703,541	287,381	990,922
Frequency index [1]	no.	-	-	-	7.1	-	5.1
Severity index [2]	no.	-	-	-	0.3	-	0.2

(1) Rate of work-related injuries calculated as (no. Injuries X 1,000,000)/no. hours worked.

(2) Severity index calculated as (no. of days lost x 1,000)/no. hours

S1-16

Remuneration metrics (pay gap and total remuneration)

Ratio of basic salary and remuneration of men to women

	Uom	2024	2023
Gender pay gap overall (average)	%	100%	99%
Gender pay gap overall (median)	%	92%	90%
Bonus Gap (average)	%	133%	135%
Bonus Gap (median)	%	100%	100%

ESRS S2

WORKERS IN THE VALUE CHAIN

S2-1 S2-2 S2-3 S2-4 S2-5

Strategies, policies, actions and objectives related to Workers in the value chain

Respect for human rights and occupational safety are fundamental aspects that ERG guarantees throughout the value chain.

With regard to worker safety, which is also fundamental in the ESG plan, ERG has set itself targets relating to injury frequency indices, both for internal employees and those of third-party companies. These increasingly challenging objectives are also included in the incentive systems.

With regard to human rights, the "Sustainable Procurement" programme [29] envisages both an assessment, which also assesses suppliers on respect for human rights, and an audit plan (desktop and in the field), which also includes this aspect.

In terms of Corporate Governance, the Group has adopted Policies and tools to monitor respect for human rights that are inspired by international best practices and also apply to the counterparties with which ERG comes into contact.

If non-compliance is found, the Group reserves the right to ask the recipients to implement corrective measures, available to dialogue with the counterparties in the process of identifying and adopting improvement actions with the aim of remedying the non-compliance found.

If the corrective measures are not enforced, as well as seriously or systematically unfulfilled, the ERG Group reserves the right to terminate the contract early and exclude the supplier from the Vendor List.

Moreover, the counterparties will always be able to use the whistleblowing channel present on the company website of ERG.

Compliance with the policies[30] is required of all counterparties with which ERG enters into relations, in order to protect and guarantee working conditions in the value chain.

Entity-specific disclosures

At group level, ERG has monitoring systems on the injury frequency indices for both internal employees and external employees (workers in the value chain) who work at its plants[31]. The following table shows the report of work-place injuries of employees of external companies for 2024.

Injuries in the workplace by third parties

	Uom	2024			2023		
		Men	Women	Total	Men	Women	Total
third party companies lost days	no.	283	-	283	42	-	42
third party companies number of injuries	no.	5	-	5	1	-	1
third party companies hours worked	h	937,473	-	937,473	950,346	-	950,346
Frequency index – third party companies (1)	no.	5.3	-	5.3	1.1	-	1.1
Severity index – third party companies (2)	no.	0.3	-	0.3	0.0	-	0.0

(1) Rate of work-related injuries calculated as (no. Injuries X 1,000,000)/no. hours worked.

(2) Severity index calculated as (no. of days lost x 1,000)/no. hours

29 See the "Sustainable Procurement" section
30 See the "Double Materiality" section
31 For the results obtained in the HSE area, please see section "S1-14 Protection of health and safety"

"We want to support the development of renewable energy sources in all the countries where we are present, making our experience available and actively collaborating with central and local institutions. We believe that the creation of adequate regulatory tools is fundamental in enabling us to play our role as facilitators of inclusive and sustainable growth, thus contributing to building a concrete future focused on global objectives."

Luca Bragoli
Regulatory & Public Affairs

ESRS S3

AFFECTED COMMUNITIES

S3-1 S3-3 S3-4 S3-5

Objective policies and management of impacts relating to the affected communities

To support the achievement of the ESG Plan objectives, guidelines have been defined for engagement initiatives in the territories where the Group operates, in particular for the management of expenses incurred for environmental, social, promotional or educational purposes.
In order to be authorised, the initiatives must be included in one of the four areas indicated in the graph below.

The guidelines explicitly prohibit the use of funds for political and religious purposes, for any purpose contrary to the interests of local communities or contrary to the interests of ERG, or for the benefit of private companies (unless a broader public interest can be demonstrated).

"Local Communities" is intended as cultural, religious and research associations, health service, NGOs, committees of citizens, residents close to production plants, and students. The engagement includes:

- meetings with local communities in line with ERG's business;
- educational projects on renewable energy, energy transition and career guidance.

In the ESG Plan, the specific objectives for the economic and social development of local communities therefore include:

- the creation of value at Group level, both in the territories in which ERG operates, and in developing areas;
- training future generations (Next Generation), through ERG Academy.

Strengthening engagement with local communities

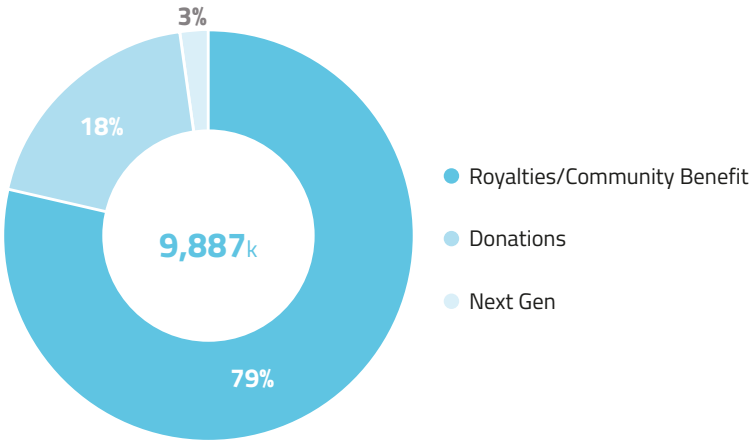
The wind and solar power plants have a strong positive impact both on the economy of the places where the Group invests and on combating climate change, while also reducing energy dependency.

During the construction of plants, ERG pays the utmost attention to the use of local resources, both for construction staff and the purchase of materials, in order to stimulate the local economy and employment. ERG's presence means much more than simply installing and managing power generation plants: it means establishing transparent relations with the local community, identifying and supporting specific initiatives for the area, improving its social and economic well-being.

It is not merely about issuing disbursements to entities and associations that propose initiatives of interest but also working with the most representative institutions and organisations to share the value of initiatives with the entire community.

COMMUNITY SHARE AS A PERCENTAGE OF REVENUE 1.3%

(vs 1.2% in 2023)



Social Purpose for Solar Revamping

Activities continued in 2024 on the 'Social Purpose for Solar Revamping' projects, making it possible to complete four projects developed with non-profit organisations. The aim is to activate a virtuous path for the decommissioned photovoltaic panels that are still in an excellent state of efficiency, reusing them in projects with a high social impact in Italy and abroad.

Comunità di Sant'Egidio - Malawi

40 kWp solar plants + 40 kWh batteries

Installation completed in July 2024

Boky Mamiko - Madagascar

10 kWp solar plants + 10.8 kWh batteries

Installation completed in July 2024

SOCIAL PURPOSE SOLAR REVAMPING
ERG

Parallelo Lab - Italy_Varese

10 kWp solar plants

Installation completed in February 2025

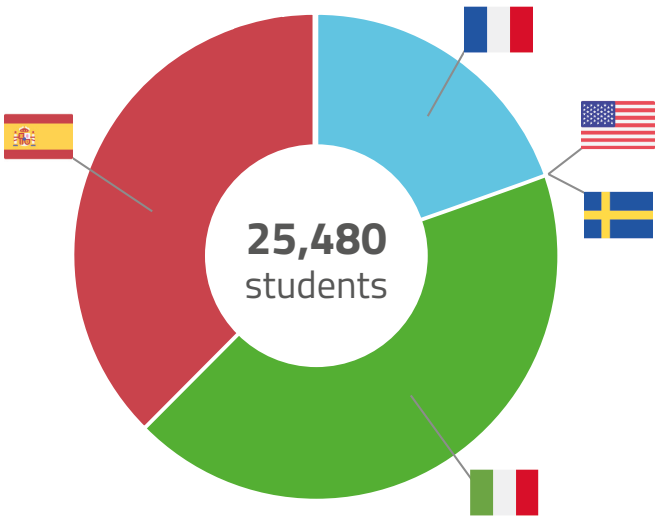
Banco Alimentare - Italy_Catania

20 kWp solar plants

Installation planned by March 2025

ERG Academy for the Next generation

ERG Academy was established in 2023 with the aim of disseminating knowledge, skills and experience in the field of renewable energy, energy transition, climate change and sustainability. It is aimed at both the people who work at ERG[32] and the future generations, also promoting career guidance initiatives to raise awareness of the opportunities offered by green jobs.



The main initiatives in 2024 included:

- **Strategic partnerships with local organisations** who share the mission of ERG. In France, a collaboration was initiated with ***Terre Avenir*** to promote scientific culture and raise awareness of environmental and energy topics. In Spain, working with the ***Yehudi Menuin Foundation***, boys and girls are involved in activities related to environmental and social sustainability, with a focus on inclusion.
- **Educational Projects in Italy**. With *Ancitel* and ELIS, first and second level secondary schools have been involved in topics such as renewable energy, sustainability and green jobs, encouraging dialogue between students from different schools and bringing direct testimonials from ERG's people. The heart of the ***Role Model*** project was the story of graduates in scientific disciplines who shared their training and professional path, inspiring the new generations to undertake STEM studies.
- **Missione Ambiente 2024**, an initiative carried out with TIM in ten Italian provinces, created opportunities for intergenerational discussion on environmental sustainability, starting with recent amendments to the Constitution.
- **At the Science Festival,** where the Group was present with the stand "*Inspiring Change to Power the Future*" and a workshop using debate methodology, ERG stimulated reflection and awareness on the role of each person in the energy transition and in the construction of a more sustainable future.
- Lastly, there is **support for three high-profile Masters programmes**: two dedicated to the energy sector (SAFE and University of Genoa) and one, the Genoa Entrepreneurship School, which trains future leaders and sustainable innovation entrepreneurs in the USA and Italy.

The "Energy for Youth" Project

In 2024 ERG launched the "Energy for Youth" project together with a number of partners: the University of Genoa - University Hub of Savona, Confindustria [Italian Manufacturers' Federation], Ticass Scrl (manager of the EASS Energy, Environment, Sustainable Development Hub) and other companies operating in the energy sector. The goal is to create an experimental model to accompany university students towards industrial excellence in the energy field. Specifically, the Project aims to:

- promote knowledge of company skills/expertise in the field of technological innovation towards the energy transition;
- identify specific needs of companies in order to finalise the creation of internship, degree theses and/or industrial research grants;
- promote knowledge of the professional content required by companies to update the training content of study courses;
- implement a process of direct communication between companies and youth, in order to encourage a professional match;
- accompany students on the personal path of implementing knowledge that can be 'spent' in the labour market with the aim of encouraging them to remain in the Ligurian territory for work;
- promote the UniGe training offer in the energy sector.

32 Please see the section "ERG Academy: training at ERG"

SBM-2

Stakeholder engagement

Through relations with external and internal stakeholders, the ERG Group seeks to make a concrete contribution to the development of solutions to mitigate climate change by raising awareness and creating shared and sustainable value.
The principles of legality, honesty, fairness, equality, confidentiality, equity, integrity, transparency and responsibility represented in the Code of Ethics guide relationships with institutions, local communities, authorities, suppliers, shareholders, the Group's people and the next generation. Stakeholder expectations are taken into account in the corporate strategy, confirming ERG's commitment in the ESG area.
To correctly manage the various requests, ERG has adopted a Policy for dialogue with stakeholders, and has set up a dedicated whistleblowing channel for any reports.

To encourage stakeholder dialogue, the Group:
- analyses peers
- considers requests from rating agencies
- listens to the requests of all stakeholders, so as to promote fair development oriented towards the just transition
- involves employees in the definition of the plan objectives, also through the requests made by trade union representatives.

The Group uses different methods and tools to engage its stakeholders, defining on each occasion the most suitable tools for the relationship and the type of dialogue to be engaged in, in compliance with the applicable regulations, in particular in relation to the dissemination of corporate information.

The Group therefore carries out the following activities:
- presentations via streaming/webcast or conference calls regarding the economic and financial results for the period or other significant events for the Group
- holding roadshows, investor days or other meetings with one or more stakeholders (other than the shareholders' meetings)
- publication of videos or transcripts of the events on the Group website
- publication of presentations and support materials used during meetings or as part of consultations and/or hearings organised by national and local institutions on the Group's website
- social media initiatives
- participation in industry meetings or other events that may allow the sharing of information with stakeholders
- sending and/or publication on the Group website of newsletters, magazines, videos or other communications, in any format, to give periodic updates on the ERG Group's activities
- organisation of public events or of a confidential nature and/or seminars aimed at stakeholder engagement, including national and local institutions, on sustainability and environmental and social topics.

In order to give these activities full transparency and visibility, accurate information is processed in relation to the meetings and dialogue established with stakeholders, as well as the results and impacts of these initiatives.

The stakeholders: expectations and engagement methods

Stakeholder	Stakeholder expectations	Engagement methods	Engagement activities 2024
Institutions European Union, Governments, Ministries, Regulatory bodies, Public Administration, Business associations.	▪ Collaboration, technical support and sharing of information ▪ Participation in the territorial planning of activities ▪ Respect for the legislation in all countries where ERG is present.	▪ Dedicated meetings ▪ Work tables ▪ Conferences.	Active participation in: ▪ Wind Europe – Bilbao ▪ Eolis (Wind Europe) - Stockholm ▪ Salon des maires - Paris ▪ Colloque National Eolien - Paris ▪ Forum Energie France-Italie – Paris ▪ Key Wind – Rimini ▪ Smart Energy - Belfast ▪ Events and round tables on the topics of energy and environment ▪ Observatories in the energy & environmental field (Polytechnic Institute of Milan, AGICI, Althesys, SUSDEF) ▪ ERGLab think tank in Rome, Paris and Belfast ▪ Accreditation from central and local institutions in countries where ERG operates.
Shareholders and the Financial Community	▪ Creation of value. ▪ Representation of minorities. ▪ Transparent/timely disclosure of information.	▪ Shareholders' Meeting ▪ Webcasts ▪ Press releases ▪ Roadshows ▪ Events related to the presentation of the Business Plan and the ESG Plan. ▪ Continuous dialogue with shareholders and investors in general (Policy for the management of dialogue with stakeholders).	▪ Quarterly webcasts to present results ▪ Meetings with investors ▪ Ongoing information about the Group's activities (press releases and news) ▪ Italian Sustainability Week (digital) ▪ Management of relations with ESG rating companies.
Social partners	▪ Long-term value creation ▪ Acceptance of common values in the development of the strategy and business management ▪ Supporting local communities in the socio-economic sphere, guaranteeing clean and accessible energy ▪ Supporting D&I policy development ▪ Adequate coverage of activities through joint communication.	▪ Conferences ▪ Face-to-face meetings ▪ Digital meetings.	▪ Social Purpose for Solar Revamping Project (Sant'Egidio - Malawi, Boky Mamiko - Madagascar, Music for Peace - Italy, Dynamo Camp - Italy, Food Bank - Italy) ▪ Training and courses (ELIS).
Future generations Students and teachers of schools, universities and masters.	▪ Raising awareness of topics related to combating climate change, respect for the environment and biodiversity, sustainability, with particular reference to the 2030 Agenda ▪ Knowledge of ERG's strategy and its transformation case ▪ Professional guidance, through the discovery of ERG's green jobs.	▪ Training and information projects through workshops, testimonials, lessons, sponsorships, visits to plants, project work, internships, school-work programmes, participation in fairs and festivals.	▪ 'Missione Ambiente' in partnership with TIM to bring the impact of sustainability and energy transition to secondary schools in ten provinces ▪ Educational projects in web edition (Next Generation) or in person (Progetto Scuola Impresa with ELIS) ▪ Collaborations with universities (UniGE Energy and Sustainability Master, SAFE Master, Master and Start Up Incubator of the Genoa Entrepreneurship School) ▪ Partnership with Terre Avenir in France and Fundacion Yuhedi Menhuin in Spain, to bring content on sustainability, climate change, renewable sources, inclusion to schools ▪ Partnership with Science Festival: stand, workshop to involve secondary school students in debates on the energy transition ▪ Testimonies of STEM graduates as Role Models (programme with ELIS).
Local communities Cultural, religious and research associations, health service, NGOs, committees of citizens, residents close to production plants.	▪ Consideration of their views ▪ Creation of shared value ▪ Contribution to and support for local initiatives and local communities ▪ Access to information ▪ Safeguarding of heritage and environment ▪ Health and safety.	▪ Meetings with local communities in line with ERG's business ▪ Education projects for future generations on renewable energy and digitalisation.	▪ Financial and organisational support to social, cultural and health activities in the areas served. ▪ Meetings with the local communities for development projects in Italy, the UK and France.
People and trade union organisations Workers with employee contracts, non-employee workers, trade unions.	▪ Workplace safety ▪ Professional development for all employee categories ▪ Equal opportunities ▪ Participation in company life and all related initiatives ▪ Private life/work integration ▪ Stability ▪ Trade union agreements.	▪ Evaluation and internal communication activities and tools: Question time, group meetings, year-end parties, family days, corporate volunteering, team building, climate surveys. ▪ Information and updating tools such as intranet and newsletters ▪ Wind & Solar trade union protocol.	▪ Training ▪ Internal communication events for employees and their families ▪ Protocol for industrial relations ▪ Corporate welfare projects.
Suppliers (1)	▪ Safety of on-site activities ▪ Transparency in competitive processes.	▪ Web platform ▪ Involvement and monitoring on workplace safety and sustainability topics (with focus on D&I, governance, carbon footprint, human rights and supply chain).	▪ Procurement methods on a competitive basis ▪ Sustainable Procurement with ESG assessment of suppliers ▪ ESG Supplier's day ▪ 'Sustainability K' factor in all tenders above EUR 100,000 ▪ 'Adequate' sustainability score for tenders exceeding EUR 1 million ▪ HSE audits for suppliers carrying out activities at plants ▪ ESG audit activities for monitoring supplier performance with related improvement plans.
Customers(2)	▪ Guarantee of electricity supply and/or environmental certificates through the production of renewable energy from new investments and/or existing Wind & Solar assets in compliance with high quality standards.	▪ Analysis and sharing of requirements with customers and drafting of contracts (e.g., PPA - Power Purchase Agreement) and/or 'ad hoc' solutions.	▪ Receiving direct enquiries from potential counterparties or active scouting through direct contacts or via advisors.
Media	Transparency and clarity of information Timeliness in communication.	▪ Press releases, press notes and interviews for the dissemination of periodic results, the objectives and contents of the business plan, the Group's business activities and extraordinary transactions (M&A) ▪ Events, trade fairs, conferences, press conferences and site visits.	▪ Daily and extensive media relations activities carried out by the External Communication Division for the consolidation of relations with the media and follow-up after the dissemination of news.

(1) For details, please see the "Management of relationships with suppliers from an ESG perspective"
(2) For details, please see the Customers section

S3-2

Processes for engaging with affected communities

ERG carries out a series of initiatives to involve the local communities in the areas where it operates. Engagement activities are of particular importance during plant development and construction phases and continue throughout the entire life cycle of the assets. Community engagement is based on transparent relationships and takes the form of specific initiatives to support the well-being of the territory.

The "Policy for the management of dialogue with stakeholders" governs the methods of dialogue with all stakeholders.
For any reports, counterparties have access to the whistleblowing channel present on the company web page.

It should further be noted that the Board of Directors is informed of the various ongoing consultations every six months.

Italy

When developing wind and photovoltaic plants, it is of fundamental importance to establish a relationship of trust with the owners of the land. For over 20 years, ERG has been able to build solid relationships across the country.
It has also taken steps to renew all contracts near their due date on old generation wind farms and with leased buildings about to expire. This allows the renovation of existing wind farms with a smaller number of new generation turbines in order to maintain strategic areas for production (top ridges with greater windiness).

France

Renewable energies represent a significant source of financing and attractiveness for local communities. ERG is committed to implementing concrete measures for sharing value, which aim to support municipal or inter-municipal projects for energy transition, protecting biodiversity and adapting to climate change. They cover topics such as energy recovery, energy efficiency, sustainable mobility and specific measures to combat energy poverty.

The tax revenue generated and the accompanying measures implemented contribute to the development of the rural areas that host Group plants, helping them in their ecological transition.

During the entire life cycle of the projects, ERG teams regularly meet with local stakeholders, including local administrations, associations, residents and landowner (residents and operators directly involved in the project). These interactions allow the consideration of the needs and concerns of the communities, strengthening project acceptance.
The strategy is divided into four main phases:

1. **Initial consultation**. Organisation of public meetings and moments for collective reflection right from the feasibility study phase to inform about the project's objectives and collect the first feedback from citizens.
2. **Continuous dialogue**. Creation, if necessary, of a local monitoring committee composed of administrators, associations and volunteer citizens to ensure transparent exchange during all development phases.
3. **Contribution to local development**. Implementation of a benefit-sharing mechanism through local tax returns and accompanying measures to finance municipal initiatives related to energy transition.
4. **Awareness and education**. Organisation of visits to existing wind farms and workshops to explain the benefits of the project (environmental, economic) and respond to specific concerns (landscape, biodiversity, noise impact).

The projects include concrete measures to share value and respond to environmental and social challenges. Some examples are detailed below:

- **Biodiversity**: the Pays à Part wind farm envisages a contribution of EUR 35,000 to a public or private body specialised in environmental protection, such as CEN 62 or a hunting association, to finance concrete interventions such as planting hedges away from the turbines, the maintenance of ponds or the installation of artificial nests. In addition, EUR 3,000 per year is allocated to an association to develop beehives and a cooperative organic orchard on two plots in Fléchin, with sensitisation activities aimed at the population.
- **Landscape and acoustic impact**: hedges are planted around the homes closest to the park and acoustic measurements are taken to ensure compliance with current regulations.
- **Accompanying measures through 'competition offers'**:
  - Febvin-Palfart: EUR 120,000 for the restoration of the church roof.
  - Fléchin: EUR 120,000 for the energy requalification of the town hall.
  - Laires: EUR 60,000 for the installation of photovoltaic panels on a public building and energy efficiency works for the school.

The effectiveness of initiatives is assessed through various indicators:

- **Participation rate**: the number of participants in public meetings and workshops is monitored and their feedback is collected.
- **Stakeholder feedback**: the consultation report produced simultaneously with the project presentation documents the phases of involvement and consideration of the community's concerns.
- **Integrated improvements**: the project is adapted to meet specific needs, such as increasing the distance between turbines and homes or the preservation of certain areas based on environmental studies.

To optimise engagement, ERG makes information bulletins and modifies meeting times to improve residents' participation. In addition, each project includes an inaugural event to celebrate the

completion of the works, involving and thanking all interested parties. The accompanying measures are monitored by the Group's technical asset managers to ensure their implementation and effectiveness.

This strategy aims to consolidate relations with local communities and ensure maximum transparency during the entire project life cycle.

Germany

In Germany, the involvement mainly concerns the municipalities of small rural communities, characterised by strong leadership of the local mayor. The distribution of 0.2 cents/kWh (2 EUR/MWh) to the municipalities involved, as required by law, also contributes to encouraging local acceptance.

Priority is given, when possible, to the use of local contractors for activities in the authorisation and construction phases. The effectiveness of involvement is also assessed through positive feedback in local media.

UK

In the UK, the affected communities are mainly rural communities and areas directly involved in the development, (those located within the site, within a 10 km radius of the plant and the transport routes concerned, where traffic could be disrupted).

The involvement process is divided into various activities, such as public consultation events/presentations; meetings with community organisations; surveys/questionnaires and discussion groups; local newsletters and newspaper articles.
In order to manage the funds transparently, external bodies are sometimes involved, reducing bias in community benefit funds.

To assess the engagement effectiveness, ERG provides feedback forms, an e-mail address and a telephone number as points of contact, and produces impact reports. To define any compensation actions and assess their efficacy, the feedback received during the consultations is integrated in the evolution of the projects and the impact reports are used to continuously improve the processes.

In 2024, value sharing funds in the United Kingdom amounted to GBP 1,406,243.66.
These funds were allocated to:

- direct funding for local groups, such as sport clubs
- local energy discount programmes (coverage of electricity bills for properties close to one of the projects and discounts for a number of properties near two other projects)
- a programme to allocate micro-loans to community groups that have submitted an application, assessed by an external charity based on ERG's ESG objectives and the merit of the proposal.

Spain

In Spain, the involvement of the local community is a key aspect for the success of renewable energy projects.

In projects which are already operational, agreements have been signed with local farmers for vegetation control through sheep grazing in the area. In Garnacha, an agreement has been established with the Natural Heritage Foundation of Castile and León, which is responsible for implementing the environmental measures established in the environmental impact statement. Furthermore, local employment was encouraged for the maintenance and supervision of the photovoltaic plants.

In the projects under development (Abuelito, Montiel and Buenaventura), ERG is carrying out a socio-economic study that includes key measures for the development of local activities, including:

- donation of photovoltaic modules to municipalities for self-consumption projects in municipal buildings;
- training centre visits to the plants (once the project is completed), with the aim of promoting knowledge in schools;
- reinvestment in municipalities with demographic challenges, i.e., those subject to depopulation;
- training courses on the installation and maintenance of photovoltaic systems in the affected municipalities - before the construction of the projects - to train the local community and increase employment.

Moreover, during the entire development process, ERG constantly dialogues with local organisations to update and adapt these initiatives to actual needs.

G1-5

Relations with institutional stakeholders

The electricity sector where the ERG Group operates is strongly regulated, since it is related to the provision of a public utility service. It is subject to constantly evolving national and European regulations, particularly in the current phase of transition towards a decarbonised and more resilient economy. Institutional relations are mainly oriented towards actively participating in and contributing to this transformation process.

In such a dynamic context, dialogue with trade associations such as Confindustria [Italian manufacturers' association], Elettricità Futura, ANEV, WindEurope, SolarPower Europe and the associations of renewables in all the countries in which the Group operates, is a key element. This dialogue makes it possible to develop and strengthen ERG's role as an industrial trader in the renewable energy sector while supporting decarbonisation policies that are essential for both the Group's business model and the fight against climate change.

In 2024, the European Union and its member states reaffirmed their commitment to combating the climate crisis, promoting policies oriented towards sustainability and developing renewable energies, with the aim of achieving climate neutrality by 2050. In parallel, a shift in the European approach is taking place, from energy transition with primary climate objectives to transition linked to industrial competitiveness and reduced dependence on imported fossil fuels, with the announced launch of the 'Clean Industrial Deal'.

In this context, the Group has actively contributed to numerous worktables, consultations and strategic documents in relation to energy and the environment, providing its industrial expertise and profound knowledge of the sector. This commitment has translated into concrete support for decarbonisation policies, fundamental for both the achievement of climate objectives and for the sustainable development of the energy system: The most relevant topics include:

- **The consolidation of the European Green Deal** by means of:
  - **Accelerating renewables**: the European Union aims to reach 45% of energy from renewable sources by 2030, with a strong boost to the production capacity of wind, solar and green hydrogen. In 2024, new loans were launched under the Horizon Europe programme, aimed at research and innovation for more efficient and scalable technologies.
  - **RePowerEU**: launched to reduce energy dependence on fossil fuels, it was further strengthened in 2024. The objective is to diversify energy supply sources and increase investments in renewable energy transmission networks.
  - **Energy efficiency plan**: stricter regulations on energy efficiency standards for buildings were adopted in 2024, accompanied by incentives for renovations and adjustments to green regulations.
- **The review of the electricity market**, formalised at European level in May 2024 and for some topics currently being transposed into national regulations. It does not introduce radical changes, but confirms the set-up of the previous system. On the one hand the marginal price system is still a central mechanism; on the other hand, the aim is to reduce the dependence between the price of energy from fossil fuels and that from renewable sources. This objective is pursued through the adoption of long-term contracts, such as Contracts for Difference (CfD) and Power Purchase Agreements (PPA) stipulated between private parties.
- The debate on **simplifying authorisations** for existing and new plants, which are now equally eligible for RES auctions, and the complex process of defining low-bureaucracy 'renewable areas', whose conversion process into law involves bodies at national and local level.
- The radical downsizing of **authorisation procedures for repowering** wind and solar power plants in Italy, which has become a virtuous example for the European Union and other member states.
- **Promoting electrification** as a driver for an increase in overall electricity demand, which is one of the prerequisites and drivers for the greater penetration of RES in the system, thanks to the greater share and degree of maturity of renewables in the electricity sector.
- The crucial role of the energy transition and RES in a context of **energy security**, understood as less dependence on third countries, and their role in mitigating the volatility of electricity prices thanks to long-term bargaining.
- The importance of **preserving the existing renewable assets** that reach the end of their useful and incentivised life, in order to prevent increasing maintenance costs, in parallel with the uncertainty of revenue, from determining their exit from the electricity system. Solutions addressing this risk are additional long-term contracting measures (PPAs or government CFDs) or access to new support schemes resulting from plant repowering/revamping.
- The development of **support mechanisms for storage systems**, considered fundamental to promote greater integration of renewables in the electricity system. However, the revenue stacking mechanisms are currently insufficient or uncertain, a topic on which several countries, including Italy through the development of MACSE, are focusing their efforts.
- The analysis of the potential of revamping (modernisation) wind farms in Italy and France.
- Monitoring **extraordinary tax** measures (windfall profit tax) approved or announced by several European countries in relation to the volatility in the price of energy commodities (first and foremost gas), which have impacted the renewables sector in the past (in particular with regard to the adoption of limitations on total revenue from electricity, what is known as inframarginal cap-prices).

To support the various initiatives, engagement activities are planned with the main institutional and private stakeholders through:

- **ERGLab**, the think-tank that involves stakeholders on regulatory and scenario topics;
- **trade associations**, with which continuous, effective dialogue is pursued;
- a **programme of targeted meetings** with the main institutional subjects and with national managers of the electric grid;
- participation in the most authoritative energy **observatories and research studies**.

Institutions have shown signs of having understood these system requirements, functional to the continuation of the energy transition at the right pace.

To ensure maximum consistency in the way relations are managed with institutional stakeholders, some time ago the ERG Group adopted an in-house control system based on procedures integrated into the Organisational Model (pursuant to Italian Legislative Decree no. 231/01 as amended) and supported by a specific system of sanctions. In line with these principles, the Group also has a specific policy under which no direct or indirect contributions may be paid, in any form, to political parties, movements, committees, political organisations, or trade unions, nor to their representatives or candidates.

Price stabilisation mechanisms: CfD and PPA

Together with all the renewable energy players, the ERG Group believes it is essential to enter into long-term contracts for the purchase and sale of electricity from renewable sources, both to ensure the economic sustainability of investments, and therefore of the decarbonisation process, and to stabilise energy prices for consumers at lower values than those recorded in recent years.

'Contracts for difference' (CfD) are among the most effective tools for stabilising electricity prices thanks to renewable energy, and have been identified by the European Commission as the default tool for supporting renewable generation. They are awarded through a Dutch auction - known as "RES auctions", governed by national rules.

ERG believes that a structured system of auctions for renewable energy, with appropriate extension over the years to offer visibility to investors and tariffs adapted to the cost of technology, is fundamental to continue the decarbonisation process in a completely sustainable manner. The advocacy activities of 2023 were therefore oriented in this direction, with overall satisfactory results.

In Italy, the importance of the publication of the long-awaited FER-X call was reiterated in 2024, which is now expected to be published in the first months of 2025. In fact, the draft of the transitional FER-X Italian Ministerial Decree acknowledged many of the requests brought forward by ERG (e.g., updating the reference tariffs and those awarded in the auction procedures for inflation; removal of the penalty on the gradient coefficient to be applied to the incentive component for full reconstruction works).

In parallel, long-term negotiations between private parties in the form of Power Purchase Agreements (PPAs) can also contribute to the objective of stabilising prices for consumers and securing revenue for those who produce energy, reducing exposure to volatility for both parties. At the regulatory level, one of the tools that can support the spread of PPAs is the possibility for a public counterparty to act as a last resort guarantor for these contracts, in order to reduce their risk and enable access to them also for less financially structured consumers, expanding the field of possible counterparties.

Repowering and hybridisation

In 2024, ERG's advocacy activity focused on two fundamental aspects for progress in energy decarbonisation: repowering and optimising the use of the electric grid through the hybridisation of renewable plants.

Repowering consists of the complete reconstruction of the oldest and windiest wind farms, installing new and more efficient turbines without requiring additional land use. It is by far the most sustainable method to multiply the production of electricity from wind sources. Thanks to the possibility offered by the technological progress of wind turbines, half of the aerogenerators originally present can be installed on the existing site, more than doubling the installed capacity and tripling the energy produced.

This is thus the most virtuous possible way to achieve the targets defined by the national energy and climate plans of the European countries, without requiring the use of additional land and by updating obsolete farms with the most advanced technologies. These interventions also benefit from high social acceptability - since they concern wind farms already included in the local socio-economic fabric - and also from simpler and faster scrutiny by the authorising bodies.

To unlock the potential of repowering in both Italy and in the other European countries in which the ERG Group operates, advocacy initiatives have focused on:

- the opportunity to include specific objectives for plant repowering at national and regional level in the aforementioned national plans;
- the inclusion in CfD auction mechanisms of capacity quotas and auction-based tariffs dedicated to repowering, avoiding any penalties with respect to greenfield installations.

In terms of overall policy, ERG has reiterated the need for a supportive regulatory framework for repowering, with more streamlined and rapid authorisation processes as required by EU regulations, as well as specific sustainability and circularity standards for the decommissioned farm, avoiding technical-environmental limitations such as restrictions on the maximum height of the turbines (see the regulatory provisions implemented in this regard in the recent Consolidated Law on Renewables).

With regard to electric grid infrastructure, ERG has highlighted how repowering support must be implemented through grid connection priority, accelerated procedures and lower connection costs, justified by the possibility of reusing part of the existing infrastructure and optimising the use of connections, thus alleviating the phenomenon of virtual saturation of the electric grid.

Similar benefits for electricity infrastructure are provided by hybridisation technology, which consists of combining an existing renewable plant (typically wind) with a fleet of different technologies (primarily photovoltaic). The resulting hybrid fleet will thus be connected to the same connection point to the electric grid, with great benefits for the system. The complementarity of the electricity generation profiles of the two technologies makes it possible to optimise "filling" the grid connection during the hours of the day and the different seasons, reducing the risks of limiting the production of electricity from renewable energies. As an immediate consequence, the national grid operator will be able to manage a lower volume of new connection requests, reducing the aforementioned phenomenon of virtual saturation of the electric grid, an index of sub-optimal use of system infrastructures, at a time of unprecedented growth in renewable energies.

Also in this case, the advocacy action carried out by ERG was found to be necessary to raise the awareness of grid operators, energy authorities and governance bodies on the regulatory and procedural adjustments that are essential for removing the regulatory and procedural limitations that still exist today.

International relations

As an international industry player, the ERG Group constantly follows the activities of the main national and European institutions on energy and environmental topics, also with the support of the industry associations Wind Europe and SolarPower Europe.

In parallel, it carefully monitors the political, legislative, and regulatory developments in the individual countries where it is present (France, Germany, United Kingdom, Spain, Poland, Sweden, Bulgaria, Romania and also the United States since the end of 2023).

The Business Plan pays particular attention to the markets of France, Germany and the United Kingdom, where the Group has consolidated in recent years, and Spain and the United States, where it aims to consolidate in the coming years. The stakeholder engagement plans in these countries aim to present ERG not only as a solid and reliable industrial partner, with consolidated experience and long-term development plans, but also as an exclusively renewable operator, actively committed to the energy transition. This line guides the Group to build significant partnerships and relationships with other operators, the media and institutional stakeholders, supporting the development of the entire business.

In line with the strategic objectives indicated in the Business Plan, which envisage 100% focused growth in renewable energies, the main national and international associations in which ERG participates are committed to:

- supporting the Paris Agreement, with climate strategies and decarbonisation objectives (e.g., Net Zero Target);
- promoting the growth and development of renewable energies, in line with the Net Zero target for 2050 defined by the European Union.

In addition to carrying out advocacy activities on the strategic topics detailed above, such as price stabilisation mechanisms and the importance of repowering and hybridisation at international level, two topics of particular importance in the global context of reference emerged in 2024: what are called "constraints" in Northern Ireland, i.e., limitations on the transport capacity of the electric grid that can generate congestion and inefficiencies in energy dispatching, and the reform of the electricity market underway in the United Kingdom.

Constraints in Northern Ireland and market reform in the United Kingdom

In 2024, ERG conducted a stakeholder engagement campaign in Northern Ireland on the topic of "constraints", which is having a significant impact on the operating wind farms in the country, limiting their potential. ERG participated in over 15 meetings and workshops on the subject, meeting, among others, the UK **Minister of Industry** (Department for Energy Security and Net Zero and Department for Business and Trade), the TSO (SONI), the Utility Regulator and several members of the Legislative Assembly of Northern Ireland (MLA). In addition, a follow-up edition of ERGLab 2023 was organised which was dedicated to the topic of constraints.

This intense engagement work has brought concrete results, including the publication by SONI of the Critical Path Dispatch Down Project, aimed at improving the efficiency of grid management and encouraging a greater flow of renewable energy. In addition, the Utility Regulator announced the launch of a consultation on the revision of the Firm Access Methodology, the system that determines when wind farms can obtain the right to compensation for the constraints.

In parallel, ERG actively participated in the Review of Energy Market Arrangements (REMA), the electricity market review process initiated by the UK government to assess and reform the current operating rules of the energy sector. The objective of REMA is to improve system resilience, ensure more competitive prices and facilitate the transition to a more sustainable energy mix. In this context, ERG participated in meetings with government officers and ministers, contributing to the debate on possible market developments.

At the same time, the company joined the Fairer Energy Future campaign, an initiative that promotes a review of the national pricing arrangements, with the aim of reducing energy bills for consumers and offering investors greater stability and certainty. This initiative is part of a broader framework of reforms aimed at creating a fairer, more efficient electricity market oriented towards energy transition.

It should also be noted that ERG is registered in the transparency registers in Scotland and Germany[33].

33 Scotland: name: ERG; number: 0637283; website: https://www.lobbying.scot/SPS/
Germany: name: ERG; number: R004822; website: https://www.lobbyregister.bundestag.de/startseite?lang=de

Main associations in which ERG actively participates

Association	Purpose	ERG participation
Italy		
Confindustria	Together with the local associations, the national trade associations, the regional Confindustria chapters, and the national sector federations, it constitutes the system of representation of companies producing goods and/or services with an industrial structure.	Governance Bodies and Technical groups
Elettricità Futura	It is the main Italian association of the electricity sector, comprising over 700 operators that employ over 40,000 people and holding more than 76,000 MW of installed electrical power (conventional and renewable), with around 1,150,000 km of lines. Over 70% of electricity consumed in Italy is supplied by its member companies.	Vice-Chair, Governance bodies and technical groups
ANEV	Associazione Nazionale Energia del Vento (National Wind Energy Association) brings together about 70 companies in the wind power sector and more than 5,000 parties, including producers and traders of electricity and technologies, installers, designers, engineering and environmental offices, electricity traders and developers.	Governance bodies and technical groups
AIEE	The Italian Association of Energy Economists acts as an independent reference point for Italian energy policy issues vis-à-vis national and international bodies, and liaises with the bodies and organisations responsible for defining energy policy in Italy, with whom it holds meetings and discussions.	Technical groups
Assonime	The Association of Italian Joint Stock Companies works towards improving industrial, commercial, administrative and tax legislation in Italy.	Governance bodies
Fondazione Sviluppo Sostenibile	The Foundation chaired by Edo Ronchi (former Italian Minister of the Environment) is focused on the promotion of green economy. It includes around 120 members: companies, consortia and specialists dealing with sustainable economy.	Governance bodies
Fondazione Civita	This organisation founded by a group of public and private companies, public research organisations, and universities counts over 160 Associates and is committed to the promotion of culture through research, conferences, events, publications, and projects.	Governance bodies
Fondazione Magna Carta	The Foundation is dedicated to scientific research, cultural reflection and the development of proposed reforms on the main themes of political debate.	Governance bodies
Genoa Smart City	Founded in 2010, the Association has the aim of developing projects to make Genoa a 'smart' city and improve the quality of life of its inhabitants.	Technical groups
Abroad		
Wind Europe	A body representing the interests of the wind energy industry and supply chain in Europe, the European branch of WWEA, the World Wind Energy Association.	Governance bodies and technical groups
SolarPower Europe	Leading association for the solar industry in Europe. It represents the entire supply chain, from system manufacturers and installers to electrical operators and the operation and maintenance industry.	Technical groups
SER - Syndicat des Energies Renouvelables	French professional body that groups together several thousand companies and professionals specialised in the various renewable energy sectors, with the aim of promoting their development and responding to the growing demand for environmentally sustainable energy.	Governance bodies and technical groups
France Renouvelable	Association of French wind energy operators. It represents over 90% of wind turbines installed throughout France and over 85% of the country's wind energy production.	Technical groups
Renewable UK	Leading association in the UK renewable energy sector, specialised in on and off-shore wind energy and in tidal power. It has a broad corporate membership ranging from small independent companies to large international groups and manufacturers.	Technical groups
Renewable NI	Northern Ireland's leading renewable energy association. It represents companies that have assets or are developing assets in the area. The association is primarily concerned with on-shore wind.	Technical groups
SR - Scottish Renewables	Association for the development of renewable energy in Scotland. Its members work with all renewable energy technologies.	Technical groups
BWE - Bundesverband WindEnergie	Association of German wind energy operators. It has over 20,000 members and is one of the leading associations in the world. It is affiliated to the European Wind Energy Association (EWEA), the Global Wind Energy Council (GWEC) and the World Wind Energy Association (WWEA).	Technical groups
PWEA - Polish Wind Energy Association	Polish national association of wind power operators.	Technical groups

Association	Purpose	ERG participation
RWEA – Romanian Association for Wind Energy	Romanian national association of wind operators.	Technical groups
UNEF – Unión Española Fotovoltaica	The main association of the solar photovoltaic industry in Spain, with more than 750 member companies.	Technical groups
APPA - Asociación de Empresas de Energías Renovables	Founded in 1987, APPA is the reference association for the renewable energy sector in Spain. It brings together companies and organisations whose objective is the use of renewable energy sources in all their forms.	Technical groups
EFET – European Federation of Energy Traders	Association promoting competition, transparency and free access to the European energy sector. It seeks to build confidence in energy and gas markets across Europe, so that they can support a sustainable and secure energy supply, facilitating the transition to a zero emission economy.	Technical groups
IREGG - Independent Renewable Energy Generators Group	Group formed by medium-sized players in the renewable energy sector in the United Kingdom that aims to drive the development of clean energy.	Governance bodies
Fédération Française des Producteurs Agrivoltaïques	French Association for the promotion of agrivoltaics.	Technical groups

Lobbying activities

G1-5	Uom	2024	2023
AR 12. Optional - Provide the following information on its financial or in-kind contributions with regard to its lobbying expenses:			
AR 12. (a) Optional - the total monetary amount of such internal and external expenses[1]	€	733,480	641,477
AR 12. (b) Optional - the total amount paid for membership to lobbying associations	€	522,210	439,725

(1) wich includes RA 12 b)

ERGLab increasingly international

ERGLab, the Group's think-tank on the topics of energy and ecological transition, which celebrated its tenth anniversary in 2024, aims to involve leading experts and institutional stakeholders through thematic round tables where guests can express their thoughts under the protection of 'chatham house rule'[34]. ERGLab thus allows an open exchange between management and external experts, national, regional and local institutions, developers, service providers, technology manufacturers and trade associations. The result is a composite, articulate, open and virtuously generative debate.

Given the success of the format, ERGLab is now also established in France and the UK. The ideas and proposals that emerge are summarised and shared in a working document disseminated on LinkedIn and on the main French renewable energy trade associations in France.

Seven ERGLabs were organised in 2024, of which four in Rome, one in Belfast in the United Kingdom, one in France and lastly an international one in Paris to celebrate the anniversary of the concept, with the participation of high-level representatives of a large number of leading companies in the renewable energy sector in Europe.

To date, ERGLab has hosted around 50 sessions in Italy, France and the United Kingdom, involving over 300 participants and addressing the most relevant topics for the progress of decarbonisation and renewable energy. These ERGLabs have proved to be valuable opportunities for discussion and search for innovative solutions, also strengthening collaboration with the various stakeholders, in particular institutional, and laying the foundations for lasting, constructive dialogue.

34 The possibility for participants to use the information but not to disclose the identity and affiliation of participants

ERGLAB IN 2024

March

1st ERGLab Italy (Rome)

The node of connections: obstacles and opportunities for the energy transition

April

2nd ERGLab France (Paris)

Synthèse - Round table on Sharing Value

June

3rd ERGLab Italy (Rome)

Centralise or regionalise? An initial evaluation of the environmental assessment of renewable energy plants

September

4th ERGLab Italy (Rome)

Hybrid renewable plants: challenges and opportunities to achieve RES targets in Italy

November

5th ERGLab UK (Belfast)

Progress on the NI Constraints Crisis

6th ERGLab Italy (Rome)

RES and the role of the Regions in energy planning in Italy: between suitable areas and acceleration zones

7th ERGLab International - 10th anniversary (Paris)

Policy Brief: The Potential of Wind Repowering towards the 2030 Goals - Challenges and Political Requests

ERG'S INTERNATIONAL FORUMS AND EVENTS

March

ERG actively participated in the event with the Head of Legal Affairs of ERG France, Nicolas Smadja, and the Chief of Regulatory and Public Affairs Officer, Luca Bragoli, contributing to panels on the topics of Permitting Developments in Southern Europe, respectively.

September

WindEnergy Hamburg
The global on & offshore event

ERG was present with a stand and team dedicated to the main global event on wind energy, which presents the latest innovations and solutions along the entire value chain of the sector, bringing together the main players, experts and stakeholders to guide the future of wind energy.

October

At the most important event in the wind energy sector in France, ERG had the privilege of hosting the Minister for Energy, Olga Givernet, at its stand thanks to the introduction of France Renouvelables. In addition, Samy Beltaief, Head of Public Affairs, and Nicolas Smadja, Head of Legal Affairs, represented ERG France in panels on Repowering and PPA.

December

Wind EUROPE EoLIS 2024
4-5 DECEMBER GOTHENBURG

The Head of ERG's Feasibility Engineering Department participated in the WindEurope Seminar on End-of-Life Issues and Strategies, the annual event dedicated to the management of wind turbines at the end of their life cycle and strategies to maximise sector efficiency.

External communication and consolidating ERG's reputation

In 2024, the strategy defined in ERG's Business Plan, 'Value over Volume', also guided external communication, focused on activities aimed at disseminating content and messages aimed at supporting the Group's business, with a view to protecting and strengthening ERG's reputation.
In recent years, the organic approach has made it possible to consolidate the key skills of the External Communication team, from media relations to event organisation, from the management of digital channels to the brand & corporate image.
Internationalisation, in line with the geographical diversification of the business, was another fundamental driver of the communication strategy. In addition to the significant growth in articles published in foreign media, equal to 9% of total coverage (+35.5% compared to the previous year), the organisation of the inauguration event of the Garnacha solar farm in Spain recorded a large presence of press and local institutions.
In 2024, 13 interviews were carried out dedicated to the CEO, key shareholders and Top Management, making it possible to convey business concerns to the most important political-institutional and entrepreneurial stakeholders.

In 2024, the External Communication team also attended the most important trade fairs in Italy and abroad, in the countries where ERG is present, and supported Top Management in conferences, panels and discussion tables, encouraging advocacy activities in the territory.

The 'Social Purpose for Solar Revamping' project was launched, with a dedicated conference and press conference at Key Energy in Rimini and at the Dynamo Camp headquarters in Pistoia.

The usual IR Day was also organised for the presentation of the 2024-2026 Business Plan to the financial community. Suppliers were celebrated during ESG Suppliers Day. A total of 11 events were organised.

The digital channels are managed internally with the creation of content and videos, and a project has been launched to rationalise and update the corporate website.
Lastly, in 2024 the External Communication team participated in the group work that involved shareholders, Top Management and Key Leaders to define ERG's Purpose, Vision and Mission..

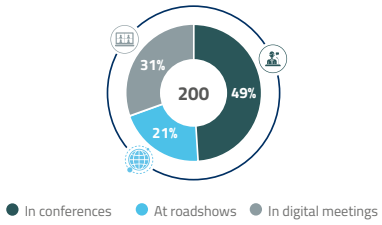
2024 A YEAR OF STORIES: INTERVIEWS WITH TOP MANAGEMENT

Investor relations and financial communication

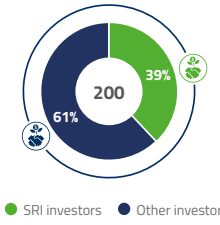
Through the Investor Relations department, ERG ensures transparent, complete and timely communication to financial operators, investors (both institutional and retail) and anyone interested in receiving information about the Group, in compliance with regulations on the disclosure of price-sensitive data. In constant dialogue with the financial community, the Investor Relations department uses various communication channels and proactively collaborates in organising meetings with investors, during which Top Management can illustrate the strategic lines and the financial objectives of Group business.

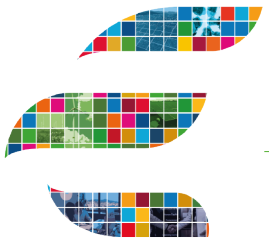
INVESTORS MET IN 2024

BY MEETING TYPE

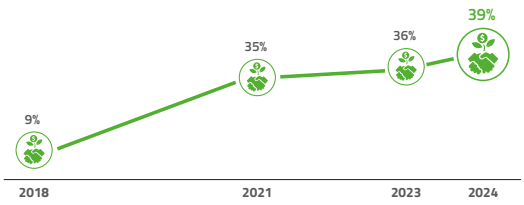


BY INVESTOR TYPE





GROWTH % SRI INVESTORS OUT OF THE TOTAL INVESTORS MET



MAIN TOPICS DISCUSSED WITH SRI INVESTORS

- Path to decarbonisation and Net Zero Strategy
- DE&I objectives with a focus on certifications
- Respect for human rights in the Supply Chain
- ERG's Alignment to the Green Taxonomy
- ESG targets in variable incentive systems
- Financial strategy and Green Funding

ESRS S4

CUSTOMERS

S4-1 S4-2 S4-3 S4-4 S4

Policies, strategies, objectives related to customers

As a leading independent operator in clean energy from renewable sources, ERG sells green energy and environmental certificates to its customers, contributing to the achievement of their decarbonisation objectives.
In 2024, commercial activities continued with industrial customers (large companies and utilities) aimed at signing long-term agreements (Power Purchase Agreements or PPAs[35]) for the combined supply of electricity and green certificates to third parties.
The objective of the agreements, as set forth in the Business Plan, is the stabilisation of revenue from the sale of energy produced by the Group's assets, neutralising the impact of price volatility for the assets of the agreements. This stabilisation of revenue is particularly important in the case of PPAs concerning plants in the portfolio that are no longer subject to incentives. The PPAs also allow ERG to proceed with investments to create new renewable capacity.
These contracts allow the counterparties to guarantee a purchase of the commodity at an agreed price and to fulfil their environmental sustainability commitments, reducing Scope 2 emissions.

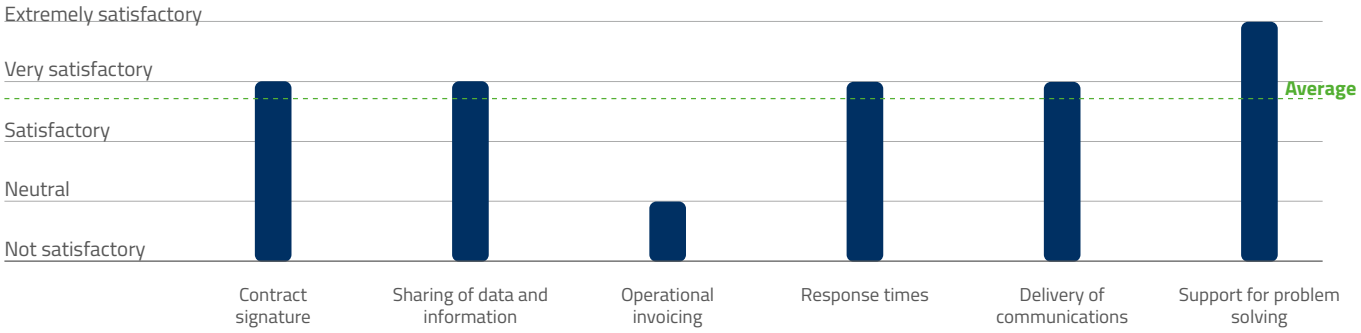
The engagement of counterparties can take place through:
- fairs and events, in order to seize new opportunities;
- one-to-one meetings, to define a commercial relationship already undertaken;
- annual surveys.

Before entering into any form of commercial relationship, all the counterparties are verified through the due diligence process. In particular, customers are asked to adopt conduct and practices in line with the ethics and transparency principles that inspire the ERG Group, summarised in the Group policies (Code of Ethics, Human Rights Policy, Organisation and Management Models pursuant to Italian Legislative Decree no. 231/01, Anti-Corruption Policy, Diversity & Inclusion Policy).
For any reports, the counterparties have access to the whistleblowing channel present on the Group web page.
For problems concerning contract management, a dedicated email channel is available.

Customer satisfaction

Starting in 2023, ERG launched an annual survey for customers with which PPAs have been signed (Corporate and Utilities), with the aim of monitoring their satisfaction and identifying any areas for improvement.
The survey covered the main areas of interaction with customers: contract negotiation; promptness in providing feedback; communication management; the quality of the data and information shared; invoicing management; efficiency in solving problems. The survey involved 100% of customers. The satisfaction level of each aspect fell between 'satisfactory' and 'extremely satisfactory', thus making it possible to achieve the pre-established goal of 100% satisfied customers.

CUSTOMER SATISFACTION 2024



Entity-specific disclosures

Customers

	Uom	2024	2023
PPA	no.	9	5
Traders & Brokers	no.	62	60
Customers operating in the electricity system	no.	16	21
Overall total	**no.**	**87**	**86**

35 For details of the contracts, please see section "Note 1 of Consolidated Financial Statements"

INFORMATION ON GOVERNANCE

ESRS G1

BUSINESS CONDUCT

"Thanks to our experience, we are dedicated to generating concrete impacts in the renewable energy sector. ERG is able to make a material contribution to governance, emerging as a benchmark for anyone who is genuinely committed to sustainability. Our international size allows us to understand and adapt to the different legal systems in the countries where we operate, thus significantly accelerating the global path of energy transition."

Andrea Navarra
General Counsel

Lawfulness, honesty, fairness, equality, confidentiality, equity, integrity, transparency, accountability, independence, sustainability, balance and diversity in skills and gender: these are the values that have always guided the ERG Group in conducting business and find their highest expression in the Code of Ethics.

The Group endorses the Corporate Governance Code promoted by Borsa Italiana S.p.A. (hereinafter referred to as the "Code"), which identifies "sustainable success" as one of the objectives that should guide the Board of Directors' actions. This principle is pursued by creating long-term value for all stakeholders, positively contributing to the socio-economic development of the territories and local communities affected by ERG's production assets and development projects, thus preserving the interests of future generations.

The members of the administration and control bodies of the companies of the ERG Group, employees and all those who collaborate with the Group are called upon to respect the principles contained in Code of Ethics and in the corporate governance documents (such as the 231 Model, Anti-corruption Policy, Sustainability Policy and Human Rights Policy), to make them their own and to promote them, involving, when possible, their own supply chain as well.

G1-1 G1-3 G1-4

Corporate culture and business conduct policies and objectives

Sustainability and ESG (Environmental, Social, Governance) criteria are increasingly material, both for the Group and for stakeholders. For this reason, as part of the ESG Plan, ERG has always worked for "Best in Class" governance, focused on continuously strengthening the governance model through specific objectives.

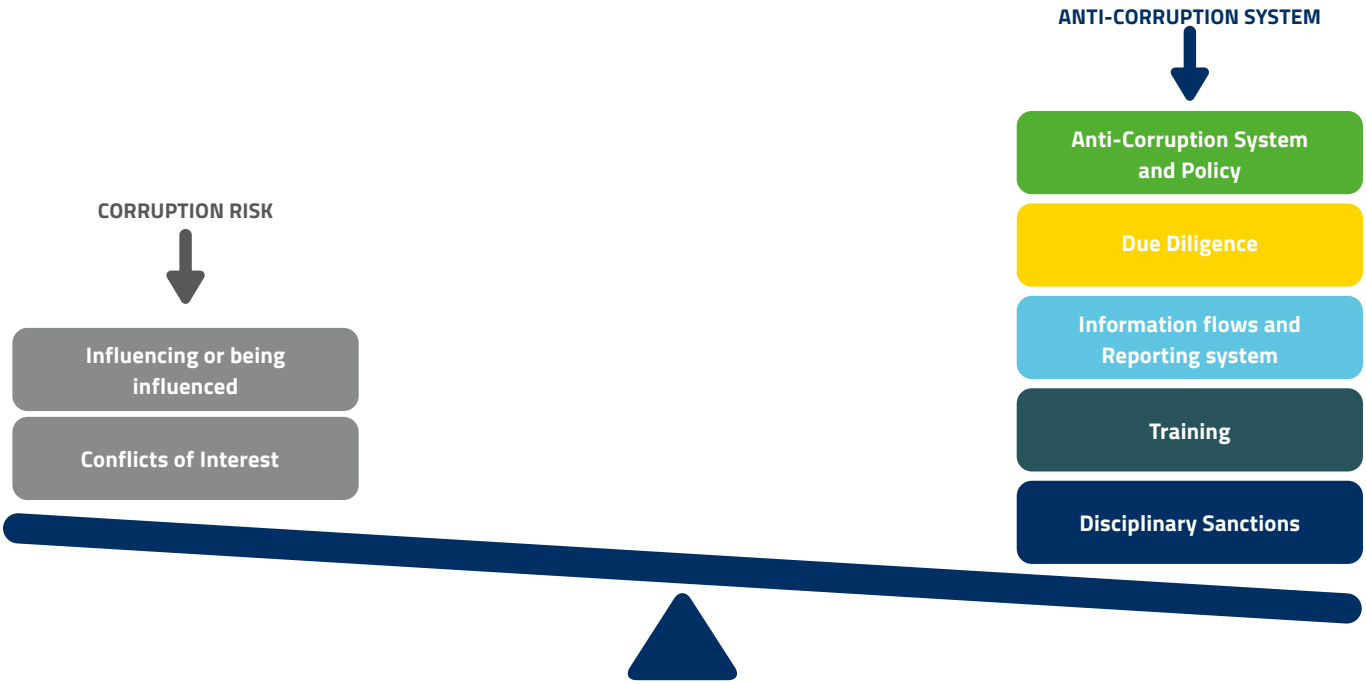
In particular, in terms of Diversity & Inclusion, the aim is to maintain gender parity in the Board of Directors of the Parent company (the objective was achieved with the appointment of the new the Board of Directors in April 2024), and to increase the presence of women in the management and control bodies of subsidiaries.
The Group also aims to achieve anti-corruption certification by 2028.

The corporate governance criteria that regulate the functioning of individual processes are indicated in specific company documents. For a list of the main documents and further details, please see the section "Sustainability Policies" in the General section.

Anti-corruption: the commitment to ethical integrity

The fight against corruption has always been one of the fundamental values on which the ERG Group bases its activities. This is why it has adopted tools to prevent the risk of corruption, in whatever form it may take, be it active and passive corruption, public or private.

HOW TO PREVENT OR MITIGATE ANTI-CORRUPTION RISK



The Group has had a Code of Ethics since 2004 which indicates the principles of conduct to be observed in relations with institutions, for example in order to obtain administrative measures necessary for the exercise of activities, or to represent, in the appropriate fora, the Group's requests when issuing rules and regulations that may have impacts on the business.
The Code of Ethics has been supplemented over time:

- Organisation and Management Models pursuant to Italian Legislative Decree 231/01 ("231 Models"), within which the prevention of the risk of corruption plays a primary role;
- the Anti-Corruption System (also the "System") and the Anti-Corruption Policy (also the "Policy"), updated in 2022;
- the Significant Third-Party Due Diligence Procedure (also 'DD Procedure'), updated in 2023.

THE ANTI-CORRUPTION POLICY SYSTEM

The Code of Ethics and the Anti-Corruption Policy (an integral and substantial part of the Anti-Corruption System) are adopted by all Group companies, both in Italy and abroad.

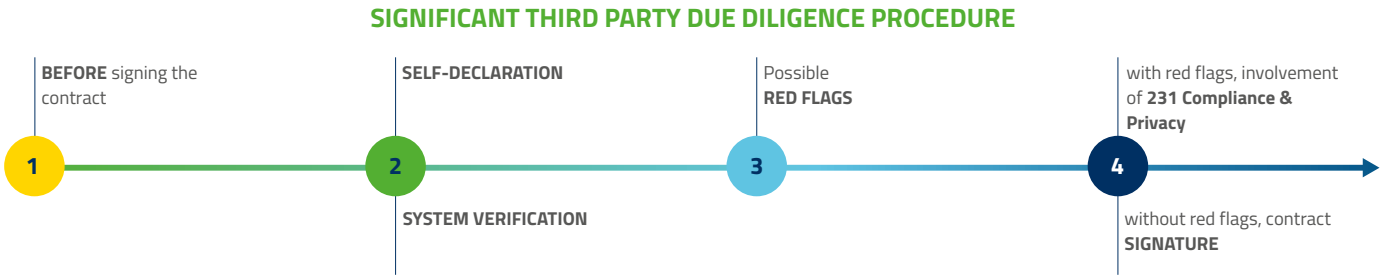
In particular, the System has been established on the basis of the principles contained in the ISO 37001:2019 standard to ensure compliance with the anti-corruption laws and regulations of all the countries in which the Group is present. It is essentially based on three documents: the System, the Policy and the Significant Third-Party Due Diligence Procedure.

In particular, the **System** makes it possible to:

- assess the ERG Group's exposure to corruption risk, taking into account:
  - the countries in which it operates;
  - the third parties with which it comes into contact or through which it operates;
  - the business activities sensitive to this risk, on the basis of parameters such as the frequency of the activity, the probability of occurrence in the operational context, the interest in possible corrupt conduct and the relevance of the persons involved.
- defines the organisational model functional to the integration of corruption prevention measures in the broader context of the Internal Control and Risk Management System (known as the ICRMS), organisational assets and Group corporate governance.

The **Policy** is the instrument through which the Group develops the principles of conduct in the area of anti-corruption envisaged in the Code of Ethics. It indicates the control measures that must

be complied with when carrying out activities that may expose the Group companies to risks of corruption, whether active or passive, public or private.
Through the **Significant Third-Party Due Diligence Procedure**, additional targeted controls are identified for the prevention of corruption risk, to be applied in all processes whose exposure to the risk itself has been assessed as medium or high. The purpose of these controls is to make a concrete assessment of the extent and nature of corruption risks through the performance of due diligence, thereby guiding the decision as to whether to establish, postpone, discontinue or modify the relationships under scrutiny and/or to introduce any mitigation measures.



Compliance Plan

In addition to the general objectives defined within the framework of the Anti-Corruption System, the 231 Compliance & Privacy department annually defines further operational objectives, collected in the Compliance Plan submitted to the Control, Risk and Sustainability Committee. The department reports semi-annually to the Committee on the activities carried out during the period, as identified in the Compliance Plan.

The Group activities that are assessed as being at higher risk of corruption and subject to the rules of conduct contained in the Policy and in the DD Procedure include, among others:
- managing relations with institutions and control bodies;
- goods and services procurement (including consultancy);
- managing expenditure on gifts, sponsorships, donations and entertainment.

Facilitation payments are strictly prohibited.

Lobbying activities

G1-5	Uom	2024	2023
29. (b) i. the total monetary value of financial political con-tributions made directly and indirectly by the undertaking aggregated by country or geographical area where relevant	€	-	-
29 (b) i. the total monetary value of in-kind political contribu-tions made directly and indirectly by the undertaking aggregat-ed by country or geo-graphical area where relevant	€	-	-

For each of the activities assessed to be at greater risk of corruption, in addition to the rules of conduct contained in the Policy, the Group has approved specific procedures, clearly identifying the authorised parties, expenditure limits (where applicable) and second-level controls.

Internally, all organisational units that, pursuant to the Organisational Manual and internal company procedures, are responsible for sensitive activities at medium/high corruption risk, as expressly identified in the Anti-corruption System, or are called upon to operate in within the scope of the aforementioned activities, are considered as being at risk of corruption.

The DD Procedure identifies the controls to be carried out before entering into contractual relationships with third parties such as suppliers, contractors, consultants and partners, in order to detect, manage and resolve any conflicts of interest and corruption risks through specific mitigation measures.

On 31st December 2024, the Group had monitored 2,863 significant third parties through a dedicated IT system and the completion and updating of specific self-certifications by significant third parties.

The monitoring of the effective and proper functioning of the Anti-Corruption System is ensured through information flows, both periodical and occasional, from the relevant owners of the corporate departments performing activities relevant to the System to the 231 Compliance & Privacy department.

In order to improve the process of receiving, managing and archiving information flows, the Group has been using software since 2021 that allows to monitor the status of receipt of the flows and send reminders. Each owner is also required to report the absence of relevant events to report.

The monitoring of the effective and proper functioning of the System is further ensured by Internal Audit, which carries out six-monthly tests on activities at risk of corruption, and audits of processes at higher risk of corruption offences, both public and private.
In 2024, the 231 Compliance & Privacy department regularly received the required information flows. No episodes of corruption were reported (through the Whistleblowing System or other dedicated channels) and consequently no actions were taken.
It is possible to report violations of the System and anti-corruption laws through a dedicated email address and a regular mail address, which can be used by all those who operate in Italy and abroad, in the name of or on behalf of the ERG Group. The proper handling of reports received is ensured, guaranteeing the confidentiality of the identity of the whistleblower (and of the reported person) and adequate safeguards against possible retaliation.

In addition to these directions, there is the Whistleblowing System, which can be used by employees, suppliers and third parties who have an interest in the Group's activities as part of a contractual (or pre-contractual) relationship with the ERG Group (for more information, please refer to the Whistleblowing section of this document).

In cases where the report is well-founded, the penalty system will be applied to the person who committed the violation.

The applicable penalty differs depending on whether it regards:
- employees of Group companies (sanctions envisaged by the National Collective Labour Agreement or equivalent document);
- members of the management and control bodies of the Group companies (suspension and, in the most serious cases, revocation from office);
- suppliers, consultants, contractors, customers, partners, developers and co-developers (sanctions set out in the contracts signed therewith, which may lead to the suspension/resolution of the contractual relationship).

In all cases, the penalty must be commensurate with the liability level of the party involved, the intentionality and the seriousness of the conduct and must be without prejudice to the guarantee of the adversarial procedure. The sanction may be applied regardless of whether proceedings were initiated by judicial authorities.

There are no legal proceedings regarding active or passive corruption within the scope of the activities carried out for the ERG Group, involving the Group companies or their employees.

Compliance with Italian Legislative Decree no. 231/2001

Verification of the effectiveness and efficiency of the 231 Models and related control protocols is carried out on an ongoing basis by the Supervisory Bodies appointed by the Group's Italian companies. The Supervisory Bodies ("SB"):
- are appointed by the Board of Directors of each company, taking into account the expertise necessary to verify adequacy of the company's 231 Model and its effective implementation, as well as proposing the necessary updates;
- they are collegiate in ERG S.p.A., with two external members, and in ERG Power Generation S.p.A., with three members, of which two internal and one external. The members are selected to satisfy the requirements of independence, autonomy and continuity of action;
- they are monocratic in the other Italian companies of the Group.

The audit activity of the SB of ERG S.p.A. is carried out on the basis of a dedicated plan, shared with the Control, Risk and Sustainability Committee and subsequently with the Board of Directors, which approves the budget. The SB of ERG S.p.A. informs the Control, Risk and Sustainability Committee and the Board of Directors about its activities on a half-yearly basis.

The Supervisory Bodies carry out their auditing activities in the context of periodic meetings at which, among other things, the information flows received by the owners of the company departments are analysed. As in the case of the Anti-corruption System, these flows are managed through software that allows the status of their reception to be monitored. Each owner is also required to report the absence of relevant events to report. During the meetings, the results of the checks carried out by Internal Audit - which supports the Supervisory Bodies in their activities - are examined, and in particular the results of the six-monthly tests on medium and high crime risk activities. When deemed appropriate, meetings of the Supervisory Body are also attended by the heads of the relevant activities, in order to provide clarifications on specific topics. Data flows between the Supervisory Bodies of the Group's companies are envisaged.

The Supervisory Bodies are also the recipients of reports on possible violations of the 231 Model and the Code of Ethics, limited to the relevant cases pursuant to the relative 231 Models. In this context, they must respect the obligation of confidentiality regarding the identity of the whistleblower and of the reported person.

ERG S.p.A.'s 231 Model was most recently updated on 18 November 2024.

Training pursuant to Italian Legislative Decree no. 231/2001 and anti-corruption

All ERG Group new hires follow mandatory courses dedicated to the Code of Ethics, Anti-Corruption, Italian Legislative Decree no. 231/01 (to the extent applicable) and the Whistleblowing System.

Specific courses are also organised for people who hold certain roles (including, in some cases, also members of the management and control bodies of the Group companies) or are called upon to operate within the aforementioned medium/high risk sensitive activities.

In 2024, the 231 Compliance & Privacy Organisational Unit continued its classroom training activities for:
- the Directors and Statutory Auditors of ERG S.p.A. and ERG Power Generation S.p.A. and for the members of the Boards of Directors of the other Italian companies of the Group pursuant to Italian Legislative Decree no. 231/01.
- the employees, owners of company functions that carry out, both in Italy and abroad, relevant activities for the purposes of the 231 Models (where applicable) and/or the Anti-Corruption System, in order to highlight the importance of information flows and review the management, sending and archiving process through dedicated software.

Moreover, through the e-learning training platform:
- all Group people hired during the year, who followed courses on the Code of Ethics and the Anti-Corruption System, as well as Italian Legislative Decree no. 231/01 where applicable;
- a course on the Whistleblowing System was provided to all Group personnel.

Prevention and detection of corruption and bribery

G1-3	Uom	All corporate functions			
		Newly recruited	Italy + Foreign	AMSB	Non-employee workers
Training coverage					
Total hours	h	228	172	36	27
Total recipients	no.	65	583	32	10
Delivery method and duration					
E learning	h	5.3	0.4	-	5.3
Classroom /audio-video conference	h	-	0.8	1.0	-
Training frequency		On recruitment	One-off	Annually	At the beginning of the relationship
Topics covered					
Anticorruption1		X	X		X
Whistleblowing		X	X		X
D.Lgs. 231/01		X	X	X	X
Code of Ethics		X			X

(1) The e-learning course on anti-corruption covers 100% of organisational units at risk

S1-17

Whistleblowing

The ERG Group has made specific channels available (web platform and voice mail) to report crimes, offences or irregularities. The Whistleblowing System applies to all Group companies and complies with the legislative and regulatory provisions in the countries in which ERG operate.

The Group ensures the confidentiality of the identity of the whistleblower and the content of the report, also through the adoption of specific security measures (e.g. encryption) that make it possible to:

- protect the personal data processed and all information relating to the report;
- guarantee the whistleblower from any form of retaliation or discrimination, direct or indirect, for reasons connected directly or indirectly to a report.

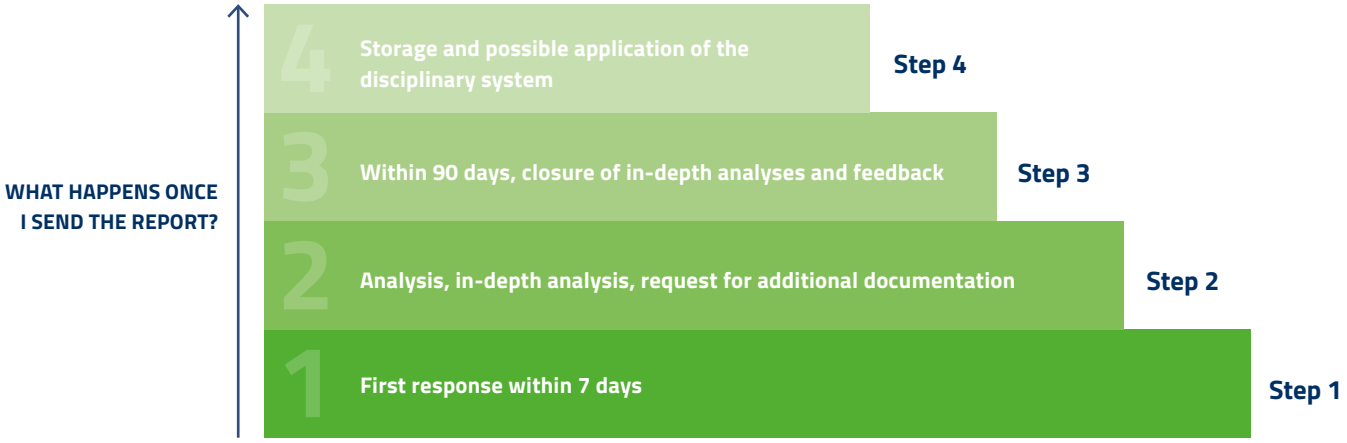
The Whistleblowing Committee, composed of the Executive Deputy Chairman and the Head of Legal Affairs Corporate, Western Europe & US, is called upon to carefully evaluate the reports, carry out specific investigations and adopt consistent and appropriate measures.

In 2024, five anonymous reports were received:

- for three reports, the minimum elements required to be able to follow up on preliminary activities were not provided;
- two partially substantiated reports, relating to the protection of health and safety, were managed through the reporting platform and in accordance with the Whistleblowing Guidelines.

All the reports were closed in 2024.

No reports concerned incidents of work-related discrimination, non-compliance with human rights or conduct not in line with the Code of Ethics or Human Rights Policy or violations relating to anti-corruption..



With reference to the report received in 2023 pursuant to the Whistleblowing Guidelines[36] and related to potentially material events to the detriment of the company, the matter ended with the confirmation of violations of the Code of Ethics and employment contract by one manager and two employees, with the consequent disciplinary measures by the company. In this context, ERG S.p.A. worked with an investigation company (Equalize S.r.l.) to carry out some technical assessments, including as part of the defensive investigations carried out by the company's lawyer following the aforementioned report. The representatives of this consulting company were subsequently involved in a criminal investigation at the Public Prosecutor's Office of the Court of Milan in relation to the broader and more general activity carried out by the company in question. Based on the information available, this investigation was also extended to positions of, among others, some employees of ERG S.p.A., without however any involvement of the company itself, which remains, to date, uninvolved in any allegations.
As already stated in the Press Release of 28 October 2024, ERG S.p.A. believes that it has acted in full compliance with the law and its corporate policies in carrying out the aforementioned defensive investigation.
Finally, for the sake of completeness, it should be noted that the National Commission for Companies and the Stock Exchange (CONSOB) sent some information requests in November 2024 regarding the aforementioned investigation. The company promptly and duly responded, and CONSOB has not taken any further action to date.

G1-2

Management of relationships with suppliers from an ESG perspective

The supply chain is a key element in achieving the Group's sustainable development goals. Supplier selection is supervised by the Procurement function, which verifies - before considering any relationship - suppliers' endorsement of the ERG Group's values and rules of conduct by accepting the Code of Ethics, the Supplier Code of Conduct, 231 Model, and the Anti-Corruption Regulations.

All counterparties are subject to an overall assessment that includes economic and financial aspects, global reputation, the ability to perform the contractual object according to pre-defined technical standards and the aspects attributable to sustainability topics. This monitoring is not limited to the qualification phase, but continues throughout the contractual period. A proven violation of the principles contained in the signed documents or the presence of "alerts" on the topics monitored results in the cancellation of ongoing evaluation and award processes and any contracts already issued, as well as exclusion from the Group Vendor List.

The different types of assessments mentioned above are also used in specific areas, in particular:

1. The score obtained with the sustainability assessment is also valid as an incentive criterion in tenders and as a barrier for participation in tenders exceeding EUR 1 million with the aim of pursuing continuous improvement of the level of supply chain sustainability by raising awareness among the less virtuous. This practice also contributes to the decarbonisation goals included in the Group ESG Plan.
2. All the companies operating at Group sites, whether contractors or subcontractors, must comply with all health, safety and environmental requirements, which is a binding requirement for the award of contracts of any nature and amount.
3. All the assessments carried out are summarised in an overall Vendor rating which, through a dedicated dashboard, collects: the technical and HSE performance assessments, processed by the internal departments; economic and compliance indicators acquired through public portals; the ESG rating. This dashboard helps to provide an updated overview of the risk profile of Group suppliers.

The suppliers with inadequate performance are subject to corrective action. They may also be suspended or blacklisted in the event of negative performance and/or information, or following significant events, including:

36 See the 2023 NFS - Whistleblowing chapter

- unethical behaviour (including forced labour, child labour, human rights);
- serious environmental or workplace health and safety incidents;
- serious non-compliance, identified during audits or on-site checks;
- failure to update or provide the documentation required by workplace health and safety regulations;
- documented infringements to legal requirements.

The Group procurement policy envisages using competitive processes wherever possible. ERG also ensures correct remuneration in relation to market levels and that signed agreements, such as payment schedules, are respected. Awarding is based on the most advantageous offer, taking into account all of the related variables and any coefficients assigned.
For the sites where plants are located, a procedure has been defined for subcontractors which calls for a specific authorisation, against prior checks on technical-professional suitability, regularity in terms of contributions, compliance with occupational health and safety regulations, percentage share of the total work, and a guarantee of the maximum rebate applied with respect to contract prices. Subcontractors are also subject to compliance checks using the dedicated portal.

In line with the Group Code of Ethics and the Supplier Code of Conduct, ERG only works with companies that comply with international principles, values and best practices regarding workers' rights. The Group refrains from resorting to any form of irregular, child, forced and/or human rights-infringing work, and implements all the control actions indicated above to prevent these risks from arising along the supply chain.

Policies and objectives related to the supply chain

The ERG ESG Plan includes several objectives related to the supply chain, some of which are directly linked to the Group's decarbonisation strategy. In particular, the monitoring and reporting of suppliers who calculate their carbon footprint (of the organisation or product) is envisaged, with a coverage objective that increases by 2 percentage points every year. In addition, the Group has set itself the goal of reaching a share of at least 75% of the main suppliers (with turnover exceeding EUR 1 million) with a decarbonisation target submitted to or approved by SBTi in 2030. This percentage rises to 90% for 2040.

Other objectives make it possible to fully assess suppliers' ESG performance: the average score, which is the outcome of the annual ESG assessment, must remain above 64%.

Finally, specific ESG aspects are assessed, for example:
- Diversity & Inclusion: monitoring is envisaged for suppliers with actions or policies in the D&I area, with a gradually increasing percentage coverage target (+2 percentage points per year);
- Human Rights: an objective has been fixed regarding minimum number of Audit Programmes (divided between desktop audits and field audits), in which the verification of aspects related to the respect of Human Rights is envisaged.

All the strategies and objectives of the Group for the supply chain are aligned with the internal policies that govern the general principles and aspects of operations. The following graph lists the main policies/guidelines relating to sustainable supply chain management.

The sustainable procurement project

As part of the Sustainable Procurement project, the ESG assessment of the Group supply chain launched in 2019 was again carried out in 2024, involving 150 strategic partners representing about 73% of the volume of purchases for the year.

Endorsement was high (80% of those invited), confirming the suppliers' sensitivity to these topics. Companies of various sizes were interviewed, both those already included in the previous year's audit, and new suppliers. The average rating in 2024 is 64.4%, up by 0.3 percentage points compared to 2023 and by 14.7 points compared to the first year in which the assessment was carried out (2020). This rating is part of the Top Management objectives approved by the ESG Committee and the Board of Directors. The positive results also reflect the continuous support of Group suppliers through webinars, feedback and targeted communications.

A significant contribution also comes from the audit campaign, aimed at identifying areas for improvement through meetings with professional auditors. During these sessions, which are configured as free support for suppliers' growth, the auditor:
- reviews the responses to the sustainability questionnaire with the supplier;
- analyses, also by examining documents, the supplier's activities in environmental management systems (including the circular economy and sustainable resource use), social (respect for human rights, diversity and inclusion, development of human resources, remuneration of the workforce), related to health and safety and ethics in corporate governance. The auditor can thereby identify any non-compliance. It also draws up an Improvement Plan, with actions to be implemented in the following 12 months.

The 98 counterparties audited (48 in 2021, 27 in 2022, 18 in 2023 and 5 in 2024) significantly increased their score. In the 2024 campaign, no "non-conformities" were identified but only "Opportunities for improvement" (suggestions to align supplier standards with best practices). Of the five audit meetings in 2024, four were carried out remotely with four-hour sessions, while one was held at the supplier's premises. Lasting two days, it made it possible to carry out more accurate checks on aspects related to sustainability.

Given the good overall scores reported in the sustainability questionnaires, in the future the audit campaigns will focus more on specific topics, such as respect for human rights along the supply chain in risk areas and measuring the carbon footprint of strategic suppliers.

On 5 June 2024, ESG Supplier's Day was held in Genoa, Italy: a meeting with strategic suppliers who participated in the two ESG

assessments. The day was aimed at sharing the guidelines of ERG's ESG Plan and the principles that ERG adopts for a sustainable supply chain. The event culminated with the awarding of prizes to the suppliers who were most distinguished in the ESG rating campaigns of 2023, not only in absolute terms but also in the rating improvement over the years, testifying to the widespread commitment to following this project. Special awards were also given to suppliers with the best projects on carbon footprint measurement and diversity & inclusion.

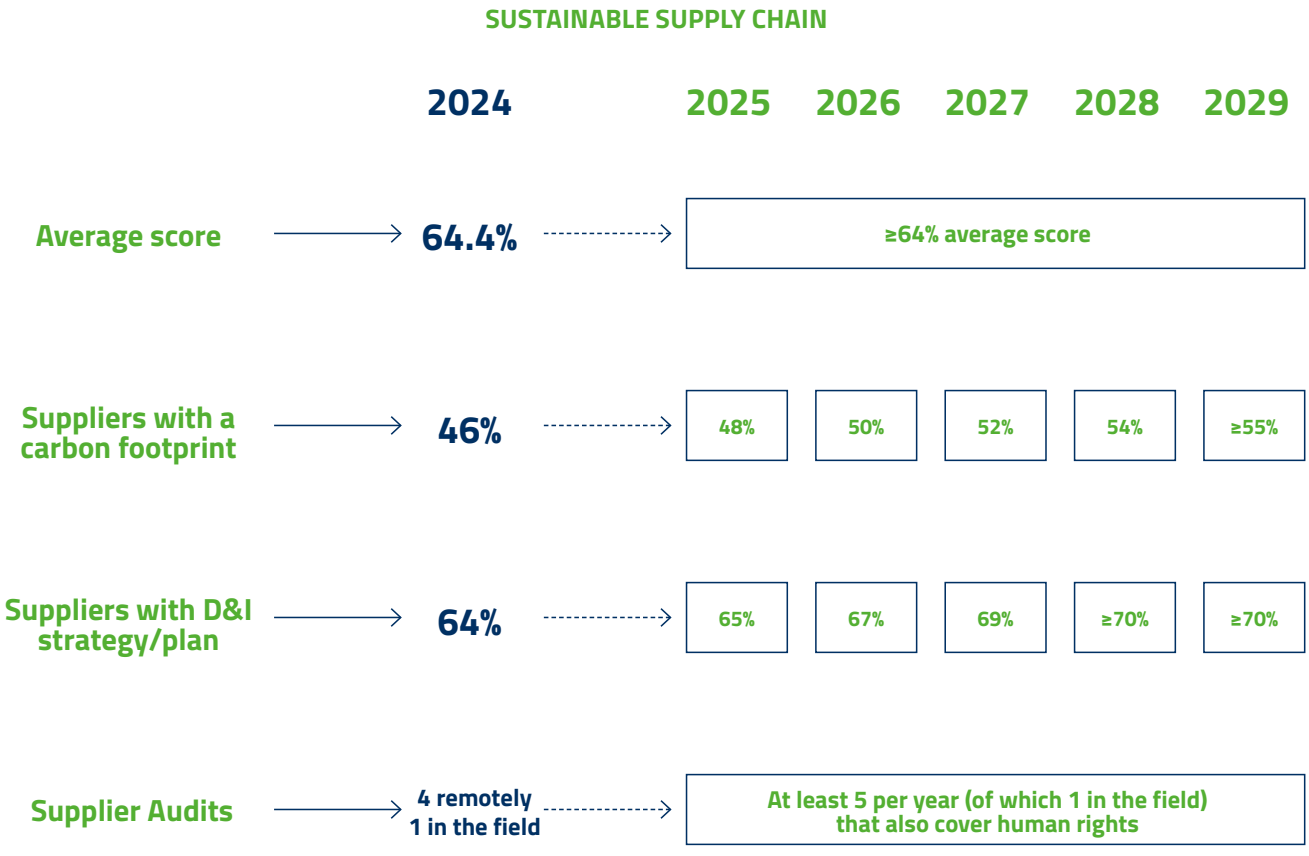
The "Sustainability K"

The "Sustainability K" coefficient is recognised in tenders for an amount exceeding EUR 100,000: this rewarding element is linked to the score reported in the sustainability questionnaire. This questionnaire introduces criteria such as correct governance, respect for human rights and equal opportunities for workers, attention to social, environmental and occupational safety and health aspects and supplier management, as well as the existence declared by the supplier of a carbon footprint calculation model.

In addition, for participation in tenders exceeding EUR 1 million, a minimum sustainability score of over 50% is required as a threshold. The introduction of the "Sustainability K" coefficient, besides being a concrete recognition for suppliers who share the Group's sustainability growth path, certainly contributed to the significant increase of the ESG rating of recent years, as less sustainable suppliers are not considered for tenders.

Carbon footprint and D&I

In line with the objectives of the ERG plan, two new elements for assessing the supply chain have been included in the ESG questionnaire since 2022: carbon footprint and D&I.
For both areas, the results were satisfactory above all for the larger companies handling significant purchase volumes with ERG.
In order to achieve ERG's Net Zero objectives, personalised consultancy will be carried out in 2025 on the topic of carbon footprint measurement.



G1-6 G1-2

Payment practices

The payment policy adopted by the ERG Group envisages standard payment conditions of 60 days and is effective for all counterparties (including SMEs). The policy is:

- transparent, as the commercial contracts clearly indicate the payment terms and the default interest in the event of late payment;
- sustainable, as the adoption of digital technologies for the management of payments (dematerialised since 2020) reduces the use of paper and other physical resources.

Finally, as regards the social plan, compliance with payment terms supports suppliers, in particular small and medium-sized enterprises, improving the resilience of the supply chain.

The figures shown below refer to what is present in the SAP system (adopted in Italy, France, Germany and the United Kingdom, corresponding to over 80% of the Group's EBITDA).
It should also be noted that there are no pending legal proceedings due to late payment.

ESRS G1 - Payment practices

G1-6	Uom	2024
33. (a) Disclose the average time the undertaking takes to pay an invoice from the date when the con-tractual or statutory term of payment starts to be calcu-lated, in number of days;	days	60
33. (b) Percentage of its payments aligned with these standard terms;	%	95
33. (c) Provide the number of legal proceedings cur-rently outstanding for late payments;	no.	-

Entity-specific disclosures

G1-2

Supplier Relationship Management

Suppliers

	Uom	2024	2023
Suppliers (level 1) with at least 1 order in the year no.	no.	1,599	1,577
Strategic suppliers (level 1) with at least 1 order in the year	no.	150	150
Percentage of spending by strategic suppliers	%	73%	78%
Strategic suppliers in level 2 level 3	no.	-	-
Suppliers with at least 1 order in the year with registered office or invoicing address in Italy	no.	647	701
Suppliers with at least 1 order in the year with registered office or billing address in the Italian regions of plants	%	31%	33%
Spending on local suppliers (Italy/total)	%	48%	48%
Number of qualified suppliers on vendor list.	no.	1,067	1,067
Number of suppliers on vendor list qualified according to environmental parameters	no.	309	321
Number of suppliers on vendor list qualified according to social parameters	no.	347	281
Number of newly qualified suppliers in the year	no.	193	194
Number of newly qualified suppliers in the year qualified according to environmental parameters	no.	64	52
Number of newly qualified suppliers in the year qualified according to social parameters	no.	66	81
Number of suppliers in development programmes	no.	5	18
Number of suppliers supported in remedial actions	no.	5	18
Number of strategic suppliers in development programmes	no.	5	18
Average qualification time (days)	no.	46	31
Value of tenders/total value of orders issued	%	51%	78%
Number of tenders/total number of orders issued	%	29%	26%

"Sustainable growth, profitability, transparency and the creation of value for shareholders are the cornerstones of our financial strategy. We are committed to combining economic solidity and responsible growth, guaranteeing the basis for the Group's sustainable development."

Michele Pedemonte
Administration, Finance, Control & Procurement

Sustainable finance

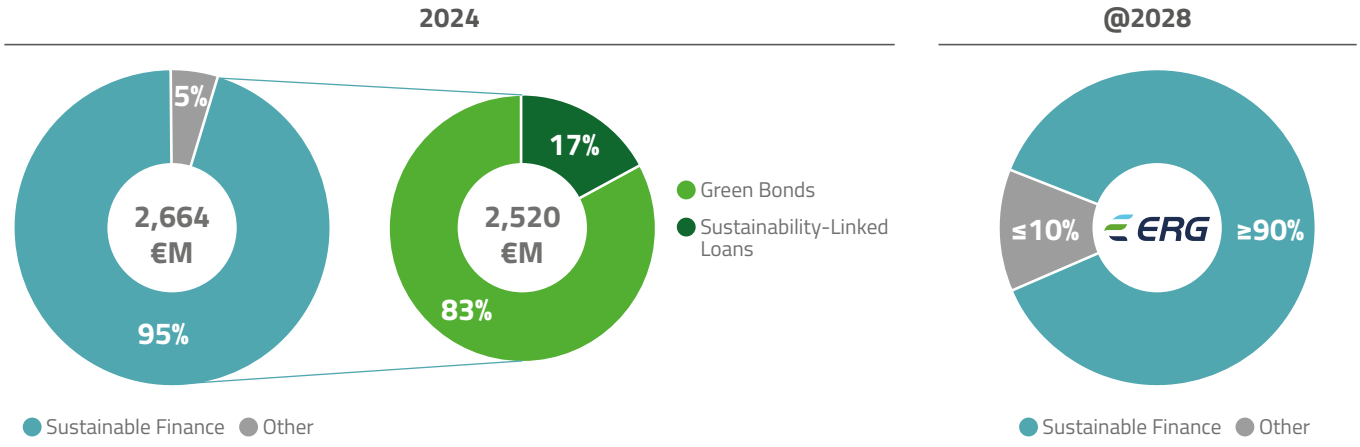
Sustainable finance is at the heart of a fair and long-term economic model. Again in 2024, it continues to be an integral part of the Group's capital structure and is the predominant component of funding sources and strategies.

In line with the Sustainable Finance objectives that the Group pursues, consistent with the 2024-28 ESG Plan, all new loans originated in 2024 are of a sustainable nature. In particular, the following should be noted:

- a new Sustainability-linked Senior Unsecured Loan signed in the first half year of 2024, characterised by a reward mechanism linked to the achievement of ESG objectives;
- a new issue of Green Bonds in July 2024, of which the related proceeds will be allocated to wind, solar and storage projects located in Europe, the United Kingdom and the United States on the basis of the eligibility criteria established by the new Green Bond Framework;
- the stipulation of a new corporate green loan with the European investments Bank (EIB) for the development of renewable energy in Italy, France and Germany. This loan for EUR 243 million has a multi-year availability period and has not yet been used at 31 December 2024.

Thanks to the transactions described above, at 31 December 2024, the sources of sustainable finance, equal to EUR 2,520 million, are worth approximately 95% of the total financial sources, equal to approximately EUR 2,664 million.
The sources of sustainable finance are broken down as follows:

- Green Bonds, which amount to a total of EUR 2,100 million and represent approximately 83% of the sustainable sources;
- "Sustainability-Linked Senior Unsecured"loans for EUR 420 Million and representing the remaining 17% of sustainable sources.



In addition, ERG S.p.A. has an ESG-linked Revolving Credit Facility, also characterised by a reward mechanism linked to the achievement of social, environmental and governance objectives. This facility, amounting to EUR 600 million, was fully available at 31 December 2024. It was recently amended, in particular to restore its three-year duration with the relative possibility of extension up to two additional years.
In addition to these loans are credit lines for ESG-linked guarantees contracted with some counterparties over the last few years. In some cases, these lines also define a reward mechanism for the achievement of ESG objectives for the commission part. During 2024, the Group more than doubled the amount in euros of credit lines for ESG guarantees, from approximately EUR 100 million in 2023 to approximately EUR 230 million at the end of 2024.

The New Green Bond Framework

In June 2024, ERG SpA, with the aim of being constantly aligned with the best market practices, updated its Green Bond Framework[37]. This update, which further certifies the Group's commitment to sustainable finance and is consistent with the 2024-2026 Business Plan and the related ESG Plan, was carried out in compliance with the four pillars of the International Capital Market Association Green Bond Principles 2021 (including Appendix I of June 2022) and the European Taxonomy criteria.
The proceeds of the Green Bonds issued under the new Green Bond Framework will be allocated within a period of two financial years from the relative issue and will be allocated to on-shore wind, solar and storage projects located in Europe, the United Kingdom and the United States. In its capacity as Green Bond Committee, the ESG Committee will continue to deal with the identification of "Green Eligible Projects" and their monitoring.
In line with the previous Green Bond Framework and best market practices, for the issues of Green Bonds carried out, ERG reports annually and until maturity of the bonds, the allocation of the related income and the positive effects on the environment deriving from the financed projects. This report is verified by an external auditor and is available on the ERG website on the Green Financing page[38].
The new Green Bond Framework was assessed by the Second Party Opinion[39] issued by Moody's Ratings, an independent external consultant, with the best possible result.

Cybersecurity and certification process

To effectively respond to the threats to which the Group is continually exposed, IT security management has evolved in line with both the business transformation initiated and with the evolution of the internal and external ICT technological environment. The attacks have changed dramatically in type, sophistication and number in recent years, and there is a continuous increase in the quantity and complexity of threats against industrial and business support processes.

This led to a radical change in the approach to cybersecurity, which was initially based on three fundamental elements: reference standards, major investments, and the construction and management of 'technological barriers' to protect critical systems for business continuity.

Today, the focus is more on:
- the adaptation and modulation of prevention and protection tools;
- training and awareness-raising of people;
- continuous monitoring of the health of ICT processes and technologies supporting business processes.

With the evolution of technology, there has been a move towards virtualised and cloud IT architecture (typically hybrid), with a high level of outsourcing due to the search for quality, security and sustainability (first and foremost economic and environmental), with a highly fragmented and geographically distributed perimeter.

Cybersecurity has now become one of the main topics of attention in the business world, as also reported by the World Economic Forum, also due to the implications in terms of business continuity risks and the enormous economic impacts that occur during incidents. This is a material topic to which the Group pays particular attention. Moreover, the European Directive NIS2 implemented in Italy at the end of 2024 and for which the Group is assessing relative implications places the management of IT incidents at the centre of attention, with the aim of strengthening the security and resilience of the sectors that constitute the scope of application, for the overall benefit of the "European system", further confirming the strategic relevance of the topic.

It is more important than ever to be clear on how to manage security events, rather than trying to avoid them. For this reason, the "Cyber Security Incident Management" procedure, which has strengthened the Group's ICT Governance, is of fundamental importance. In summary, the procedure:
- describes the process for identifying, classifying and managing IT risks;
- identifies the subjects to be involved;
- describes the activities to be implemented in the event of an ICT Incident.

The Information Security Committee (ISC) is supported by the Security Incident Response Team (SIRT), which implements all actions deemed necessary to limit possible ICT attacks. It is responsible for managing budget resources to resolve issues arising from incidents that have occurred, and for activating cybersecurity insurance for any reimbursement procedures.

Since reaction times in the face of a possible cyber attack is the key element in limiting potential damage, ERG has also adopted automatic real-time monitoring tools and systems to detect anomalies, also defining processes and tools available to individual users for any reports or concerns.

With regard to training, initiatives are regularly carried out aimed at maintaining a level of awareness and appropriate behaviour with respect to the objective of preventing the risk of cyber attacks, outlining specific content on the basis of the roles played by people. During 2024, in particular, in the Upskilling & Reskilling programme, the results shown in the graph were achieved, exceeding the targets set in the ESG Plan. .

37 Green Bond Framework
38 Green Financing
39 Second Party Opinion

KPIs MONITORED	Target	% People
Employees with training programme (involved)	100%	100%
Employees who have started at least one training programme	75%	96%
Employees who have completed the training programme	75%	85%

The ICT area staff most closely involved in cybersecurity management and some service providers in the cyber area have attended technical training sessions, particularly on the prevention and management tools adopted by the Group.

At the top level, the Board of Directors and Top Management play a key role:
- in defining the level of risk appetite;
- in the allocation of resources necessary for the implementation of management strategies;
- in the periodic monitoring of the level of risk exposure and performance against protection objectives.

The organisational and technological approach defined at Group level is based on the definition of ICT standards applied independently of geography or generation technologies.

ICT Certification

Information security is a fundamental component of modern business management, not only for ICT aspects, but comprehensively with respect to the organisational context, with impacts on Operations, Legal, HR, Procurement, etc.
In line with the commitment to operational excellence and information protection, in the first quarter of 2024 ERG completed implementing the Information Security Management System (ISMS) according to the ISO 27001 and ISO 27019 certification standards, obtaining the certification from an official body with validity for the 2024-2026 three year period.

ISO 27001/27019 certification offers a structured and internationally recognised approach to addressing cyber threats and demonstrating commitment to information security. Achieving this certification not only protects the organisation from current threats, but also prepares it to face future challenges in the increasingly complex digital landscape.

The ISO 27001/27019 certification process is a continuous commitment to ensure information security and compliance with standards, adapting to changing threats and organisational developments. It consists of four main phases:

- **Planning**: the organisation identifies its own security risks and objectives, developing a plan to achieve these objectives.
- **Implementation**: the organisation implements the security measures necessary to achieve the established security objectives.
- **Operation and monitoring**: the organisation manages operations and monitors the information security management system.
- **Resolution of non-conformities/implementation of areas for improvement**: the organisation resolves any non-conformities identified when monitoring the information security management system and/or implements actions to improve the security posture.

The ERG Group ISMS (Information Security Management System) is designed to face the challenges of the sector and to facilitate the fulfilment and compliance process envisaged by the recently issued regulations (such as NIS2 transposed in Italy at the end of 2024), guaranteeing the confidentiality, integrity and availability of relevant information. The main objective is to ensure that threats are managed proactively, protecting both company information and the control systems of "critical" infrastructures.

ICT CERTIFICATION (EU PERIMETER)

Tax Strategy

The Tax Strategy has not changed in 2024 compared to what was approved by the Board of Directors of ERG S.p.A. on 10 November 2020. The text is available on the site www.erg.eu.

As with the Group's Code of Ethics and Sustainability Policy, the ERG Group Tax Strategy is inspired by the principles of legality, correctness, transparency, honesty, integrity, safeguarding of the company's assets and creation of sustainable value for shareholders over the medium/long-term.
More specifically, the ERG Group Tax Strategy seeks to:

- guarantee the correct and prompt calculation and payment of taxes due by law and the fulfilment of connected obligations (tax compliance);
- mitigate tax risk, understood as the risk of infringing tax regulations or abusing the principles and purposes of tax legislation (abuse of rights).

Tax Governance, Risk Control and Management
The Tax Control Framework (TCF) is an objective in the Group ESG Plan. It is an internal audit system for tax risk, namely the set of rules, procedures, organisational structures and measures aimed at allowing an effective recording, measurement, management and control of tax risk. In particular, the TCT has been adopted and implemented as follows:

- from 1 January 2021 by ERG S.p.A. and its Italian subsidiaries;
- from 1 January 2023 by the French companies of the Group;
- from 1 January 2024 by the German companies of the Group.

The TCF is governed by specific regulations that, in addition to defining the governance rules, is based on the following key elements:

- a Risk & Control Matrix which describes the tax risks potentially applicable to company processes relevant for tax purposes and the relative risk mitigation controls in place;
- a system of data flows between the Tax organisational unit and the Group's other organisational units;
- a system of information flows between the foreign subsidiaries and the Tax organisational unit;
- a process of periodic updating and monitoring of the adequacy and effective application of the TCF;
- a process of periodic reporting to the Control, Risk and Sustainability Committee containing the results of the updates and monitoring activities carried out.

The CFO is responsible for the implementation and operation of the TCF and is in charge of ensuring the update and monitoring of the TCF, as well as drawing up an Annual Report.
The following are therefore prepared annually:

- plan for the testing, monitoring and assessment activities of the Tax Control Framework;
- Annual Report, preliminarily shared and analysed within the Tax Control Framework Committee (see below) and subsequently submitted for examination and opinion to the Control, Risk and Sustainability Committee.

As part of the Tax Control Framework, an additional management assurance/control mechanism is envisaged to strengthen the Control System. In particular, a Tax Control Framework Committee with mixed competences was established:

- it performs preliminary analyses, and provides specific recommendations, on the testing, monitoring and assessment activities of the TCF;
- it analyses the annual report in advance, providing any specific recommendations;
- it monitors the actual implementation of the improvement plan for any shortcomings resulting from the testing, monitoring and evaluation of the TCF.

In addition, ERG makes the whistleblowing channel available to anyone who wants to report a critical issue about unethical or unlawful conduct, or activities that compromise the integrity of the organisation in relation to taxes. The channel guarantees the confidentiality of the identity of the whistleblower and the content of the report[40].

TAX CONTROL FRAMEWORK (TCF)

Stakeholder engagement on tax matters
The ERG Group, even during audits by the competent authorities relative to companies of the Group or third parties, establishes and maintains a transparent and collaborative relationship focused on dialogue with the relative tax authorities, ensuring that the latter fully comprehend the company events underlying the application of tax laws.

40 See "Whistleblowing in S1-17"

Tax Country by Country[41]

ITALY

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind and Solar	
Number of employees (1)	no.	496	479
Revenue from third-parties sales	€M	901	932
Revenue from intra-group transactions with other tax jurisdictions	€M	87	52
Net profit or loss before taxes	€M	349	422
Property, plant and equipment other than cash and cash equivalents	€M	1,163	1,099
Corporate income taxes paid on a cash basis (2)	€M	52	23
Corporate income tax accrued on profit/loss (current year)	€M	42	19
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	The main differences are in the deduction of non-deductible interest expenses of previous years.	The main differences are in the economic growth aid deduction and the deduction of non-deductible interest expenses of previous years.

(1) the item number of employees refers to the workforce by company
(2) Note on cash criterion:
a) 2024: The item Corporate income taxes paid in Italy on a cash basis, gross of offsets made with other tax credits (equal to approximately EUR 35.3 million), includes withholding taxes incurred (equal to approximately EUR 6.4 million).
b) 2023: The item includes the refunds of income taxes collected in the current year. The item Corporate income taxes paid in Italy on a cash basis, gross of offsets made with other tax credits (equal to approximately EUR 18.1 million), includes withholding taxes incurred (equal to approximately EUR 5.2 million) and does not include the higher taxes on wind energy production (equal to approximately EUR 1.9 million).

GERMANY

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind power	
Number of employees (1)	no.	38	40
Revenue from third-parties sales	€M	60	74
Revenue from intra-group transactions with other tax jurisdictions	€M	0	-
Net profit or loss before taxes	€M	0	17
Property, plant and equipment other than cash and cash equivalents	€M	105	115
Corporate income taxes paid on a cash basis (2)	€M	12	7
Corporate income tax accrued on profit/loss (current year)	€M	1	6
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	

(1) The item number of employees refers to the workforce by company
(2) 2023: The item includes the refunds of income taxes collected in the current year

41 As indicated by GRI 207-4

FRANCE

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind and Solar	
Number of employees [1]	no.	95	88
Revenue from third-parties sales	€M	139	158
Revenue from intra-group transac-tions with other tax jurisdictions	€M	1	-
Net profit or loss before taxes	€M	6	63
Property, plant and equipment other than cash and cash equivalents	€M	427	332
Corporate income taxes paid on a cash basis [2]	€M	11	1
Corporate income tax accrued on profit/loss (current year)	€M	1	4
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	

(1) The item number of employees refers to the workforce by company
(2) 2023: The item includes the refunds of income taxes collected in the current year

UNITED KINGDOM

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind power	
Number of employees [1]	no.	15	14
Revenue from third-parties sales	€M	92	104
Revenue from intra-group transactions with other tax jurisdictions	€M	3	-
Net profit or loss before taxes	€M	19	32
Property, plant and equipment other than cash and cash equivalents	€M	394	369
Corporate income taxes paid on a cash basis	€M	0	1
Corporate income tax accrued on profit/loss (current year)	€M	7	5
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	

(1) The item number of employees refers to the workforce by company

BULGARIA

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind power	
Number of employees [1]	no.	1	1
Revenue from third-parties sales	€M	15	20
Revenue from intra-group transactions with other tax jurisdictions	€M	1	-
Net profit or loss before taxes	€M	2	9
Property, plant and equipment other than cash and cash equivalents	€M	22	25
Corporate income taxes paid on a cash basis	€M	2	2
Corporate income tax accrued on profit/loss (current year)	€M	0	-
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	

(1) The item number of employees refers to the workforce by company

POLAND

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind power	
Number of employees [1]	no.	4	4
Revenue from third-parties sales	€M	41	41
Revenue from intra-group transactions with other tax jurisdictions	€M	0	-
Net profit or loss before taxes	€M	9	17
Property, plant and equipment other than cash and cash equivalents	€M	159	166
Corporate income taxes paid on a cash basis [2]	€M	2	2
Corporate income tax accrued on profit/loss (current year)	€M	2	2
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	

(1) The item number of employees refers to the workforce by company
(2) 2023: The item includes the refunds of income taxes collected in the current year

ROMANIA

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind power	
Number of employees [1]	no.	4	4
Revenue from third-parties sales	€M	22	26
Revenue from intra-group transactions with other tax jurisdictions	€M	0	-
Net profit or loss before taxes	€M	14	18
Property, plant and equipment other than cash and cash equivalents	€M	40	45
Corporate income taxes paid on a cash basis	€M	2	2
Corporate income tax accrued on profit/loss (current year)	€M	2	3
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	

(1) The item number of employees refers to the workforce by company

SPAIN

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Solar	
Number of employees [1]	no.	7	6
Revenue from third-parties sales	€M	24	27
Revenue from intra-group transactions with other tax jurisdictions	€M	7	-
Net profit or loss before taxes	€M	4	16
Property, plant and equipment other than cash and cash equivalents	€M	194	196
Corporate income taxes paid on a cash basis [2]	€M	0	5
Corporate income tax accrued on profit/loss (current year)	€M	0	4
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	

(1) The item number of employees refers to the workforce by company
(2) 2023: The item includes the refunds of income taxes collected in the current year

SWEDEN

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind power	
Number of employees (1)	no.	-	-
Revenue from third-parties sales	€M	19	23
Revenue from intra-group transactions with other tax jurisdictions	€M	0	-
Net profit or loss before taxes	€M		1
Property, plant and equipment other than cash and cash equivalents	€M	67	68
Corporate income taxes paid on a cash basis	€M	-	-
Corporate income tax accrued on profit/loss (current year)	€M	0	-
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	

(1) The item number of employees refers to the workforce by company

USA

	Uom	2024	2023
Names of resident entities	Text	See the Directors' Report - Full consolidation area	No entity belonging to the Group
Primary activities of the organisation	Text	Electricity generated from renewable sources - Wind and Solar	na
Number of employees (1)	no.	-	na
Revenue from third-parties sales	€M	38	na
Revenue from intra-group transactions with other tax jurisdictions	€M	-	na
Net profit or loss before taxes	€M	19	na
Property, plant and equipment other than cash and cash equivalents	€M	463	na
Corporate income taxes paid on a cash basis	€M	-	na
Corporate income tax accrued on profit/loss (current year)	€M	4	na
Reasons for the difference between the corporate income tax accrued on profit/loss and the tax due, if the statutory tax rate is applied on pre-tax profit/loss	Text	No significant differences	na

(1) The item number of employees refers to the workforce by company

EDOARDO GARRONE FOUNDATION

In 2024, the Edoardo Garrone Foundation (EGF) devoted itself to numerous projects in line with its mission, continuing to shape the philanthropic commitment of the Garrone and Mondini families.

Education remains the Foundation's central calling and commitment. Through the design and implementation of quality educational projects, the EGF involves young people in authentic, concrete experiences of active and responsible citizenship, from primary to secondary school, and supports the creation and consolidation of young sustainable businesses with incubation and acceleration paths.

The Foundation's projects have always responded to the needs and challenges of the socio-cultural context and are the result of careful listening and dialogue with the territories and communities. Since 2021, the attentive systematic monitoring of each action has favoured a continuous evolution of the project, ensuring relevance relative to needs and an increasing involvement of the recipients, so as to offer the youth an active, creative and conscious role in the construction of a sustainable future.

The EGF actively participates in the construction of an increasingly cohesive, informed and competent national philanthropic network, capable of responding to the challenges of these times. The Foundation is enrolled in the RUNTS (Single National Register of the Third Sector). It is a member of Assifero (the Italian Association of Foundations and Philanthropic Bodies, for which it hosted the national meeting), of the Symbola Foundation - Foundation of Italian qualities, and is part of the editorial committee of VITA, the service platform of the Third Sector, social innovation and civic activism.
APPENNINO® PROJECT
The Appennino Project began in 2021 as the result of the evolution of the experience of the 'ReStartApp', 'ReStartAlp' and 'ReStartApp for Central Italy' campuses, with which the Foundation developed and validated an effective, integrated and replicable formula in the field for the development and consolidation of young mountain enterprises since 2014.

Today the Appennino Project is a real system of training and consultancy activities integrating incubation, acceleration and network workshops. This approach allows to support a new Apennine territory every year, to contribute to strengthening the economic fabric and the local development and enhancement strategies in which the companies participate.

The fourth edition of this project was held in 2024, promoted by the EGF in collaboration with the Snam ETS Foundation, lead structure of a partnership consisting of the Cassa di Risparmio della Provincia dell'Aquila Foundation, Avanzi Spa SB, Appennini for All, the National Handicraft Confederation and Small and Medium Enterprises of Avezzano. This edition involved the area between L'Aquila, Avezzano and Sulmona.

The Apennino Project includes three initiatives:

- 'Campus ReStartApp', intended for aspiring entrepreneurs under 40 with business projects or start-ups in the typical mountain economy chains;
- 'Vitamine in Azienda,' an acceleration path for local companies focused on acquiring new skills and fully expressing their potential;
- 'Imprese in Rete,' a workshop for the creation of business networks, focused on sharing resources, promoting more efficient costs and processes, strengthening and developing the economic, cultural and social fabric of the area.

ReStartApp®

The 2024 edition of ReStartApp, the incubation and acceleration Campus for young companies in the Italian Apennines, was held in L'Aquila from July to October, with a summer break in August. It involved nine young people under the age of 40 with business ideas and innovative start-ups for the development of the production chains of the Apennines, in sectors related to agriculture, livestock, agri-food, forest management, tourism, craftsmanship, culture, manufacturing and services.
In the ten weeks of training (eight in person and two remotely), the participants had the opportunity to refine knowledge and skills for starting up businesses in mountain areas and to develop a business plan for their own entrepreneurial idea. The programme alternated between classroom training activities, workshops on business creation and development, experiences, testimonials and success stories. To facilitate the implementation of the three best projects selected by a specially constituted Evaluation Committee, the EGF provided three non-repayable start-up prizes worth a total of EUR 60,000.
The first prize of the 2024 edition was awarded to Rasema Ronci for the "RiPonza" project: an immersive campus of Italian language and culture. The second prize was won by Francesca Cimmino, with the "Magic Lake Keepers" project dedicated to the regeneration and enhancement of Abruzzo's lakes through the recovery of abandoned structures transformed into eco-sustainable shelters. The third prize was awarded to Valerio Prosseda for the "Wildnet" project, a startup that uses advanced IoT sensor technologies, GIS and artificial intelligence for environmental monitoring.

Vitamine in Azienda® And Imprese in Rete®

Within the framework of the Apennines 2024 Project, two paths implemented by the EGF in cooperation with the Compagnia di San Paolo Foundation and its network of territorial partners, aimed at the acceleration and networking of local enterprises, also kicked off in June: "Vitamine in Azienda" and "Imprese in Rete".

From sustainable tourism to crafts, from agri-food to services, 15 companies took part in 'Vitamine in Azienda'. They were selected through a call for ideas to assess their development potential and strong motivation to benefit from a personalised consultancy service.

These companies had access to personalised, highly qualified consultancy carried out through seven individual meetings and three collective ones, to explore topics related to the management and development of their businesses. The entrepreneurs were thus able to better focus their activities, redefine organisational processes, learn to interpret numbers to outline future developments, acquire marketing skills and, in some cases, facilitate a generational transition.

The "Imprese in Rete" path also favoured the development of two networks:

- "Case di Lana", dedicated to awareness-raising and training on sustainability and circularity in the field of consumption, construction and building;
- "Marsica Experience", which aims to enhance the identity of Marsica through an offer of integrated and quality experiences that promote sustainable tourism and collaboration between local operators.

AppenninoLab

The fourth edition of the new AppenninoLab formula focused on the enhancement of the Ligurian Trebbia Valley in 2024 as well. The second part of this two year project involved the municipalities of Rovegno and Montebruno. The initiative was attended by students from six third and fourth-year classes from six secondary schools in the Metropolitan City of Genoa. During the school year, the students combined the specific skills of the different study paths to implement the portal valtrebbialigure.it. This incoming tourist site was the result of five months of work, including visits, on-site and classroom meetings, with the support of worthy mentors. AppenninoLab ended with the fourth edition of "Apennine Day", organised by the students themselves. A moment for celebration, which sought to give a strong signal of the presence and active participation of the Foundation and its stakeholders in the area.

AppeninoLab

TRA LE RIGHE

The Tra le Righe project [Between the lines] was set up in collaboration with Andersen magazine and the Sarvego Festival to offer primary and secondary school students a pathway for enjoying and producing literature on topics related to sustainability and active and responsible citizenship.

From readers to authors, students from 12 Genoese classes explored the languages of children's literature under the guidance of writers and illustrators, creating new content and creatively sharing their emotions, ideas and projects for a better society.

The project also included a cycle of training seminars dedicated to teachers and their personal and professional growth, with experts from the magazine Andersen.

The project ended with the classes' participation in the Sarvego Festival, an initiative dedicated to children's literature in the villages of Val Borbera.

Tra le righe

LO SPETTACOLO SIAMO NOI

In 2024, the second edition of "Lo spettacolo siamo noi" was held. The project is based on the conviction that the theatre is an ideal place to implement civic education and education for active and responsible citizenship, thanks to the full involvement of all the experiential dimensions of the person - cognitive, emotional and body. The initiative focuses on the themes of sustainable development and the principles of equity, freedom and respect underlying the Italian Constitution, covering the 33 hours of Civic Education scheduled in schools according to the MIUR guidelines.

After a course of 11 meetings and 33 hours of education supported by expert tutors, over 100 young people from six schools of various levels in Genoa became authors, directors, set designers and light designers of real theatrical plays, interpreted by professional actors.

Lo spettacolo siamo noi

GROUP INDICATORS

ENVIRONMENT AND COMMUNITY – GROUP

Consumption and emissions	Uom	2024	2023
Total installed power	MW	3,845	3,266
Total electricity production	GWh	6,959	6,139
of which from renewable energy sources	GWh	6,959	6,139
Total sales of electric power	GWh	6,959	6,139
CO_2 avoided	kt	2,401	2,087
Direct energy consumption	GWh	-	-
Indirect energy consumption(1)	GWh	29.34	21.74
of which electricity from green sources	GWh	28.36	20.81
of which electricity from non-green sources	GWh	0.98	0.93
% electricity consumption from green sources	%	97%	96%
Scope 1 emissions	$ktCO_2e$	1.12	1.03
Scope 2 emissions (MB)(2)	$ktCO_2e$	0.24	0.21
Scope 2 emissions (LB)(3)	$ktCO_2e$	8.26	5.77
Scope 3 Emissions	$ktCO_2e$	208.31	172.70
Total Emissions	$ktCO_2e$	209.67	173.93
Carbon index	gCO_2/kWh	30.13	28.33
Waste			
Outgoing resource flows(4)	t	2,515	352
Total waste not sent for disposal (recovery)	t	2,330	322
Total waste recovered %	%	93%	91%
Hazardous waste produced	t	118	82
Hazardous waste not sent for disposal	t	77	56
Hazardous waste sent for disposal	t	42	26
Non-Hazardous waste produced	t	2,397	270
Non-hazardous waste not sent for disposal (recovery)	t	2,254	266
Non-hazardous waste sent for disposal	t	143	4

(1) The increase in consumption is mainly caused by the increase in the plants running.
(2) The data take into consideration the supplies of electricity from renewable production which does not generate emissions; the indirect emissions are calculated on the basis of the conversion factors relating to the national residual mix of each country published by AIB (Association of Issuing Bodies) according to a Market-Based approach.
(3) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions. Indirect emissions are calculated on the basis of the conversion factor referring only to the electricity production of each country published by the IEA (International Energy Agency) according to a Location-Based approach.
(4) The increase in quantities is mainly due to the fires that involved two turbines (approximately 527t) and the greater solar repowering that led to sending panels to the consortium.

ENVIRONMENT AND TERRITORY - WIND POWER

Consumption and emissions	Uom	2024	2023
Total installed power	MW	3,184	2,747
Production	Gwh	5,993	5,574
CO_2 avoided	kt	2,050	1,890
Indirect energy consumption (1)	Gwh	22	17
% Indirect green energy consumption	%	99%	98%
Scope 2 Emissions (MB) (2)	$ktCO_2e$	0.01	0.04
Scope 2 Emissions (LB) (3)	$ktCO_2e$	6.47	4.60
SF6 top-ups (4)	kg	3.27	1.76
Equivalents to tCO_2 (5)	t	79.46	41.36
Waste			
Outgoing resource flows (6)	t	2,515	352
Total waste not sent for disposal (recovery)	t	2,330	322
Total waste recovered %	%	93%	91%
Hazardous waste produced	t	118	82
Hazardous waste not sent for disposal	t	77	56
Hazardous waste sent for disposal	t	42	26
Non-hazardous waste produced	t	2,397	270
Non-hazardous waste not sent for disposal (recovery)	t	2,254	266
Non-hazardous waste sent for disposal	t	143	4

(1) The increase in consumption is mainly caused by the increase in the plants running.
(2) The data take into consideration the supplies of electricity from renewable production which does not generate emissions; the indirect emissions are calculated on the basis of the conversion factors relating tothe national residual mix of each country published by AIB (Association of Issuing Bodies) according to a Market-Based approach.
(3) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions. Indirect emissions are calculated on the basis of the conversion factor referring only to the electricity production of each country published by the IEA (International Energy Agency) according to a Location-Based approach.
(4) 2023 data rivised consistently with 2024.
(5) The 2023 data has been recalculated applying the GWP AR5.
(6) The increase in quantities is mainly due to the fires that involved two turbines (approximately 527t)

ENVIRONMENT AND TERRITORY - SOLAR

Consumption and emissions	Uom	2024	2023
Total installed power	MW	661	519
Production	Gwh	966	565
CO_2 avoided	kt	351	198
Indirect energy consumption (1)	Gwh	6	4
% Indirect green energy consumption	%	86%	83%
Scope 2 Emissions (MB) (2)	$ktCO_2e$	0.23	0.17
Scope 2 Emissions (LB) (3)	$ktCO_2e$	1.50	0.92
SF6 top-ups (4)	kg	-	-
Equivalents to tCO_2 (5)	t	-	-
Waste			
Outgoing resource flows (6)	t	1,673	136
Total waste not sent for disposal (recovery)	t	1,673	136
Total waste recovered %	%	100%	100%
hazardous waste produced	t	-	-
Hazardous waste not sent for disposal	t	-	-
Hazardous waste sent for disposal	t	-	-
Non-hazardous waste produced	t	1,673	136
Non-hazardous waste not sent for disposal (recovery)	t	1,673	136
Non-hazardous waste sent for disposal	t	-	-

(1) The increase in consumption is mainly caused by the increase in the plants running.
(2) The figures take into consideration the supplies of electricity from renewable production which does not generate emissions; the indirect emissions are calculated on the basis of the conversion factor referring to the residual national mix of each country published by AIB (Association of Issuing Bodies) according to a Market-Based approach.
(3) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions. Indirect emissions are calculated on the basis of the conversion factor referring only to the electricity production of each country published by the IEA (International Energy Agency) according to a Location-Based approach.
(4) 2023 data rivised consistently with 2024.
(5) The 2023 data has been recalculated applying the GWP AR5.
(6)The increase in quantities is mainly due to the greater repowering that led to sending panels to the consortium.

ENVIRONMENT AND COMMUNITY - SITES AND OFFICES

Consumption and emissions	Uom	2024	2023
Indirect energy consumption	Gwh	0.94	0.88
% Indirect green energy consumption	%	100%	100%
Scope 2 Emissions (MB) (1)	$ktCO_2e$	-	-
Scope 2 Emissions (LB) (2)	$ktCO_2e$	0.29	0.25

Waste: waste produced in offices are disposed of as municipal waste and therefore quantities are not accounted for.
Water consumption: the consumption of water in the offices refers exclusively to uses for sanitary purposes and are part of the condominium services, therefore are not accounted. They are non-material with respect to the business.
(1) The figures take into consideration the supplies of electricity from renewable production which does not generate emissions; the indirect emissions are calculated on the basis of the conversion factor referring to the residual national mix of each country published by AIB (Association of Issuing Bodies) according to a Market-Based approach.
(2) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions. Indirect emissions are calculated on the basis of the conversion factor referring only to the electricity production of each country published by the IEA (International Energy Agency) according to a Location-Based approach.

TOTAL INJURIES IN THE WORKPLACE (internal + external)

	Uom	2024			2023		
		Men	Women	Total	Men	Women	Total
Working days lost	no.	283	-	283	223	-	223
Number of injuries	no.	5	-	5	6	-	6
Hours worked	h	1,685,667	320,722	2,006,389	1,653,887	287,381	1,941,268
Frequency index [1]	no.	3.0	-	2.5	3.6	-	3.1
Severity index [2]	no.	0.2	-	0.1	0.1	-	0.1

(1) Rate of work-related injuries calculated as (no. Injuries X 1,000,000)/no. hours worked.
(2) Severity index calculated as (no. of days lost x 1,000)/no. hours

FIELD INSPECTIONS/AUDITS

	Uom	2024	2023
Field inspections on construction sites	no.	1,462	1,916
Field inspections on contractors	no.	216	191
Internal field inspections	no.	512	468
Management system audits	no.	24	29
Total	**no.**	**2,214**	**2,604**

OTHER INDICATORS

	Uom	2024	2023
NOx emissions	t	-	-
SOx emissions	t	-	-
PM	$\mu g/m^3$	-	-
Water withdrawals in the production process	m^3	-	-
Water discharges downstream of the production process	m^3	-	-
Areas subject to water stress	m^2	-	-
Direct energy consumption	Gwh	-	-

COMPLIANCE WITH LAWS AND REGULATIONS

	Uom	2024	2023
Number of significant cases of non-compliance with laws and regulations	no.	-	-
of which number of cases for which fines were incurred	no.	-	-
of which number of cases for which non-monetary sanctions were incurred	no.	-	-
Number of fines for cases of non-compliance with laws and regulations paid during the reference period	no.	-	-
of which fines received in the current reporting period	no.	-	-
of which fines received in previous reporting periods	no.	-	-
Monetary value of fines for cases of non-compliance with laws and regulations paid during the reference period	k€	-	-
of which value of fines received in the current reporting period	k€	-	-
of which value of fines received in previous reporting periods	k€	-	-
Number of data breaches recorded during the year	no.	-	-
Number of data breaches recorded to date	no.	-	-
Number of environmental violations during the year	no.	-	-
Monetary value of fines for cases of environmental non-compliance	k€	-	-

CASES RECORDED

	Uom	2024	2023
Incidents of discrimination and corrective actions taken	no.	-	-
Confirmed incidents of corruption and actions taken	no.	-	-
Cases of money laundering	no.	-	-
Cases of insider trading	no.	-	-
Cases of conflict of interest	no.	-	-
Cases of violation of human rights	no.	-	-

ANNEXES

EU Taxonomy

PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2024

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria (Do not Significant Harm)									
Economic activites (1)	Code (2)	Turnover 2024 (3)	Proportion of Turnover, year 2024 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover, year 2023 (18)	Category (enabling activity or) (19)	"Category (transitional activity) (20)"
		€M		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1	131.8	18%	Y						Y	Y			Y	Y	Y	16%		
Electricity generation from wind power	CCM 4.3	598.6	82%	Y						Y	Y			Y	Y	Y	84%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		730.4	100%	100%						Y	Y			Y	Y	Y	100%		
Of which enabling																			
Of which transitional																			
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-													-		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		730.4	100%	100%													100%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		-	-																
TOTAL A+B		730.4	100%																

PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2024

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria (Do not Significant Harm)(h)									
Economic activites (1)	Code (2)	CapEx 2024 (3)	Proportion of CapEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023 (18)(a)	Category (enabling activity or) (19)	"Category (transitional activity) (20)"
		€M		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1	94.0	18%	Y						Y	Y			Y	Y	Y	42%		
Electricity generation from wind power	CCM 4.3	409.6	80%	Y						Y	Y			Y	Y	Y	58%		
Storage of electricity	CCM 4.10	8.0	2%	Y						Y	Y			Y	Y	Y	0%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		511.5	100%	100%						Y	Y			Y	Y	Y	100%		
Of which enabling																			
Of which transitional																			
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-													-		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		511.5	100%	100%													100%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		-	-																
TOTAL A+B		511.5	100%																

(a) The 2023 figure was recalculated according to the new approach used in 2024 (exclusion of the amounts related to goodwill recognised at the time of acquisition)

PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2024

Financial year 2024	Year			Substantial contribution criteria						DNSH criteria (Do not Significant Harm) (h)									
Economic activites (1)	Code (2)	OpEx 2024 (3)	Proportion of OpEx, year 2024 (4)	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Cirular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaption (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023 (18)[a]	Category (enabling activity or) (19)	"Category (transitional activity) (20)"
		€M		Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmental sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1	8.2	10%	Y						Y	Y			Y	Y	Y	9%		
Electricity generation from wind power	CCM 4.3	71.1	90%	Y						Y	Y			Y	Y	Y	91%		
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		79.2	100%	100%						Y	Y			Y	Y	Y	100%		
Of which enabling																			
Of which transitional																			
A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-													-		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		79.2	100%	100%													100%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		-	-																
TOTAL A+B		79.2	100%																

(a) The 2023 figure was recalculated according to the new approach used in 2024 (only maintenance costs were considered also including personnel expenses)

Annex XII
(Commission Delegated Regulation - EU - 2022/1214 of 9 March 2022)

Template 1 Nuclear and fossil gas related activities

Nuclear energy related activities	
The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installa-tions to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that pro-duce electricity or process heat, including for the purposes of district heating or industrial processes such as hy-drogen production from nuclear energy, as well as their safety upgrades.	NO

Fossil gas related activities	
The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat genera-tion facilities that produce heat/cool using fossil gaseous fuels.	NO

ESRS Content index

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GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	GOV-1 GOV-2 The Governance System	78-87
GOV-3	Integration of sustainability-related performance in incentive schemes	GOV-3 Sustainability performance in incentive systems	88-89
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E1-5	Energy consumption and mix	E1-5 Renewable energy consumption	107
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	E1-6 Emissions	105-106
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G1-5	Political influence and lobbying activities	SBM-2 Stakeholder engagement G1-5 Relations with institutional stakeholders G1-1 G1-3 G1-4 Corporate culture and business conduct policies and objectives GOV-1 GOV-2 The Governance System	152-153; 156-161; 167; 79; 81
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	ICT	GOV-5 IRO-1 SBM-3 - Double Materiality ICT	92-97; 175-176
	Tax Strategy	GOV-5 IRO-1 SBM-3 - Double Materiality Tax Strategy	92-97; 177-182

For the correspondence between GRI and ESRS, please refer to: esrs-gri-interoperability-index-november-2024.pdf

Appendix B ESRS 2: List of datapoints in cross-cutting and topical standards that derive from other EU legislation

The table below illustrates the datapoints in ESRS 2 and topical ESRS that derive from other EU legislation (as specified in Appendix B of ERS 2).

Disclosure Requirement and related datapoint	SFDR [1] reference	Pillar 3 [2] reference	Benchmark Regulation[3] reference	EU Climate Law [4] reference	Section
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 [5], Annex II		GOV-1 GOV-2 The Governance System
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		GOV-1 GOV-2 The Governance System
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1				GOV-4 The Due Diligence Process of the ERG Group Anti-corruption: the commitment to ethical integrity
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 [6] Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		n.a
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		n.a
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818 [7], Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		n.a
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		n.a
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	E1-1 E1-2 E1-3 E1-4 Transition Plan Policies and Actions Objectives
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		E1-1 E1-2 E1-3 E1-4 Transition Plan Policies and Actions Objectives

Disclosure Requirement and related datapoint	SFDR [1] reference	Pillar 3 [2] reference	Benchmark Regulation[3] reference	EU Climate Law [4] reference	Section
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		E1-1 E1-2 E1-3 E1-4 Transition Plan Policies and Actions Objectives E1-6 Emissions GOV-3 Sustainability performance in incentive systems
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				n.a
ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1				E1-5 Renewable energy consumption
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				n.a
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		E1-6 Emissions
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		E1-6 Emissions
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	n.a
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Climate change risk management (TCFD framework) E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Climate change risk management (TCFD framework) E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Disclosure Requirement and related datapoint	SFDR [1] reference	Pillar 3 [2] reference	Benchmark Regulation[3] reference	EU Climate Law [4] reference	Section
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phase in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Climate change risk management (TCFD framework) E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				n.a
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1				n.a
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1				n.a
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1				n.a
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				n.a
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				n.a
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				n.a
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				n.a
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				n.a
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				n.a
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				n.a

Disclosure Requirement and related datapoint	SFDR [1] reference	Pillar 3 [2] reference	Benchmark Regulation[3] reference	EU Climate Law [4] reference	Section
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				BP 2 Sustainability policies E4-1 E4-2, E4-3, E4-4 Operating with respect for the environment and biodiversity
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				E5-5 Towards circular waste management
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1				E5-5 Towards circular waste management
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I				GOV-5 IRO-1 SBM-3 - Double Materiality
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I				GOV-5 IRO-1 SBM-3 - Double Materiality
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				BP 2 Sustainability policies S1-1 S1- 5 Strategies, Policies, Actions and Objectives
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		BP 2 Sustainability policies S1-1 S1- 5 Strategies, Policies, Actions and Objectives
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I				BP 2 Sustainability policies S1-1 S1- 5 Strategies, Policies, Actions and Objectives
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I				BP 2 Sustainability policies S1-1 S1- 5 Strategies, Policies, Actions and Objectives S1-14 Protection of health and safety
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I				S1-2 S1-3 People engagement S1 – 2 Trade union and workers' representatives S1-17 Whistleblowing
ESRS S1-14 Number of fatalities and number and rate of work- related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		S1-14 Protection of health and safety
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I				S1-14 Protection of health and safety
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		S1-16 Gender Pay Gap
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I				S1-16 Gender Pay Gap

Disclosure Requirement and related datapoint	SFDR [1] reference	Pillar 3 [2] reference	Benchmark Regulation[3] reference	EU Climate Law [4] reference	Section
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I				S1-17 Whistleblowing
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		S1-17 Whistleblowing
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex I				GOV-5 IRO-1 SBM-3 - Double Materiality
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				BP 2 Sustainability policies S2-1 S2-2 S2-3 S2-4 S2-5 - Strategies, policies, actions and objectives related to Workers in the value chain
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				BP 2 Sustainability policies S2-1 S2-2 S2-3 S2-4 S2-5 - Strategies, policies, actions and objectives related to Workers in the value chain
ESRS S2-1Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		BP 2 Sustainability policies S2-1 S2-2 S2-3 S2-4 S2-5 - Strategies, policies, actions and objectives related to Workers in the value chain S1-17 Whistleblowing
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		BP 2 Sustainability policies S2-1 S2-2 S2-3 S2-4 S2-5 - Strategies, policies, actions and objectives related to Workers in the value chain S1-17 Whistleblowing
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1				S2-1 S2-2 S2-3 S2-4 S2-5 - Strategies, policies, actions and objectives related to Workers in the value chain S1-17 Whistleblowing
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				BP 2 Sustainability policies S3-1 S3-3 S3-4 S3-5 Objective policies and management of impacts relating to the affected communities
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		BP 2 Sustainability policies S1-17 Whistleblowing
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ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				BP 2 Sustainability policies S4-1 S4-2 S4-3 S4-4 S4-5 Policies, strategies, objectives related to customers
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		BP 2 Sustainability policies S4-1 S4-2 S4-3 S4-4 S4-5 Policies, strategies, objectives related to customers
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ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				BP 2 Sustainability policies G1-1 G1-3 G1-4 Corporate culture and business conduct policies and objectives GOV-4 The Due Diligence Process of the ERG Group Anti-corruption: the commitment to ethical integrity
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				S1-17 Whistleblowing
ESRS G1-4 Fines for violation of anti- corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		BP 2 Sustainability policies Anti-corruption: the commitment to ethical integrity
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				BP 2 Sustainability policies Anti-corruption: the commitment to ethical integrity

(1) Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation) (OJ L 317, 9.12.2019, p. 1).
(2) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation "CRR") (OJ L 176, 27.6.2013, p. 1).
(3) Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).
(4) Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 ('European Climate Law') (OJ L 243, 9.7.2021, p. 1).
(5) Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published (OJ L 406, 3.12.2020, p. 1).
(6) Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards the disclosure of environmental, social and governance risks (OJ L 324,19.12.2022, p.1.).
(7) Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (OJ L 406, 3.12.2020, p. 17)

STATEMENT ON THE SUSTAINABILITY REPORTING

In accordance with article 81-*ter*, paragraph 1, of consob regulation no. 11971 dated 14 may 1999, as amended

The undersigned Paolo Luigi Merli, Chief Executive Officer of ERG S.p.A., and Michele Pedemonte, Manager responsible for preparing the financial reports of ERG S.p.A., pursuant to Article 154-bis, paragraph 5-ter, of Italian Legislative Decree no. 58 of 24 February 1998, state that the sustainability reporting included in the Director's Report was prepared:

- in accordance with the reporting standards applied pursuant to Directive no. 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Italian Legislative Decree no. 125 of 6 September 2024;
- with the specifications adopted pursuant to Article 8, paragraph 4 of Regulation (EU) no. 2020/852 of the European Parliament and of the Council of 18 June 2020

Genoa, 11 march 2025

The Chief Executive Officer

Paolo Luigi Merli

The Manager responsible for preparing the company's financial reports

Michele Pedemonte

INDEPENDENT AUDITORS' REPORT

KPMG S.p.A.
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Telefono +39 010 564992
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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' limited assurance report on the consolidated sustainability statement pursuant to article 14-bis of Legislative decree no. 39 of 27 January 2010

To the shareholders of
ERG S.p.A.

Conclusion

Pursuant to articles 8 and 18.1 of Legislative decree no. 125 of 6 September 2024 (the "decree"), we have been engaged to perform a limited assurance engagement on the 2024 consolidated sustainability statement of the ERG Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report (the "sustainability statement").

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the group's 2024 consolidated sustainability statement has not been prepared, in all material respects, in accordance with the reporting standards endorsed by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, "ESRS");
- the information presented in the "The European taxonomy" section of the consolidated sustainability statement has not been prepared, in all material respects, in accordance with article 8 of Regulation (EU) 2020/852 of 18 June 2020 (the "taxonomy regulation").

Basis for conclusion

We have performed the limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under SSAE (Italia) are further described in the "*Auditors' responsibilities for the sustainability assurance engagement*" section of our report.

We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.

Our company applies International Standard on Quality Management 1 (ISQM Italia 1) and, accordingly, is required to design, implement and operate a system of quality management including policies or

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20124 Milano MI ITALIA

procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have acquired is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The 2024 consolidated sustainability statement presents the 2023 comparative information, which has not been subjected to an assurance engagement.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of ERG S.p.A. (the "parent") for the consolidated sustainability statement

The directors are responsible for designing and implementing the procedures to identify the information included in the consolidated sustainability statement in accordance with the ESRS (the "materiality assessment process") and for the description of these procedures in the "GOV-5 IRO-1 SBM-3 - Double Materiality" section of the consolidated sustainability statement.

The directors are also responsible for the preparation of a consolidated sustainability statement in accordance with article 4 of the decree, which contains the information identified through the materiality assessment process, including:

- compliance with the ESRS;
- compliance of the information presented in the "The European taxonomy" section with article 8 of the taxonomy regulation.

Moreover, the directors are responsible, within the terms established by the Italian law, for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the decree that is free from material misstatement, whether due to fraud or error. They are also responsible for selecting and applying appropriate methods to produce disclosures and formulating assumptions and estimates about specific information on sustainability matters that are reasonable in the circumstances.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Inherent limitations in preparing the consolidated sustainability statement

For the purpose of disclosing forward-looking information in accordance with the ESRS, the directors are required to prepare such information based on assumptions, described in the consolidated sustainability statement, regarding future events and the group's actions that are not necessarily expected to occur. Actual results are likely to be different from the forecast sustainability information since anticipated events frequently do not occur as expected and the variation could be material.

The disclosures provided by the group about Scope 3 emissions are subject to more inherent limitations than those on Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative Scope 3 emissions information from value chain.

Auditors' responsibilities for the sustainability assurance engagement

Our objectives are to plan and perform procedures in order to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of intended users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with SSAE (Italia), we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify disclosures where a material misstatement is likely to occur, whether due to fraud or error;
- designing and performing procedures to check disclosures where a material misstatement is likely to occur. 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;
- directing, supervising and performing the sustainability limited assurance engagement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves carrying out procedures to obtain evidence as a basis for our conclusion.

The procedures performed are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the consolidated sustainability statement, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

We have performed the following main procedures:

- we gained an understanding of the group's business model, strategies and operating environment with regard to sustainability matters;
- we gained an understanding of the process adopted by the group to identify and assess material sustainability-related impacts, risks and opportunities (IROs), based on the double materiality principle. Moreover, on the basis of the information acquired, we evaluated any emerging inconsistencies that may indicate the presence of sustainability matters not addressed by the group in its materiality assessment process; Specifically, mostly through inquiries, observations and inspections, we gained an understanding of how the group:
  - considered the interests and opinions of the stakeholders involved;
  - identified its sustainability-related IROs, assessing their consistency with our knowledge of the group and its sector;
  - defined and assessed material IROs by analysing the qualitative and quantitative materiality thresholds it determined, checking their consistency with the results of the enterprise risk management (ERM) process;

- we gained an understanding of the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the consolidated sustainability statement, including of the reporting boundary, through interviews and discussions with the group's personnel and selected procedures on documentation;
- we identified the disclosures associated with a risk of material misstatement, whether due to fraud or error; Following our risk assessment procedures, we identified the most significant risks of material misstatement in relation to the following sustainability matter: climate change;
- we designed and performed procedures, based on our professional judgement, to respond to identified risks of material misstatement, including:
  - for information gathered at group level:
    - with reference to qualitative information and, in particular, the sustainability-related policies, actions and objectives, we held inquiries and performed limited procedures on documentation;
    - with reference to quantitative information, we carried out analytical procedures, inspections, observations and recalculations on a sample basis;
  - with reference to ERG S.p.A. and ERG Power Generation S.p.A., which we have selected on the basis of their business and contribution to the metrics of the consolidated sustainability statement, we held discussions with group personnel, including through remote communication tools, and obtained documentary evidence on the determination of the metrics;
- we gained an understanding of the process adopted by the group to determine taxonomy-eligible economic activities and whether they were aligned under the taxonomy regulation and checked the related disclosures presented in the consolidated sustainability statement;
- we checked the consistency of the disclosures contained in the consolidated sustainability statement with those included in the group's consolidated financial statements pursuant to the applicable financial reporting framework, the underlying accounting records or management accounts;
- we checked the compliance of the structure and presentation of disclosures included in the consolidated sustainability statement with the ESRS;
- we obtained the representation letter.

Genoa, 25 March 2025

KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit

Consolidated Financial Statements

INCOME STATEMENT[1] [2]

(EUR thousand)	Note	2024	2023
Revenue	1	738,065	740,940
Other income	2	55,249	26,209
Purchases	3	(9,954)	(14,299)
Services and other operating costs	4	(194,965)	(171,026)
Personnel expense	5	(57,878)	(52,782)
EBITDA (Gross operating profit)		**530,517**	**529,041**
Amortisation of Intangible assets	21	(77,607)	(67,780)
Depreciation of property, plant and equipment and right-of-use assets	21	(189,231)	(157,079)
Reversals of impairment losses (impairment losses)	21	(11,031)	-
OPERATING PROFIT		**252,648**	**304,183**
Financial income	37	81,705	197,783
Financial expense	37	(108,929)	(217,220)
Net financial expenses		**(27,224)**	**(19,437)**
Net gains (losses) on equity-accounted investments		969	0
Other net gains (losses) on equity investments	24	(2,979)	5,390
Net gains (losses) on equity investments		**(2,009)**	**5,390**
PROFIT BEFORE TAXES		**223,415**	**290,137**
Income taxes	41	(33,700)	(74,063)
PROFIT FROM CONTINUING OPERATIONS		**189,715**	**216,074**
Net profit (loss) from discontinued operations	44	-	(35,577)
PROFIT FOR THE YEAR		**189,715**	**180,497**
Non-controlling interests	30	2,629	1,829
PROFIT FOR THE YEAR ATTRIBUTABLE TO THE OWNERS OF THE PARENT		**187,087**	**178,668**

(EUR)	2024	2023
Basic and diluted earnings per share [3]	1.298	1.447
Basic and diluted earnings per share att. to the owners of the parent [3]	1.280	1.197
Earnings per share from discontinued operations [3]	0.000	-0.238

(1) The notes commenting on individual items are an integral part of these Consolidated Financial Statements.

(2) The 2023 comparative figures have been presented in accordance with IFRS 5 with reference to the completed sale of the Thermoelectric Business on 17 October 2023. For more details on the transaction, please refer to the 2023 Annual Report.

(3) Calculated on the basis of the average number of shares outstanding for the year of 146,215,446 (149,292,110 in the comparative period). There were no differences between the basic and diluted earnings per share.

STATEMENT OF COMPREHENSIVE INCOME (1)

(EUR thousand)	Notes	2024	2023
Profit for the year		**189,715**	**180,497**
Changes that will not be reclassified to profit or loss			
Actuarial gains		**165**	**78**
Related tax		(46)	(22)
	14	**119**	**56**
Changes that will be reclassified to profit or loss			
Cash flow hedges – effective portion of the fair value change		(4,061)	136,573
Related tax		1,146	(39,470)
	28	**(2,915)**	**97,104**
Foreign operations – Exchange differences		18,789	25,318
Related tax		(3,861)	(4,805)
	29	**14,928**	**20,512**
Other comprehensive income net of the tax effect		**12,132**	**117,672**
Comprehensive income for the year		**201,847**	**298,169**
Non-controlling interests		2,629	1,829
Comprehensive income attributable to the owners of the parent		**199,219**	**296,340**

(1) The notes commenting on individual items are an integral part of these Consolidated Financial Statements.

STATEMENT OF FINANCIAL POSITION (1)

(EUR thousand)	Notes		31/12/2024		31/12/2023
ASSETS					
Authorisations and concessions	15		1,107,925		975,056
Other intangible assets	16		17,615		15,811
Goodwill	17		453,991		412,505
Property, plant and equipment	18		2,994,419		2,402,743
Right-of-use assets	19		218,017		165,923
Equity investments:			1,233		2,633
- carried at equity	23	428		1,071	
- other equity investments	23	805		1,562	
Financial assets measured at fair value	32		35,961		34,115
Other non-current financial assets	25		48,226		48,014
Deferred tax assets	43		54,325		41,397
Other non-current assets	10		54,175		45,244
Non-current assets			**4,985,887**		**4,143,440**
Inventories	7		23,436		20,019
Trade receivables	6		134,318		157,895
Other current assets	9		80,654		99,961
Current tax assets	42		25,012		34,721
Financial assets measured at fair value	32		15,185		46,796
Other current financial assets	33		452,314		241,696
Cash and cash equivalents	31		600,966		467,568
Current assets			**1,331,885**		**1,068,655**
TOTAL ASSETS			**6,317,771**		**5,212,095**
EQUITY					
Share capital	29		15,032		15,032
Other reserves	29		1,686,302		1,639,225
Retained earnings	29		258,198		300,108
Profit for the year	29		187,087		178,668
Equity attributable to the owners of the parent			**2,146,618**		**2,133,033**
Non-controlling interests	30		**76,481**		**6,664**
TOTAL EQUITY			**2,223,099**		**2,139,697**
LIABILITIES					
Employee benefits	14		2,714		3,543
Deferred tax liabilities	43		219,000		191,961
Provision for disposed businesses	26		82,349		84,581
Provision for dismantling expenses	20		90,630		78,830
Other non-current provisions	27		36,472		36,601
Financial liabilities measured at fair value	36		99,104		5,830
Non-current financial liabilities	34		2,138,966		2,016,094
Non-current lease liabilities	35		222,924		165,687
US Tax Partner Liability	12		162,510		-
Other non-current liabilities	13		56,566		44,634
Non-current liabilities			**3,111,234**		**2,627,761**
Other current provisions	27		29,365		36,935
Trade payables	8		123,551		122,038
Financial liabilities measured at fair value	36		9,832		5,908
Current financial liabilities	34		725,281		186,154
Current lease liabilities	35		6,510		6,353
Other current liabilities	11		53,513		47,033
Current tax liabilities	42		35,388		40,216
Current liabilities			**983,439**		**444,637**
TOTAL LIABILITIES			**4,094,673**		**3,072,398**
TOTAL EQUITY AND LIABILITIES			**6,317,771**		**5,212,095**

(1) The notes commenting on individual items are an integral part of these Consolidated Financial Statements.

STATEMENT OF CASH FLOWS (1) (2)

(EUR thousand)	Notes	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:			
Profit for the year		189,715	180,497
- Amortisation, depreciation and impairment of non-current assets	21	277,868	224,858
- Increase in other provisions	20-26-27	3,710	13,285
- Decrease in other provisions	20-26-27	(17,787)	(15,491)
- Impairment of current assets	6	(185)	(8,799)
- Gains (losses) on equity investments	24	2,009	(5,391)
- Changes to post-employment benefits	14	(829)	(180)
Financial expense	37	27,224	19,437
Income taxes	41-42	33,700	74,063
Other changes in non-monetary items	29	3,231	30,112
		518,656	**512,391**
- Change in other current assets and liabilities:			
- Change in inventories	7	(3,274)	(2,316)
- Change in trade receivables	6	27,020	53,370
- Change in trade payables	8	(7,324)	(4,657)
- Net change in other assets/liabilities	9-10-11-12	(10,583)	(6,199)
- Change in fair value of hedging derivatives on commodities with monetary recognition	38-39	(907)	152,916
Tax payment	41-42	(39,416)	(25,514)
		(34,484)	**167,599**
CASH FLOWS FROM OPERATING ACTIVITIES OF CONTINUING OPERATIONS (A)		**484,172**	**679,991**
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES OF DISCONTINUED OPERATIONS		-	*202,534*
CASH FLOWS FROM OPERATING ACTIVITIES		**484,172**	**882,524**
CASH FLOWS USED IN INVESTING ACTIVITIES:			
Acquisition of intangible assets	15-16	(5,873)	(5,683)
Acquisition of property, plant and equipment	18	(228,056)	(300,091)
Acquisitions of equity investments and other non-current financial assets	25	(248)	-
Net change in other increases/decreases in non-current assets	from 15 a 19	(11,124)	3,011
Net change in equity investment consolidation method	23	1,648	126
Collection from disposal of equity investments for price adjustment clauses	24	-	5,549
Proceeds from discontinued operations		-	92,857
Disposals of equity investments and other non-current financial assets	25-32	(1,522)	5,644
Change in other current financial assets	32-33	(211,089)	(30,510)
Change in the Consolidation Scope due to business combination	45	(250,862)	(84,697)
CASH FLOWS (USED IN) INVESTING ACTIVITIES OF CONTINUING OPERATIONS (B)		**(707,125)**	**(313,795)**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES OF DISCONTINUED OPERATIONS		-	*(2,749)*
CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(707,125)**	**(316,544)**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES:			
Increase in non-current loans	34	90,000	330,000
Green Bond Issue	34	500,000	-
Decrease in non-current loans	34	-	(250,000)
Net change in bank loans and borrowings	34	26,943	84,496
Changes in other current and non-current financial liabilities	34	(27,671)	(30,079)
Net interest paid	37	(15,898)	(9,438)
Early closure of loans	34	-	(187,225)
Dividends to shareholders	29-30	(152,087)	(154,034)
Share buy-back	29-30	(47,313)	(61,362)
Decrease in lease liabilities	35	(17,622)	(13,796)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES OF CONTINUING OPERATIONS (C):		**356,352**	**(291,439)**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES OF DISCONTINUED OPERATIONS		-	*(199,784)*
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		**356,352**	**(491,223)**
NET CASH FLOWS FOR THE YEAR (A+B+C)		**133,399**	**74,757**
OPENING CASH AND CASH EQUIVALENTS		**467,568**	**392,811**
NET CASH FLOWS FOR THE YEAR		133,399	74,757
CLOSING CASH AND CASH EQUIVALENTS		**600,966**	**467,568**

(1) The notes commenting on individual items are an integral part of these Consolidated Financial Statements.

(2) The 2023 comparative figures are shown net of the cash flows generated by the "Discontinued operations". The cash flows generated by "Discontinued operations" are indicated separately for the cash flows deriving from Operating, Investing and Financing activities, respectively. The cash flows of "Continuing operations" are obtained by adding together the above items.

STATEMENT OF CHANGES IN EQUITY (1)

(EUR thousand)	Notes	Share capital	Hedging reserve	Translation reserve	Treasury shares in portfolio	Other reserves	Profit (loss) for the year	Equity attributable to the owners of the parent	Non-controlling interests	Total equity
BALANCE AT 31/12/2022		15,032	(55,393)	(28,649)	(5,378)	1,740,795	378,939	2,045,347	9,332	2,054,679
Allocation of prior year profit		-	-	-	-	378,939	(378,939)	-	-	-
Share-based payments with equity-linked instruments		-	-	-	-	2,678	-	2,678	-	2,678
Share buy-back		-	-	-	(61,362)	-	-	(61,362)	-	(61,362)
Distribution of dividends		-	-	-	-	(149,538)	-	(149,538)	(4,496)	(154,034)
Other changes		-	-	-	-	(435)	-	(435)	-	(435)
Profit for the year		-	-	-	-	-	178,668	*178,668*	1,829	180,497
Other comprehensive income		-	*97,104*	*20,512*	-	*56*	-	*117,672*	-	*117,672*
Comprehensive income		-	97,104	20,512	-	56	178,668	296,340	1,829	298,169
BALANCE AT 31/12/2023	29	15,032	41,711	(8,136)	(66,740)	1,972,496	178,668	2,133,033	6,664	2,139,697
Allocation of prior year profit		-	-	-	-	178,668	(178,668)	-	-	-
Share-based payments with equity-linked instruments	29	-	-	-	-	4,367	-	4,367	-	4,367
Share buy-back	29	-	-	-	(47,313)	-	-	(47,313)	-	(47,313)
Assignments of treasury shares	29				16,114	(16,114)	-	-	-	-
Distribution of dividends	29-30	-	-	-	-	(146,489)	-	(146,489)	(5,598)	(152,087)
Acquisitions of companies from third parties	30	-	-	-	-	-	-	-	72,841	72,841
Other changes		-	-	-	-	3,802	-	3,802	(56)	3,746
Profit for the year	29-30	-	-	-	-	-	*187,087*	*187,087*	*2,629*	*189,715*
Other comprehensive income	29	-	*(2,915)*	*14,928*	-	*119*	-	*12,326*	-	*12,326*
Comprehensive income		-	(2,915)	14,928	-	119	187,087	199,219	2,629	201,847
BALANCE AT 31/12/2024	29	15,032	38,795	6,792	(97,939)	1,996,849	187,087	2,146,618	76,481	2,223,099

(1) The notes commenting on individual items are an integral part of these Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTSO

I. INTRODUCTION

ERG S.p.A. is the entity that prepares the consolidated financial and has its registered office in via De Marini 1 (WTC Tower), Genoa, Italy.
The Consolidated Financial Statements at 31 December 2024 comprise the financial statements of ERG S.p.A. and of its subsidiaries (together, "ERG" or "ERG Group"). The ERG Group's core business is the generation of electricity from renewable sources, wind and solar, in Italy, France, Germany, Spain, the United Kingdom, Poland, Romania, Bulgaria, Sweden and the United States of America. The publication of these Consolidated Financial Statements was authorised by the Board of Directors on 11 March 2025. The Shareholders' Meeting called to approve the Consolidated Financial Statements is entitled to request changes to them.

Basis of preparation

Unless indicated otherwise, these Consolidated Financial Statements are expressed in thousands of Euro (functional currency of the parent ERG S.p.A. and its reporting currency), and were prepared:

- in compliance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38 of 28 February 2005;
- on a going concern basis and therefore assuming that the Group will be able to meet the mandatory repayment conditions of the credit facilities granted by the banks and the bond issues as indicated in **Note 34 – Current and non-current financial liabilities.**

For clearer disclosure, it was deemed preferable to show all amounts rounded off to the nearest EUR thousand; consequently, in some tables, totals may differ slightly from the sum of the amounts that comprise it.
These Consolidated Financial Statements were audited by the independent auditors KPMG S.p.A. in accordance with the statutory audit engagement for the years from 2018 to 2026, conferred upon it pursuant to Italian Legislative Decree no. 39/2010 by the Shareholders in their meeting of 23 April 2018.
The relevant accounting standards and measurement criteria are presented in each note to which they refer.
Changes in the application of the accounting standards, where relevant, are described in the following paragraphs.

Content and format of the Consolidated Financial Statements

These Consolidated Financial Statements consist of:

- the **primary financial statements,** with the following characteristics:
  - the **Income Statement** includes an analysis of the items by nature, which is deemed more representative than presenting them by function. The format chosen is in fact consistent with internal reporting and management procedures;
  - the **Statement of Comprehensive Income** shows mainly the profit or loss items recognised through other comprehensive income;
  - the consolidated **Statement of Financial Position** shows the assets and liabilities according to their maturity, separating current and non-current items. Current assets are those held to be realised, sold or consumed in the normal operating cycle of the Group or in the 12 months after year-end; current liabilities are those expected to be extinguished within the normal operating cycle of the Group or in the 12 months after year-end;
  - the structure of the **Statement of Cash Flows** is based on the indirect method, with the indication of the cash flows from operating, investing and financing activities;
  - the **Statement of Changes in Equity** is prepared in accordance with the provisions of IAS 1 and shows separately the flows relating to the components of the reserve for other components of comprehensive income;
- the **Notes to the Consolidated Financial Statements**.

Furthermore, as required by CONSOB resolution no. 15519 dated 27 July 2006 in **Note 46 – Non-recurring items**, significant income and expense arising from non-recurring transactions or events that do not occur frequently in the ordinary course of business are presented separately in the income statement. Also pursuant to the aforementioned CONSOB resolution, the amounts related to the positions and transactions with related parties, which are, however, not considered significant for these Consolidated Financial Statements, are indicated separately in **Note 47 – Related parties**.

Use of estimates – Risks and uncertainties

Relevant information on the accounting standards adopted and recognition and measurement criteria

Preparation of the financial statements and notes to the financial statements pursuant to IFRS requires ERG to make estimates and assumptions that affect the carrying amounts of the assets, liabilities, costs and revenue recognised in the Consolidated Financial Statements and disclosures relating to contingent assets and liabilities. In the financial statements, accounting estimates refer to monetary amounts that are recognised but come with certain uncertainties in their measurement. Available information and subjective evaluations were used to obtain these estimates.

By their very nature, the estimates and assumptions used may vary from year to year and, therefore, it cannot be excluded that, in subsequent years, the current carrying amounts may differ as a result of the change in the subjective assessments used.

Financial Statement Area	Description of the accounting estimates and assumptions
Impairment testing of goodwill, authorisations and concessions, other intangible assets, property, plant and equipment and right-of-use assets	The main assumptions for determining the recoverable amounts concern, in particular:: • the identification of expected energy prices; • the assessment of the availability of renewable resources, changes to the regulatory framework; • the identification of macroeconomic variables such as inflation and discount rates, also linked to the current climate of geopolitical uncertainty; • exchange rates; • the assessment of possible impacts of climate change. For further details, please refer to **Note 22 – Impairment testing**.
Definition of the useful life of authorisations and concessions, other intangible assets, property, plant and equipment and the related amortisation and depreciation	Authorisations and concessions are amortised on the basis of their residual duration, which can be up to 40 years. Other intangible assets are amortised over a maximum period of 5 years. The useful life of property, plant and equipment is reviewed annually and adjusted where the most recent estimate differs from the previous ones. Any changes in estimates relating to useful life are recognised prospectively. If an item of property, plant and equipment comprises various parts having different useful lives, these parts are recognised separately (significant components). See section **III. Investing Activities** for more details.
Recoverability of deferred tax assets	These are recognised on the basis of the Group's future taxable profits as forecast by business plans as well as the expected settlement and renewal of tax consolidation agreements (**Note 43 – Deferred taxes**).
Measurement of provisions and contingent liabilities related to civil, administrative and tax proceedings	The measurement processes are based on complex elements that by their nature imply reliance on the Directors' judgement, also taking into account the elements acquired by external consultants, and involve both determining the degree of likelihood of the occurrence of conditions that may entail a cash outlay and hence classification among liabilities or among contingent liabilities, and quantifying the related amount. See section **IV. Provisions and Contingent Liabilities**. In particular, with reference to the Provision for Disposed Businesses the most complex elements and uncertainties are connected with the process and with the measurement procedures related to the risks tied mainly to events dating back in time and pertaining to environmental, legal and tax topics tied to the divested "Oil" businesses of Coastal Refining and integrated Downstream, as well as the thermoelectric and hydroelectric businesses (**Note 26 – Provision for Disposed Businesses**).
Determination of loss allowances and impairment of other assets	Trade receivables and other assets deriving from contracts with customers are subject to impairment testing in accordance with the provisions of IFRS 9 on expected credit losses. Expected credit losses (ECL) are an estimate of losses weighted on the basis of the probability of default of the counterparty. See **Note 6 – Trade receivables**.
Fair value measurements	Some standards and disclosure obligations require the Group to measure the fair value of financial and non-financial assets and liabilities. The Group has its own structure of fair value assessors responsible for all significant fair value assessments in general, including Level 3. Unobservable inputs and valuation adjustments are subject to regular reappraisal. When information provided by third parties, such as broker quotes or pricing services, is used to determine fair value, the team of appraisers assesses and documents the evidence obtained from third parties to support the fact that such measurements comply with the provisions of EU-IFRS, including the level of fair value hierarchy in which the related measurement has to be classified. See also Section **V. Financing activities**.
Business Combination	Fair value measurement of the consideration transferred (including the contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis if the initial accounting for the business combination is still provisional at the Reporting Date.
Determination of the discount rate of financial liabilities and valuation of the renewal options for right-of-use assets	The borrowing rate used is the incremental borrowing rate, determined as the sum of the Group's credit spread and the forward curve based on Euro area swap rates. In relation to the renewal options, the Group estimated the term of the related lease agreements taking into account the reasonable certainty that the option will be exercised. See also **Note 19 – Right-of-use assets**.

Climate Change Risk

Climate change risk is the possibility that climate changes in the short, medium and long term may have impacts on ERG's business with operational and economic/financial consequences in terms of, among other things: decreased availability of renewable resources (wind and sun); limitations or impediments to operations, increased Operation & Maintenance costs, increased insurance costs, higher compliance costs, etc. Based on the latest report from the Intergovernmental Panel on Climate Change (IPCC) on climate change, it is confirmed that global temperatures are rising and there is a noticeable trend in variations of windiness, with an increase in extreme events. However, the assessment of climate change damages is characterised by high uncertainty due to: (i) the difficulty in accurately predicting the future effects of climate change, both in terms of magnitude and geographical distribution, and (ii) the difficulty in assessing the possible vulnerabilities and/or resilience of the sectors analysed.
The European Commission has proposed the "Repower EU" plan to accelerate the clean energy transition and diversify energy sources. The main measures include increasing renewable energy targets and simplifying authorisation procedures.
According to the Group's approach, the risks generated by Climate Change can mainly be attributed to the following:

- Change in contributions from renewable sources (wind and sun). Specifically, with reference to the requirements of ESMA's Public Statement of 24 October 2024 (in line with what ESMA already addressed in the previous year in the priorities for 2023 annual reports), it should be noted that in the two-year period 2023-2024 the Group conducted an internal study to quantitatively assess how climate change may affect the annual production of wind and solar assets. The analysis made it possible to detect in general the risks of a decrease in the analysed resources: for wind assets, the average wind speed at a height of 100 metres[1] was analysed, while for solar assets, irradiation was examined[2] . Considerations regarding Climate Change, with impacts considered to be insignificant, are reflected in the medium-term (Market Plan) and long-term (impairment test) Business Plans.
- Catastrophic events referring in particular to "acute" and "chronic" physical phenomena linked to extreme natural events that could cause damage to generation plants, impacting Business Continuity. The "acute" phenomena category includes risks characterised by a remote probability of occurrence but a potentially catastrophic impact, including: fires; earthquakes, volcanic phenomena, hurricanes, tsunamis/floods; while the increase in average temperature, rise in sea level, reduction in rainfall fall into the category of "chronic" events.
- Regulatory and market changes referring in particular to any changes in subsidies and incentives, change in the regulatory framework, uncertainty in the demand for electricity, increased competitive pressure.

ERG's risk management strategy focuses, in particular, on the technological and geographical diversification of renewable energy sources, also by leveraging local synergies. The Group also uses weather forecasting tools and statistical models to mitigate the impacts of Climate Change. The Group is therefore committed to contributing to the fight against climate change by investing in zero-emission technologies, such as wind and solar, to align with the European and United Nations objectives on renewable energy.
For more details on the Group's approach to the types of risks generated by Climate Change and the strategy for managing these risks, please refer to the **Directors' Report**.

Basis of consolidation and changes in consolidation scope

Relevant information on the accounting standards adopted and recognition and measurement criteria

Consolidation criteria and methods

Subsidiaries are consolidated on a line-by-line basis if, and only if, the Group has control, i.e.:

- *power over the investee;*
- *exposure, or rights, to variable returns deriving from the relationship with the investee;*
- *ability to exercise its power over the investee to affect the amount of its returns.*

When assessing control, IFRS 10 requires judgement and continuous assessment. For details on when the equity interest does not imply de facto control, please refer to ***Note 48 – List of Group companies and transactions of the year.***
The financial statements of subsidiaries are included in the Consolidated Financial Statements from the time the parent starts exercising control until the date on which control ceases.
Associates over which the Group exercises significant influence and joint ventures (generally corresponding to an equity investment of between 20% and 50%) are accounted for using the equity method.
For the purposes of the disclosure of the nature, extent and financial effects of the Group's interests in subsidiaries, please refer to ***Note 48 – List of Group companies and transactions of the year*** *and* ***Note 30 – Non-controlling interests****.*

Translation of financial statements in currencies other than the Euro (i.e. foreign operations) and functional currency

The Group's functional currency is the Euro. The financial statements of subsidiaries expressed in currencies other than the Euro are converted according to the following methods:

- *the assets and liabilities, including goodwill and adjustments to fair value deriving from the acquisition, are translated into Euro using the closing rates.*
- *the revenue and costs of foreign operations in the income statement and in the statement of comprehensive income are converted into Euro using the average rate for the year.*

the average rate for the year.
Exchange differences are recognised in the Statement of comprehensive income and included in the translation reserve, with the exception of the exchange differences that are attributed to non-controlling interests.
The exchange rates used for the translation and the consolidation of financial statements in currencies other than the Euro are as follows:

1 In particular, as far as the 'average wind speed' variable is concerned, based on historical/statistical analyses of the percentage variation, low fluctuations in the production of energy can be expected, which can have both a positive (increasing production) and negative (reducing production) impact. However, fluctuations of this magnitude in the wind resource are already factored into the time series underlying the output estimates reflected in the forward-looking projections.

2 As far as the 'irradiation' variable is concerned, based on historical/statistical analyses of the percentage variation, positive signals can be expected in irradiation, referring to more sunny days, which can increase the production of energy. In this case, the analyses did not show any negative fluctuations in the analysed variable (irradiation) due to the projections of the scenarios for which fewer rainy days are expected (rainy events are more concentrated in time and with greater intensity) with a consequent increase in sunny days and average temperatures. However, given the presence of only positive signals and the absence of negative signals, prudently no impact has been factored into the production estimates reflected in the forward-looking projections.

exchange rate: foreign currency/EUR	Currency	Statement of Financial Position (1)	Income Statement (2)
USA	USD – US Dollar(3)	1.039	1.082
United Kingdom	GBP – British Pound	0.829	0.847
Poland	PLN – Zloty	4.275	4.306
Romania	RON – Romanian Leu	4.974	4.975
Bulgaria	BGN – Bulgarian LEV	1.956	1.956
Sweden	SEK – Swedish Krona	11.460	11.430

(1)Exchange rate at 31 December 2024.
(2) Average exchange rate for 2024 except for USA.
(3) For the Income Statement, average exchange rate from 1 April 2024 – date of first consolidation – to 31 December 2024.

Significant changes in accounting standards: classification of liabilities as current or non-current and non-current liabilities with covenants

On 1 January 2024, the Group adopted the documents Classification of liabilities as current or non-current and Non-current liabilities with covenants (Amendments to IAS 1). The amendments, which are applied retroactively, clarify the requirements for determining whether a liability should be classified as current or non-current and require new financial statement disclosures with reference to non-current liabilities that include covenants to be met within 12 months of the end of the financial year.

With reference to the classification of liabilities, these amendments eliminate the requirement that the right be unconditional and clarify in more detail the criteria for classifying a liability as current or non-current, specifying what is meant by the right to defer its settlement and that this right must exist at the end of the reporting period. In particular, a right to defer only exists if the conditions specified in the loan agreement are met at the end of the financial year, even if the creditor does not verify compliance with these conditions until a later date. Furthermore, the classification is not influenced by the intentions or expectations of management regarding the exercise or non-exercise of the right to defer the settlement of a liability.

With reference to covenants, the amendments are aimed at clarifying that the classification of a liability as current or non-current is subject to any covenants, present in the contractual agreement, to be respected on or before the closing date of the financial year. The amendments also require a disclosure that allows users of the financial statements to understand the risk that liabilities may become repayable within 12 months of the reporting date, providing: (i) information on the covenants (including their nature and the date by which they must be met) and on the carrying amount of the related liabilities; (ii) facts and circumstances, if any, indicating that difficulties in meeting these clauses may arise.

The application of these amendments had no impact on these Consolidated Financial Statements.

Introduction of relevant accounting procedures: Capitalisation of significant spare parts of wind farms

Starting from these Consolidated Financial Statements, a new accounting procedure has been introduced that provides for the capitalisation of spare parts consumed and the related accessory costs connected to the replacement activity (mainly lifting and transportation, civil works, technical services) as they bring future economic benefits and increase the value of the wind farm. These spare parts are depreciated according to the best estimate equal to the lesser of the residual useful life of the wind farm and the technical useful life of the component. The carrying amount of the replaced components is eliminated in accordance with the general rules of 'derecognition', regardless of whether the component has been depreciated separately. More specifically, for the replacement cost, the cost of the replaced part was used as an indication at the time it was purchased, in accordance with IAS 16.70.

The application of the new approach is prospective.

Introduction of relevant accounting procedures: Accounting for Tax Equity agreements (USA)

As part of the "Pinnacle" business combination, as better described in ***Note 45 – Business Combinations****, the Group has acquired control of companies for which Tax Equity Partnership (TEP) agreements are in place. These agreements, typical of the US Renewable Energy market, are a form of project incentive that uses a combination of cash flows generated by the Project and tax benefits. The structures of Tax Equity agreements can vary, but generally, in return for an investment made by the so-called Tax Equity Partner (Partner) upon the completion of plant construction, the investment return primarily comes through the allocation of tax credits (Investment Tax Credit, ITC, or Production Tax Credit, PTC). The Mulligan Solar, LLC solar project benefited from an ITC, already finalised by its nature before closing, while the Great Pathfinder Wind, LLC wind project benefits from PTC incentives, extended over time. As regards PTCs, the aforementioned agreements provide for the allocation to partners for a specific period of time of specific payments and tax benefits of the operational project on a disproportionate basis, i.e. unbalanced towards the Partner who thus obtains a predetermined return in a predefined target period of time, although subordinate to the actual production of the plant. Once the Partner receives the total agreed benefit at the end of the target period ("flip date"), the allocation ratio to the partners in the partnership reverses, i.e. the Partner remains as a minority investor and is entitled to an insignificant portion of the distributions, unless the other partner (ERG), as is often the case, regains full ownership. ERG has an option, at the flip date, to purchase the residual right from the Partner at fair value.*

With regard to the accounting treatment of such agreements, it should be noted that the TEP, although based on the issuance of a specific class of shares and thus in the apparent form of an equity instrument, in substance is configured, for the purposes of IAS 32.15-16, as a liability representing the right to use the tax elements, not strictly having the necessary characteristics for classification as an equity instrument (an instrument cannot be classified as an equity instrument if it includes contractual obligations to make cash distributions, even if only residually).

The TEP structure is mainly attributable to the elements summarised in the table below, which have an impact on the fair value of the related US Tax Partner Liability. Upon initial recognition and subsequent recognitions, the US Tax Partner Liability[3] shall therefore be equal to the net present value of the future tax benefits to be transferred, discounted at the internal rate of return guaranteed to the Partner on the basis of the agreements and the total amount due to the Partner.

3 recognised as non-current liabilities and included in the reclassified net financial indebtedness in accordance with CONSOB Warning Notice no. 5/21 of 29 April 2021.

Elements impacting the fair value of the TEP Liability	*Description*
Production Tax Credits (PTCs)	The allocation of PTCs to the Partner is derived from the energy generated from time to time during the reporting period. PTCs are recognised under the item Other income, with a corresponding reduction in the US Tax Partner Liability. The item has no impact on the Net Financial Position.
Tax losses, including tax attributes such as accelerated depreciation for tax purposes.	Under the terms of TEP agreements, the vehicle is required to allocate specific percentages of taxable losses to the Partner. As the amounts are allocated, the obligation to deliver them is fulfilled and a reduction in the US Tax Partner Liability is recorded with a corresponding amount recorded under income taxes in the consolidated income statement.
Financial expense	Financial expense, calculated using the effective interest method, is recognised in the consolidated income statement in relation to the present value of the US Tax Partner Liability. As a balancing entry, the US Tax Partner Liability increases.
"Pay-go" contributions	TEP contracts provide for periodic generation thresholds above which "pay-go" monetary allocations are recognised by the Partner in favour of the vehicle only. These amounts paid increase the value of the US Tax Partner Liability.
Other distributions	The contract also provides for cash distributions to the Partner, to an insignificant extent. At the time of payment, the US Tax Partner Liability is reduced by this amount.

Changes in consolidation scope during the year

The changes in the scope of consolidation are summarised below, broken down by country and business:

France	**Wind**	On 29 January 2024, ERG, through its subsidiary ERG Eolienne France SAS, completed the agreement with QEnergy France SAS, a leading operator in the renewable energy sector in France, for the acquisition of 100% of CEPE Renouvellement Haut Cabardès SAS, a company that owns a 73.2-MW wind and solar portfolio in France. The portfolio of plants subject to the acquisition consists of two photovoltaic systems, which entered into operation between June and September 2022, for a total of 20.4 MWp of installed capacity, a 28.8-MWp photovoltaic system in an advanced phase of construction and a 24-MW wind farm that came into operation in the fourth quarter of 2023 following repowering. The value of the transaction in terms of enterprise value is approximately EUR 86 million, with an equity value of approximately EUR 17 million.
	Solar	
United States	**Wind**	On 24 April 2024, ERG, through its subsidiary ERG USA Holding, Inc., finalised the closing with Apex Clean Energy Holdings LLC for the acquisition of 75% of a portfolio of a total installed capacity of 317 MW, comprising a wind farm (224.4 MW) and a solar system (92.4 MW) in the USA, both in operation with an estimated production of around 1 TWh. The consideration for the acquisition of the majority stake of 75% is equal to approximately USD 270 million [4].
	Solar	

The following table summarises the impacts related to the consolidation on an line-by-line basis of the companies acquired in the year:

4 As per press release of 21 December 2023. Please refer to **Note 45 - Business Combinations** for the precise definition of the fair value of the consideration.

(EUR thousand)	Falcon [1]	Pinnacle [2]	TOTAL
Authorisations and concessions	22,823	180,916	203,739
Other intangible assets	-	812	812
Goodwill	6,364	34,278	40,642
Property, plant and equipment	78,524	425,782	504,307
Right-of-use assets	6,658	34,367	41,025
Other non-current financial assets	40	-	40
Deferred tax assets	8,798	28,068	36,867
Non-current assets	**123,207**	**704,223**	**827,431**
Inventories	143	-	143
Trade receivables	418	3,211	3,628
Other current assets	4,486	1,866	6,353
Cash and cash equivalents*	(2,787)	(234,906)	(237,692)
Current assets	**2,260**	**(229,829)**	**(227,569)**
TOTAL ASSETS	**125,467**	**474,395**	**599,862**
Equity attributable to the owners of the parent	-	-	-
Non-controlling interests	1,687	75,730	77,417
Deferred tax liabilities	5,765	71,348	77,113
Provision for dismantling expenses	1,241	6,153	7,393
Other non-current provisions	4,146	-	4,146
Financial liabilities measured at fair value*	1,556	99,879	101,435
Non-current financial liabilities*	65,270	-	65,270
Non-current lease liabilities*	6,449	34,026	40,475
US Tax Partner Liability	-	184,871	184,871
Other non-current liabilities	18,649	-	18,649
Non-current liabilities	**103,074**	**396,276**	**499,351**
Trade payables	6,955	1,882	8,837
Current financial liabilities*	13,169	29	13,199
Current lease liabilities*	209	477	686
Other current liabilities	120	-	120
Current tax liabilities	253	-	253
Current liabilities	**20,706**	**2,388**	**23,094**
TOTAL EQUITY AND LIABILITIES	**125,467**	**474,395**	**599,862**

(1) 5 French companies: one holding company, one wind and three solar SPVs.
(2) 13 US companies, including two operating special purpose vehicles: one wind and one solar. The table above provides a breakdown of the assets acquired and the liabilities assumed inclusive of the impacts of the adoption of IFRS 16.
(*) The impact on the Net Financial Indebtedness relates to the following items: cash and cash equivalents (which includes the consideration paid for the acquisition), financial assets measured at fair value, non-current financial liabilities, non-current lease liabilities and current financial liabilities.

For further details on business combinations, please refer to **Note 45 – Business Combinations** in **Section VII. Other Notes**.

II. OPERATIONAL MANAGEMENT

This section discusses the items in the Consolidated Financial Statements strictly related to the operating and current management of the Group's assets as well as the reporting by operating segment. In particular, it discusses the income statement items that make up the gross operating profit or loss and the statement of financial position items relating to the operating working capital as well as other assets and liabilities.
It should be noted that the comparative income statement figures for the thermoelectric business, which was sold on 17 October 2023, have been reported in accordance with IFRS 5, for which reference should be made to the 2023 Annual Report.

Reporting by operating segment

Relevant information on the accounting standards adopted and recognition and measurement criteria

Operating performance figures are presented and commented on with reference to the various geographical segments in which the Group operates, in line with the Group's internal performance measurement methods.
The results also reflect the energy sales on markets by Group Energy Management, in addition to the application of effective hedges of the generation margin. The above mentioned hedges include, inter alia, the use of instruments by Energy Management to hedge the price risk. In order to give a clearer representation of business by geographic segment, the wind and solar results include the related hedging.
The operating segments identified pursuant to IFRS 8 therefore coincide with the various geographical segments in which the Group operates: Italy, France, Germany, Eastern European countries, UK & Nordics (United Kingdom and Sweden), Spain and the United States of America.
The representation by geographical segment corresponds to the approach used by the CEO and top management – identified as the highest operational decision-making level – to monitor performance and make decisions regarding the resources to be allocated to the sectors, and corresponds to the reporting structure available and periodically analysed for these purposes.
The tables below therefore provide information by geographical segment of the results indicated in the financial statements.
With reference to Italy, and the completed thermoelectric sector divestiture process, the relevant results for the 2023 comparative period are presented as "Discontinued operations", and therefore the summary income statement and statement of financial position data of this divested operating segment have not been reported in the segment reporting below.

*It is noted that in the **Directors' Report**, in order to facilitate an understanding of the operating segments' performance, the operating results are also shown with the exclusion of significant special income components of an exceptional nature (non-recurring items, reclassifications and other): these results are indicated with the term "adjusted".*
*For more information on the operating segment performance and the measurement and reconciliation of adjusted results and other alternative performance indicators, please refer to the **Directors' Report** and to **Note 46 – Non-recurring items** in this document.*

Profit (loss) and Operating profit (loss)

Profit (loss) and Operating profit (loss) are determined by the operating activities of the Group that generate continuing revenue and by the other income and costs related to the operating activities. Gross operating profit does not include net financial income and expense, gains and losses on equity investments, income taxes, amortisation, depreciation, reversals of impairment losses (where applicable) and impairment losses on:

- *goodwill;*
- *Authorisations and concessions;*
- *Other intangible assets;*
- *Property, plant and equipment;*
- *Right-of-use assets.*

Operating profit (loss) is equal to the gross operating profit less amortisation, depreciation, reversals and impairment losses recognised on authorisations and concessions, other intangible assets, property, plant and equipment and right-of-use assets.

Net Invested Capital is the algebraic sum of Non-current Assets, Net Operating Working Capital, Post-employment Benefits, Other Assets and Other Liabilities, as better defined in the Directors' Report.

Reporting by geographical segment

2024

		of which						
(EUR million)	TOTAL	Italy	France	Germany	East Europe	UK & Nordics	Spain	USA
Revenue	738	419	100	55	68	54	24	18
Gross operating profit (EBITDA)	531	314	51	34	54	30	15	32
Amortisation, depreciation and impairment losses	(278)	(141)	(48)	(22)	(19)	(18)	(12)	(18)
Operating profit (EBIT)	253	174	3	12	35	12	3	14
Net invested capital	4,246	1,860	731	237	239	530	304	345
Capital expenditure in non-current assets	234	140	58	9	0	26	0	1

2023

(EUR million)	TOTAL	of which Italy	France	Germany	East Europe	UK & Nordics	Spain
Revenue	741	374	124	89	73	54	27
Gross operating profit (EBITDA)	529	274	81	67	49	38	20
Amortisation, depreciation and impairment losses	(225)	(128)	(40)	(20)	(18)	(14)	(6)
Operating profit (EBIT)	304	146	41	47	31	25	14
Net invested capital	3,757	1,807	623	243	251	525	309
Capital expenditure in non-current assets	305	224	25	3	2	45	7

Revenue and operating margins

NOTE 1 - REVENUE

Relevant information on the accounting standards adopted and recognition and measurement criteria

Revenue from contracts with customers is recognised in accordance with IFRS 15.

The main types of revenue of the Group that generate separate performance obligations, pursuant to IFRS 15, are:

1. *Revenue from the sale of commodities;*
   - *Sale of electricity on the power exchange or through short-term contracts;*
   - *Sale of electricity through **Power Purchase Agreements** (PPAs);*
2. *Revenue for incentivising tariffs (feed-in tariff, feed-in premiums, contracts for difference auctions, etc.) on electricity;*
3. *Revenue for green certificates (foreign companies) and guarantees of origin.*

Revenue from the sale of energy on the power exchange or through short-term bilateral agreements (with a duration of less than 5 years) are recognised when the energy is fed into the grid. The item also includes transactions relating to the regulation of the balancing of the electricity grid and any other remuneration linked to the availability of the capacity of the plants.

*The Group also enters into derivatives on commodities to manage the risk of volatility in the price of electricity, therefore revenue also includes the impact of derivative instruments concluded with hedging objectives on energy sales in the year. For further details, please refer to **Note 39 – Disclosure on financial risks**.*

*As regards revenue for the **feed-in premium**, generally with a duration between 10 and 20 years, this may be invoiced to the customer together with the electricity transferred, or applied separately by the Regulators to the company (in Italy typically by the GSE). These agreements are considered to be distinct performance obligations from the supply of energy and, in the event that they are billed together with the price for energy sold to the customer, the revenue from the customer excludes the feed-in premium portion. The feed-in premium performance obligation is fulfilled at a point in time (when the specific conditions agreed with the Regulator are met/reached: production of electricity from renewable sources), since none of the criteria for fulfilment over time has been met. However, in view of the fact that the electricity is produced and sold at essentially the same time, the accounting of revenue for the feed-in premium corresponds to that of the revenue for the sale of electricity.*

With particular reference to revenue generated through feed-in tariffs regulated by auctions and using a two-way incentive mechanism, under certain predefined conditions, these incentives could be structured as derivative financial instruments. It should be noted that, at the date of this Document, there are no types of two-way incentive mechanisms falling within the definition of derivative financial instrument (IFRS 9).

*As regards revenue for **Certificates**, with a duration between 10 and 20 years, this derives from the fact that the Group has mainly renewable generation assets (wind and solar) for whose production the Regulators assign certificates to the Group.*

Certificates are therefore instruments to encourage the demand (Certificates of Origin) and supply (Green Certificates) of renewable energy.

Green Certificates are essentially awarded for every MWh of electricity produced. A Guarantee of Origin (GO) is an electronic certificate attesting to the renewable origin of the sources used by IGO qualified plants, and for each MWh of renewable electricity fed into the network by IGO qualified plants, the GSE issues a "GO" certificate. "GO" securities are often included in sales to entities that purchase electricity, for example through short and medium-long term contracts.

The Group considers the certificate to have been essentially assigned at the moment the renewable energy is produced, and revenue is recognised when the energy is produced.

The following information is also noted in relation to the disclosure requirements of IFRS 15:

- *there are no contracts with significant financing components;*
- *there are no contracts with variable fees;*
- *as a practical measure, the entity recognised the incremental costs to obtain the contract as expenditure in the moment in which they were incurred, since the period of depreciation of the assets that the entity would otherwise recognise does not exceed one year.*

*The Group regularly enters into medium/long-term supply contracts on the basis of which the counterparty purchases the production of one or more identified wind farms for a contractually predetermined period. The **Power Purchase Agreements** (PPAs) are long-term and characterised by a defined price and aim to guarantee a revenue structure with a medium/low level of risk and to ensure a stable return*

on the investments made to realise the aforementioned growth plan. The transfer of the energy may be physical or there may be provision for the exchange on the delivery date of a differential based on the price defined in the contract for a variable price, without the physical transfer of the underlying electricity (financial or virtual PPA, VPPA). VPPAs are accounted for in accordance with IFRS 9 without the application of the own use exemption; see ***Note 38 – Financial Instruments*** *for more information.*

Below is a summary, by country, of the PPAs finalised by 31 December 2024:

COUNTRY	START DATE/ DURATION	COUNTERPARTY	VOLUME/YEAR	TYPE	PRICE	PLANTS / CAPACITY	ACCOUNTING
ITALY	January 2022 / 10 years	TIM	≈340 GWh Baseload / Pay as produced	PHYSICAL	COLLAR	WIND ITALY Portfolio / 77 MW	IFRS 15
ITALY	January 2023 / 9 anni	TIM	≈200 GWh Baseload	PHYSICAL	COLLAR	WIND ITALY Portfolio / 23 MW	IFRS 15
ITALY	January 2023 - April 2024 / 12 years	ESSILOR LUXOTTICA	≈70 GWh Baseload	PHYSICAL (from Apr 2024)	FIXED	Partinico / Monreale / 42 MW	IFRS 15
ITALY	January 2024 / 15 years	ST MICROELECTRONICS	≈250 GWh Baseload	PHYSICAL	FIXED	Camporeale / Mineo-Militello-Vizzini / 151 MW	IFRS 15
ITALY	June 2024 / 20 anni	GOOGLE	≈100 GWh Pay as produced	FINANCIAL	FIXED	Roccapalumba 47 MW	IFRS 9
ITALIA	January 2025 / 5 years	DUFERCO	≈100 GWh Pay as produced	PHYSICAL	COLLAR	Rotello 42 MW	IFRS 15
ITALIA	January 2025 / 5 years	ENI PLENITUDE	≈64 GWh Pay as produced	PHYSICAL	FIXED	San Cireo 30 MW	IFRS 15
ITALY	January 2025 / 5 years	ENGIE	≈44 GWh Baseload	PHYSICAL	FIXED	WIND ITALY Portfolio / 42 MW	IFRS 15
FRANCE	May - September 2021 / 5 years	ENGIE	≈45 GWh Pay as produced	PHYSICAL	FIXED	Bois Bigot / Bois de l'Arche / 21 MW	IFRS 15
FRANCE	Octorber - December 2021 / 5 years	ENGIE	≈100 GWh Pay as produced	PHYSICAL	FIXED	Theta Portfolio / 55 MW	IFRS 15
FRANCE	January 2025 / 15 years	LES MOSQUETAIRES	≈35 GWh Pay as produced	PHYSICAL	FIXED	Chaume Solar 29 MWp	IFRS 15
UK	January 2022 / 6 years	ELECTROROUTE	≈240 GWh Pay as produced	PHYSICAL	FIXED	Evishagaran / Craggoire / 70 MW	IFRS 15
UK	January 2023 - January 2024 / 10 years	ENGIE UK	≈400 GWh Baseload	PHYSICAL	FIXED	Sandy Knowe / Creagh Riabhach 179 MW	IFRS 15
UK	July 2026 / 15 years	AMAZON	≈176 GWh Baseload	FINANCIAL	FIXED	Corlacky 47 MW	IFRS 9
SPAIN	1° quarter 2024 / 12 years	GOOGLE	≈193 GWh Pay as produced	FINANCIAL	FLOOR	Garnacha / 149 MW	IFRS 9
USA	January 2023 / 12 years	BP	≈Avg. 133 GWh Fixed Shape	FINANCIAL	FIXED	Mulligan / 70 MW	IFRS 9
USA	April 2023 / 12 years	META	≈831 GWh Pay as produced	FINANCIAL	FIXED	Great Pathfinder / 224 MW	IFRS 9

2024

(EUR thousand)	Italy	France	Germany	East Europe	UK & Nordics	Spain	USA	Total
Revenue from sales								
Energy to the market	203,297	28,350	39,503	59,629	13,182	17,891	1,455	363,308
Feed-in premium and certificates	122,908	62,251	13,251	7,810	915	-	1,129	208,264
Power Purchase Agreements	87,493	9,459	-	-	39,358	6,394	15,271	157,975
Total Revenue from sales	**413,698**	**100,060**	**52,754**	**67,439**	**53,455**	**24,285**	**17,855**	**729,546**
Revenue from services								
Services and other	5,576	183	2,396	**140**	183	41	-	8,518
Total Revenue from services	**5,576**	**183**	**2,396**	**140**	**183**	**41**	**-**	**8,518**
Total Revenue	**419,274**	**100,243**	**55,150**	**67,578**	**53,638**	**24,326**	**17,855**	**738,065**
of which Wind	321,197	90,012	55,150	**67,578**	53,638	-	12,201	599,776
of which Solar	98,077	10,231	-	-	-	24,326	5,654	138,289

2023

(EUR thousand)	Italy	France	Germany	East Europe	UK & Nordics	Spain	Total
Revenue from sales							
Energy to the market	243,306	29,604	78,383	62,840	21,561	26,747	462,440
Feed-in premium and certificates	80,092	81,434	10,931	9,929	-	-	182,386
Power Purchase Agreements	44,578	12,644	-	-	32,665	-	89,888
Total Revenue from sales	**367,976**	**123,682**	**89,314**	**72,769**	**54,226**	**26,747**	**734,714**
Revenue from services							
Services and other	6,226	-	-	**-**	-	-	6,226
Total Revenue from services	**6,226**	**-**	**-**	**-**	**-**	**-**	**6,226**
Total Revenue	**374,202**	**123,682**	**89,314**	**72,769**	**54,226**	**26,747**	**740,940**
of which Wind	285,660	114,515	89,314	**72,769**	54,226	-	616,484
of which Solar	88,542	9,167	-	-	-	26,747	124,456

Revenue is substantially in line with 2023. The significantly lower wind speeds than in 2023 and the lower sales prices are partly offset by the contribution of the new capacity in operation.
It should be noted that revenue in 2023 included the effects related to the regulatory measures to contain the increase in energy prices (clawback measure and windfall tax), with an impact of approximately EUR 12 million, while there is no significant impact in 2024 considering the market scenario.

For further details regarding the prices and quantities sold, please refer to the comments in the **Directors' Report**.

Revenue from **Energy sales to the market** includes the net positive impact of EUR 8 million (EUR 39 million positive in 2023) of derivatives hedging commodities. Please refer to **Note 39 – Disclosure on financial risks** for further details.

(EUR thousand)	2024	2023
Gains on electricity sale cash flow hedges	15,325	168,241
Losses on electricity sale cash flow hedges	(7,619)	(129,738)
Total revenue	**7,706**	**38,503**

The timeframe for the collection of amounts related to revenue depends on the type of revenue. Amounts for energy sold to the market have average realisation times of less than three months in all countries in which the Group operates, for contracts with end customers and for transport revenue the timeframe varies according to the counterparty.

NOTE 2 - OTHER INCOME

Relevant information on the accounting standards adopted and recognition and measurement criteria

The proceeds from the US Production Tax Credit (US PTC) relate to the existing Tax Equity Partnership (TEP) agreements within the company's US wind energy business. These represent a form of non-cash incentive recognised over time, as further detailed in the section ***Basis of consolidation and changes in the scope of consolidation****. PTCs are one of the non-cash elements impacting the fair value of the outstanding liability with the Partner. Specifically, the allocation of PTCs is linked to the energy generated during the relevant period. Accrued PTCs are recognised under Other Income.*

Other income primarily includes, in addition to proceeds from the accrual of US PTCs, insurance reimbursements, indemnities and expense recoveries, minor chargebacks to third parties and operating grants.

(EUR thousand)	2024	2023	Change
Income from PTC USA	18,537	-	18,537
Release of excess cost allocations	13,977	10,983	2,994
Other income	10,187	5,488	4,699
Indemnities	11,276	9,016	2,260
Reimbursement of expenses	1,272	721	551
TOTAL	**55,249**	**26,209**	**29,041**

This item mainly includes income from US PTCs within the scope of the US partnership for EUR 19 million, releases of provisions for tax risks and provisions for risks and charges recognised at the time of the acquisition of some companies for EUR 14 million, and contractual and insurance indemnities and guarantees received from suppliers for EUR 11 million.
It should be noted that the line Other income includes a EUR 4 million capital gain from the sale, at market value, of works of art recorded in the non current assets of the Parent ERG S.p.A. to a related party.

NOTE 3 - PURCHASE

This item, amounting to EUR 9,954 thousand (EUR 14,299 thousand in 2024), mainly includes the costs for the purchase of plant components (spare parts) with a useful life not exceeding one year and consumables mainly in relation to wind farms, as well as energy purchases. The item is shown net of the change in inventories of EUR 3,061 thousand (EUR 2,516 thousand in 2023). In the 2024 financial year, in application of the Group's new accounting approach, the item includes the impact of the consumption of significant spare parts of the wind farms that have been reclassified to Property, plant and equipment for EUR 4,233 thousand.

NOTE 4 - SERVICES AND OTHER OPERATING COSTS

(EUR thousand)	2024	2023	Change
Services	149,674	125,407	24,267
Rental, lease and hire expenses	18,797	18,112	685
Taxes and duties	17,630	14,430	3,199
Other operating costs	5,591	5,176	415
Provisions for risks and charges	3,089	7,557	(4,468)
Loss allowance	185	343	(158)
Total	**194,965**	**171,026**	**23,939**

Rental, lease and hire expenses refer mainly to royalties and fees for the use of company software, not falling within the scope of application of IFRS 16.
Taxes and duties mainly concern municipal and property taxes on Italian and foreign farms, non-deductible VAT for the financial assets of ERG S.p.A. and foreign subholdings, and other taxes and duties in Italy and abroad. The increase is attributable to changes in the scope of consolidation in Spain and the USA, as well as the expiration of the grace period for the application of the wealth tax in the United Kingdom, which had benefited certain Group companies until the end of the previous financial year.

Services are broken down as follows:

(EUR thousand)	2024	2023	Change
Maintenance and repairs	57,293	45,566	11,727
General and Information Technology (IT) services	34,253	27,023	7,230
Consultancy	19,180	16,647	2,533
Utilities and consumption	11,606	10,621	986
Insurance	8,904	6,770	2,134
Commercial, distribution and grid connection costs	7,433	8,149	(716)
Directors' remuneration (Italy)	7,173	6,568	605
Audit costs	1,756	1,901	(144)
Services from network operator (Italy)	1,151	1,361	(210)
Advertising and promotions	554	446	108
Statutory Auditors' remuneration (Italy)	372	356	16
Total	**149,674**	**125,407**	**24,267**

- **Maintenance and repairs** primarily include ordinary maintenance expenses for power generation plants. The increase is due to changes in the scope of consolidation during the year, as well as the contribution of newly commissioned wind farms in Italy, France and Sweden.
- **General and Information Technology (IT) services** relate to IT services, bank expenses, overheads, security and cleaning services and ancillary personnel and HSE (Health, Safety and Environment) costs. The increase is mainly due to the change in the scope of consolidation and the significant organic growth of the year.
- **Consultancy** includes mainly expenses for legal, technical and professional consultancy as well as expenses incurred for non-recurring transactions.
- **Directors' remuneration (Italy)** includes remuneration, expenses and the portion of the cost pertaining to the 2024-2026 Long-Term Incentive Plan. In accordance with IFRS 2 – Share-Based Payment transactions, following the implementation of the aforementioned Incentive Plan with reference to the Directors, the portion of the cost accrued was recognised under costs for services. For further details, please refer to **Note 5 – Personnel expense**.

NOTE 5 - PERSONNEL EXPENSE

Relevant information on the accounting standards adopted and recognition and measurement criteria

Share-based payment transactions

The Group has transactions in place with share-based payments settled with equity instruments as part of the remuneration and incentive policy for certain employees (known as the 2024-2026 LTI Plan). Pursuant to IFRS 2, the Group recognises the services rendered by employees throughout the period of time in which the conditions of continued service and the achievement of certain objectives must be met (vesting period) by recognising their value in the income statement under the item "Personnel expenses" and a corresponding increase in a specific item of shareholders' equity, based on the fair value of the equity instruments (ERG S.p.A. shares) recognised at the inception date.

The overall cost recorded is subsequently subject to adjustment at each reference date of the financial statements until the vesting date to reflect the best available estimate of the number of equity instruments for which it is expected that the conditions of continued service and the achievement of certain objectives other than the so-called 'market conditions' will be met at the end of the vesting period.

(EUR thousand)	2024	2023	Change
Wages and salaries	43,577	39,588	3,989
Social security expenses	11,262	9,542	1,720
Post-employment benefits	1,523	1,941	(418)
Other personnel costs	1,516	1,712	(196)
Total	**57,878**	**52,782**	**5,096**

At 31 December 2024, the total number of employees was 660 (636 at 31 December 2023).
The increase in personnel expenses is mainly linked to the increase in the number of employees.
The cost for post-employment benefits pertains mainly to the portion of benefits relating to defined contribution plans. The cost also includes the contributions paid to defined contribution plans in favour of key managers, for the details of which please see **Note 47 – Related Parties**.

Share-based payment transactionsi

It should be noted that on 23 April 2024, the Shareholders' Meeting of ERG S.p.A. approved the 2024 long-term incentive plan. The Plan calls for the assignment of a predefined number of ERG S.p.A. Shares, free of charge (hereafter, "Performance shares"), at the end of a three-year vesting period, subject to the attainment of a minimum predetermined economic performance (non-market condition). The performance parameter approved by the Board of Directors refers to the cumulative 2024-2026 Group EBITDA of the Business Plan. According to the Regulation, this operating condition may be changed in light of changes in the consolidation scope or other significant events.

At the end of the vesting period, 30% of the Shares allocated will be subject to an additional lock-up period of twelve months, which will conclude

in 2028, during which said shares are subject to the non-transferability constraint.

The shares assigned represent the conditional rights that are the subject of the Plan, free of charge and non-transferable inter vivos, each of which gives the Beneficiaries the right to be assigned free of charge 1 (one) share according to the terms and conditions contained in the Regulations.
The Plan provides that the Shares assigned will only vest – thus becoming Shares Allocated – subject to the occurrence of the Minimum Economic Performance Condition as ascertained by the Board of Directors upon approval of the company's financial statements at 31 December 2026.
Upon achievement of the Minimum Economic Performance Condition, the number of Shares that can be allocated will depend on the results achieved with respect to the objectives: 60% ERG Share, 20% Growth and 20% Sustainability. ERG Share objective: the shares that can be allocated may vary by interpolation from a minimum of 60% up to a maximum of 220% of the shares assigned based on the final price, i.e. the ERG share price calculated as the average of the official stock exchange price in the period between 16 November 2026 and 15 February 2027.
Sustainability Objective: the shares that can be allocated may vary from a minimum of 0% up to a maximum of 40% of the shares assigned according to the following scheme. For intermediate scenarios between the performance threshold and the target performance, and between the target performance and the performance cap, the number of Shares that can be allocated is determined on the basis of linear interpolation.
Within the framework of the information document approved by the shareholders' meeting, the Board of Directors in its meeting of 15 May 2024 defined the regulations of the Plan and determined the objectives of the Plan in the different performance scenarios.

The estimate of the fair value, which is independent of the non-market activation conditions (achievement of the Target EBITDA, Growth Objective and Sustainability Objective) as defined by IFRS 2, was carried out by applying the Monte Carlo method, thus identifying a range of values and taking their average value into consideration.
The assessment exercise was carried out formulating the following assumptions:

- *Volatility (21%): median of historical volatility at 180 days of the panel of ERG share comparables*
- *Dividend Yield: estimated on the basis of the dividends forecast in the plan for the three-year time period 2024-2026, i.e. EUR 1 per share, as a percentage of share price;*
- *Distribution of growth and sustainability targets were appropriately modelled by a lognormal distribution;*
- *Time to maturity: in accordance with the provisions of the regulation of the financial instrument, the derivative was assumed to have a duration of three years.*

In application of the above, the overall fair value of the incentive plan was identified as approximately EUR 13.1 million, a value deemed appropriate also in light of the sensitivities performed on the main inputs of the measurement model. This amount refers for 42% to the Directors and for the remainder to Group employees. The fair value of the Plan is recognised on an accruals basis in 2024.

Working capital and other assets and liabilities

(EUR thousand)	Note	31/12/2024	31/12/2023	Change
Trade receivables	6	134,318	157,895	(23,576)
Inventories	7	23,436	20,019	3,416
Trade payables	8	(123,551)	(122,038)	(1,513)
Operating working capital		**34,203**	**55,876**	**(21,673)**
Other current assets	9	80,654	99,961	(19,307)
Other non-current assets	10	54,175	45,244	8,931
Other current liabilities	11	(53,513)	(47,033)	(6,480)
Other non-current liabilities	13	(56,556)	(44,634)	(11,932)
US Tax Partner Liability	12	(162,510)	-	(162,510)
Assets for fair value derivatives hedging commodities	32	31,415	32,934	(1,519)
Liabilities for fair value derivatives hedging commodities	36	(106,977)	(9,390)	(97,587)
Employee benefits	14	(2,714)	(3,543)	829
Other assets (liabilities)		**(216,035)**	**73,539**	**(289,574)**

NOTE 6 - TRADE RECEIVABLES

Relevant information on the accounting standards adopted and recognition and measurement criteriane

Initial recognition takes place at fair value, subsequently they are measured using the amortised cost criterion.
Trade receivables and other assets deriving from contracts with customers are subject to impairment testing in accordance with the provisions of IFRS 9 on expected credit losses. Expected credit losses (ECL) are an estimate of losses weighted on the basis of the probability of default of the counterparty.
For customers, the Group individually assesses the time frame and amount of the write-down on the actual expectation of recovery.

(EUR thousand)	31/12/2024	31/12/2023	Change
Receivables from customers	95,562	119,371	(23,809)
Receivables for incentives	43,936	43,861	75
Loss allowance	(5,180)	(5,338)	158
Total	**134,318**	**157,895**	**(23,576)**

The item includes mainly receivables for the supply of electricity to third parties (including incentives, feed-in tariff, green certificates and Feed-in Premium). The decrease is due to the normal trend in working capital as well as trade receivables factoring at 31 December 2024.

The loss allowance changed as follows:

(EUR thousand)	31/12/2024	Increases	Decreases	31/12/2023
Loss allowance	5,180	185	(343)	5,338
Total	**5,180**	**185**	**(343)**	**5,338**

The Group assesses the existence of objective evidence of impairment on an individual basis. The impairment tests are checked at individual company level by the Credit Committee, which meets periodically to analyse the situation of past due trade receivables and any critical issues related to their collection.

The analysis of the trade receivables existing at year end follows. The ageing brackets are presented net of the related loss allowance.

(EUR thousand)	31/12/2024	31/12/2023
Receivables not past due	**131,151**	**144,856**
Receivables past due:		
within 30 days	1,984	12,405
within 60 days	82	254
within 90 days	18	113
after 90 days	1,083	267
Total	**134,318**	**157,895**

NOTE 7 - INVENTORIES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Spare parts

Inventories are recognised at cost, determined using the weighted average cost method, or market value (replacement cost), whichever is lower. The cost includes direct materials and, where applicable, direct labour costs and overheads that have been incurred to bring the inventories to their current position and condition.

The cost is calculated using the weighted average cost method. For the net realisable value, the replacement cost is normally taken as reference or, where available, the net realisable value of the assets.

Inventories, amounting to EUR 23,436 thousand (EUR 20,019 thousand at 31 December 2023), mainly include spare parts for wind farms and photovoltaic systems. The breakdown of inventories by country is provided below:

(EUR thousand)	31/12/2024	31/12/2023	Change
Italy	18,903	15,260	3,643
France	3,166	3,300	(134)
Germany	1,238	1,341	(103)
Other	129	119	10
Total	**23,436**	**20,019**	**3,416**

NOTE 8 - TRADE PAYABLES

Relevant information on the accounting standards adopted and recognition and measurement criteria

These are liabilities deriving from commercial transactions and are payable within the next year.
These refer mainly to payables for investments, purchases of components and electricity.
Initial recognition takes place at fair value, subsequently they are measured using the amortised cost criterion.
The Group proceeds with the derecognition when the obligation has been fulfilled, cancelled or expired; for further details, see the comments on financial assets and liabilities in Section ***V. Financing activities*** *in the* ***Net Financial Position*** *section.*

Trade payables, amounting to EUR 124 million (EUR 122 million at 31 December 2023), mainly include payables for maintenance and other services from third parties for plants in operation (approximately EUR 62 million), for capital expenditure related to wind farms under construction (approximately EUR 33 million) and for purchases of electricity for Energy Management activities (EUR 18 million).

It should be noted that during the year, ERG S.p.A. entered into supply financing agreements with leading financial institutions to optimize working capital management.

These agreements covered trade payables amounting to approximately EUR 9 million at 31 December 2024, with an extension of payment terms as summarised in the table below.

(EUR thousand)	31/12/2024
Carrying amount of supply financing agreements included in the trade payables item.	9,049
- for which the suppliers have received payment at the reference date	9,049
Payment terms (days)	
Trade payables that fall under the agreements	38
Comparable trade payables	20

It should be noted that the carrying amounts of the liabilities covered by the above agreements are not affected by non-monetary changes (business combinations, exchange rate differences or other transactions that do not involve the use of cash or cash equivalents).

NOTE 9 - OTHER CURRENT ASSETS

(EUR thousand)	31/12/2024	31/12/2023	Change
Tax assets	41,071	61,677	(20,606)
Portions of deferred charges	25,154	21,241	3,913
Other assets	14,850	17,043	(2,193)
Total	**81,075**	**99,961**	**(18,886)**

Tax assets relate to tax-related assets such as VAT and other taxes. The item does not include receivables relating to direct taxes, for which reference is made to **Note 41– Current tax assets and liabilities**. The decrease is mainly due to the factoring of VAT receivables at 31 December 2024 for approximately EUR 8 million, as well as the reclassification of receivables related to the dispute regarding the notice of correction and assessment of registration tax on the transfer of the ISAB Energy S.r.l. business unit, and VAT credits generated in the previous year during the construction phase of parks for certain Italian and French companies, which were collected or offset during the financial year. It should be noted that, in line with the accounting applied in the current financial year to provide a more consistent presentation, the item Tax assets at 31 December 2023 has been reclassified to include certain VAT payable items under Tax liabilities.

The **Portions of deferred charges** refer mainly to lease payments to municipalities, surface rights and insurance premiums for approximately EUR 10 million and to deferred charges relating to development projects for approximately EUR 14 million. The increase is mainly due to insurance premiums and other deferred charges of the newly acquired companies in the United States and to other suspended charges mainly in the United Kingdom.

NOTE 10 - OTHER NON-CURRENT ASSETS

Other non-current assets, equal to EUR 54 million (EUR 45 million at 31 December 2023) relate mainly to:

- the portion still to be collected (EUR 19 million) of the grants per Italian Law no. 488/92 relating to wind farms acquired with the ERG Wind transaction. With respect to the aforesaid amounts, a liability of an equal amount has been allocated and it was recognised in the 2013 Consolidated Financial Statements as part of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (**Note 13 – Other non-current liabilities**);
- amounts of EUR 25 million due as compensation for the liability tied to interest and revaluations on the grants under Italian Law no. 488/1992 relating to wind farms acquired with the ERG Wind transaction and revoked by the Italian Ministry of Economic Development as discussed more thoroughly in **Note 25 – Other non-current financial assets**;
- the receivable of EUR 4.5 million relating to the amount paid in 2018 by ERG S.p.A. to the Tax Authorities by way of provisional collection during the legal proceedings in relation to the dispute concerning the notice of adjustment and settlement of registration tax on the sale of the ISAB Energy S.r.l. business unit. For more details, see the section below.

Notice of adjustment and settlement of registration tax for the sale of the ISAB Energy S.r.l. business unit.

With regard to the sale of the business unit consisting mainly of the "IGCC" thermoelectric power plant which took place pursuant to the deed dated 30 June 2014 by ISAB Energy S.r.l. to ISAB S.r.l., on 6 July 2016, the provincial division of the Italian Revenue Agency at Syracuse – Noto office (hereinafter the "Agency") served to ERG S.p.A. as the merging entity on December 2015 of the seller ISAB Energy S.r.l., sent a notice amending the amounts declared for settlement of the registration tax. This same notice was served on 28 June 2016 to ISAB S.r.l. in its capacity as the jointly and severally liable seller. Essentially, the Agency demanded the rectification of the amount declared by the parties in terms of the registration tax in relation to each of the components of the business unit that was sold and proceeded to redetermine the value of (just) the real estate component consisting of the IGCC plant, measured at approximately EUR 7 million (net of accompanying liabilities of approximately EUR 7 million), and the carrying amount thereof at 30 June 2014 at approximately EUR 432 million, without assessing whether the future results of the business unit that was sold would justify the aforementioned value. The Agency therefore assessed the overall market value of the business unit that was sold at approximately

EUR 442 million, instead of the consideration of approximately EUR 25 million declared by the parties, a consideration that is nevertheless higher than the overall market value for the business unit of approximately EUR 13 million, pursuant to a sworn appraisal report by a third party appraiser appointed by ISAB Energy. Based on these assumptions, the Agency assessed a higher registration tax of approximately EUR 37 million, imposing a fine equal to the higher registration tax that was assessed plus interest. It should be noted that the value of the dispute, taking into account interest accrued and accruing at 31 December 2024 is approximately EUR 87 million. As already mentioned, it should be noted that the Agency merely expressed a different estimate of "only" the property, plant and equipment component (IGCC plant) of the business unit, and not the business unit overall, in manifest violation of the regulations contained in the Consolidated Registration Tax Law. In particular, based on the adjustment, the Agency identified only the carrying amount of the IGCC plant, completely disregarding its profitability (whether positive or negative) as part of the business unit in which the plant is expected to be used. Therefore, the Agency disregarded the assumption and appraisal criteria that led the appraiser to determine the purchase price at approximately EUR 13 million, and particularly the lack of cash flows following the termination of the CIP 6 Agreement, and did not consider at all the ascertained negative future profitability of the sold business unit, or the relative badwill (as fully described in the sworn appraisal report, which is already in the hands of the Agency). As the company believes that it is able to formulate valid arguments in its defence, with the assistance of its own tax consultants, it has submitted an appeal to the competent Provincial Tax Commission and applications for both administrative and judicial suspension of the provisional tax demanded in the course of the proceedings (the amount of the provisional tax is equal to approximately EUR 13 million). On 10 August 2016, the Syracuse Provincial Tax Commission ordered the judicial suspension of the provisional tax demanded. The relevant hearing was held on 15 November 2016 before the Syracuse Provincial Tax Commission. On 16 May 2017, the Syracuse Provincial Tax Commission annulled the contested act, but re-determined the value of the divested business for the purposes of registration tax to be approximately EUR 71 million (compared to the approximately EUR 25 million declared for the purposes of registration tax). The legal firm following the litigation confirmed the invalidity of the alleged tax as reformulated by the Syracuse Provincial Tax Commission and the subsequent existence of reasonable expectations of its complete rebuttal at the higher court levels. On 17 July 2017, ERG S.p.A. appealed to the competent Regional Tax Commission, requesting the suspension of the effects of the first instance ruling. On 9 September 2017, the Regional Tax Commission rejected the application for suspension referred to above. On 13 October 2017, the Provincial Division of the Italian Revenue Agency at Syracuse issued a specific payment order for higher registration tax of EUR 5.1 million, fines of EUR 5.1 million and interest at 10 October 2017 of EUR 0.6 million. An appeal was filed against the aforementioned payment order and, at the same time, an application was made for judicial suspension of the tax collection. On 23 November 2017, the Syracuse Provincial Tax Commission ordered the judicial suspension of the tax collection and fixed the relevant hearing for 15 January 2018. The merit hearing was held on that date, and on 24 January 2018 the Syracuse Regional Tax Commission (sub-office) ordered the appointment of Sebastiano Truglio from Catania as the court-appointed expert. On 7 March 2018, the Syracuse Provincial Tax Commission repaid approximately EUR 2 million of tax due with fines and interest totalling approximately EUR 4.5 million. Following the decision, a new order was issued by the Italian Revenue Agency. On 11 May 2018, the company appealed against this decision and applied for judicial suspension of the tax collection. The Chairman of the Syracuse Regional Tax Commission set the date for the hearing for the judicial suspension of the tax collection for 17 July 2018; given that the deadline for the payment of the requested amounts with the aforementioned payment order was 15 June 2018 (therefore prior to the hearing for the judicial suspension of the tax collection), ERG S.p.A. was forced to pay approximately EUR 4.5 million (provisional tax demanded in the course of the proceedings). This amount would have had to be repaid by the Italian Revenue Agency in the event of it losing the first level proceeding and it was recorded among the receivables claimed by the company from the Tax Authority. On 6 May 2019, the court-appointed expert Sebastiano Truglio from Catania transmitted to the parties the draft appraisal report, which presents a negative value of the business sold, hence a lower value than that declared by the company. On 12 June 2019, the court-appointed expert filed his appraisal report with the Syracuse Regional Tax Commission and duly addressed the observations presented by the Italian Revenue Agency. The appeal before the Syracuse Regional Tax Commission took place on 10 February 2020. On 29 July 2020, the ruling of the Syracuse Provincial Tax Commission was filed, which – disregarding the findings of the appraisal carried out by the court-appointed expert – upheld the appeals filed by the Provincial Division of the Italian Revenue Agency at Syracuse against the first instance ruling of the Provincial Tax Commission of Syracuse and determined the market value of the company at:

- asset value of EUR 367 million (value determined by the court-appointed expert)

+

- value of commercial goodwill to be determined on the basis of the profitability percentage (the ratio between business income and revenue) applied to the average revenue of the three-year period preceding the transfer of the business, multiplied by two (pursuant to the repealed Article 2, paragraph four, Italian Presidential Decree no. 460/96).

Following the analysis carried out jointly with the tax consultants in charge of the defence, since there were clear profiles of illegality, an appeal was lodged with the Court of Cassation on 7 October 2020 against the ruling of the Syracuse Regional Tax Commission.
The hearing was held on 29 September 2024 and on **17 January 2025** the sentence of the Court of Cassation was published, affirming the following principle of law: "the valuation of business goodwill, for the purposes of determining the taxable base for registration tax, must also take into account, in this case, the negative goodwill. In such cases, the criterion set out in Article 2, paragraph 4, of Italian Legislative Decree no. 460/1996 cannot be applied, as it is based on standard industry studies or the assumption of positive average profitability derived from past financial years. Such a method, even with the reduced multiplier provided therein, is incapable of reflecting a reliable market value for the business in situations where negative goodwill is ascertained at the time of transfer". The ruling upholds the appeal filed by the company, overturns the contested judgment with regard to the method used by the judges of second instance to determine the value of goodwill, and remands the case to the Second-Tier Tax Court of Justice of Sicily – Siracusa branch in a different composition. The court is tasked with assessing and determining, in accordance with the established legal principle, the value of the ascertained negative goodwill and, consequently, the fair market value of the business at the time of the deed (calculated as the company's asset value minus the negative goodwill).
Considering the Ruling of the Court of Cassation, the qualification of **'remote risk'** is confirmed. On 14 December 2020, the Regional Tax Commission ordered the suspension of collection subject to

the deposit within 60 days of a surety policy in favour of the Italian Revenue Agency for an amount of EUR 73 million. The policy was filed with the Italian Revenue Agency on 9 February 2021. Following the publication of the Court of Cassation ruling, which overturned the second-tier judgment of the Tax Court of Siracusa, the surety bond provided in favour of the Italian Revenue Agency (amounting to EUR 73 million) is no longer in effect. The company will request the resumption of the tax litigation before the Second-Tier Tax Court of Sicily – Siracusa Division against the original tax assessment notice. In this proceeding, the company will also seek a new suspension of the enforcement of the act. Consistent with qualifying the risk as remote, the Directors confirm the recognition (and the relative value) of the company's tax asset (approximately EUR 4.5 million paid to the tax authorities for provisional tax demanded in the course of the proceedings) and have not allocated any provision for risks.

NOTE 11 - OTHER CURRENT LIABILITIES

(EUR thousand)	31/12/2024	31/12/2023	Change
Other current liabilities	21,900	18,385	3,514
Tax liabilities	15,448	16,022	(574)
Employees	6,733	6,235	498
Pension and social security institutions	4,276	3,901	375
Portions of income deferred to subsequent periods	3,310	2,489	821
Current portion of fair value recognised as part of business combinations	1,844	-	1,844
Total	**53,513**	**47,033**	**4,637**

The change in the item **Other current liabilities** mainly refers to short-term guarantee deposits received from Group customers, as well as to changes in minor items.
Tax liabilities include tax payables such as VAT payable and other taxes payable. The item does not include liabilities relating to direct taxes, for which reference is made to **Note 42– Current tax assets and liabilities**.
The change in the item **Employees** refers mainly to the payment of bonuses related to the Management remuneration and compensation plan.

NOTE 12 - US TAX PARTNER LIABILITY

Relevant information on the accounting standards adopted and recognition and measurement criteria

The liability towards the US Tax Equity Partner relates to the agreements (Tax Equity Partnership, TEP) in place within the wind and solar business entities in the US scope. The liability recognised mainly regards the wind energy company as a form of incentive spread over time, as better explained in the section Basis of consolidation and changes in the scope of consolidation. The TEP, although based on the issuance of a specific class of shares and thus in the apparent form of an equity instrument, in substance is configured, for the purposes of IAS 32.15-16, as a liability representing the right to use the tax elements, not strictly having the necessary characteristics for classification as an equity instrument (an instrument cannot be classified as an equity instrument if it includes contractual obligations, even if residual, to make cash distributions).
The TEP structure is mainly linked to several elements recorded primarily in the income statement for the financial year (for further details, please refer to the section "Basis of consolidation and changes in consolidation scope"), which have an impact on the fair value of the related TEP Liability. Upon initial recognition and subsequent recognitions, the TEP Liability shall therefore be equal to the net present value of the future tax benefits to be transferred, discounted at the internal rate of return guaranteed to the Partner on the basis of the agreements and the total amount due to the Partner.

The **US Tax Partner Liability** refers to liabilities arising as part of the Tax Equity Partnership agreement structures of the Pinnacle business combination. In particular, the item includes liabilities to the Tax Equity Partner of the Great Pathfinder Wind, LLC wind project and the Mulligan Solar, LLC solar project.
Below is an illustration of the change in the Liability towards the Tax Equity Partner compared to the situation at the time of acquisition of the company.

(EUR thousand)	Notes	TEP liability
BALANCE at acquisition date 01/04/2024		**184,871**
Decrease for Production Tax Credit transferred	2	(18,537)
Decrease for tax losses transferred	41	(15,335)
Increase for financial expense	37	8,099
Other Changes		3,412
BALANCE AT 31/12/2024		**162,510**

NOTE 13 - OTHER NON-CURRENT LIABILITIES

(EUR thousand)	31/12/2024	31/12/2023	Change
Liabilities for prior year taxes from merger of foreign companies	18,594	18,594	-
Fair value recognised as part of business combinations	16,805	-	16,805
Price of Wind Group acquisition	9,821	9,821	-
Portions of income deferred to subsequent periods	9,351	14,499	(5,147)
Other minor items	1,995	1,720	275
Total	**56,566**	**44,634**	**11,932**

The item **Fair value recognised as part of business combinations** refers to the non-current portion of the negative fair value estimated at the date of initial recognition of the long-term fixed-price energy sales contracts (PPAs and CfDs) as part of the Falcon business combination. For further details, please refer to **Note 45 – Business combinations**.

NOTE 14 - EMPLOYEE BENEFITS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Employee benefits include the estimated liability relating to the benefits payable to employees when they terminate their employment.

Short-term benefits for employees

Short-term benefits for employees are recognised as a cost at the time at which the service that gives rise to such benefits is performed. The Group recognises a liability for the amount expected to be paid when there is a present, legal or constructive obligation to make these payments as a consequence of past events and it is possible to make a reliable estimate of the obligation.

Post-employment benefits

These are provided through:

- *defined contribution plans: contributions paid to independent institutions that deal with their administrative and financial management are recognised as a cost in profit/(loss) over the period in which the employees work;*
- *defined benefit plans: the sum of future obligations under these plans is based on actuarial assumptions using the projected unit credit method. The calculation is performed by an independent actuary. This calculation is based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the specific economic conditions of each country or Group company. The discount rates are determined, at the measurement date, with reference to the yield of investment grade corporate bonds in the relevant geographical area (or of government bonds in countries where there is no representative market for these corporate bonds).*

Below is a schematic representation of the cases pertaining to the classification of post-employment benefits for IAS 19 purposes based on the main types of post-employment benefits in the light of the introduction of Italian Law no. 296 of 27 December 2006.

Types of Post-employment benefits	Personnel employed in 2006*	IAS 19 classification
Post-employment benefits vested up to 31 December 2006**	> 50 employees	Defined benefit plan
	< 50 employees	Defined benefit plan
Post-employment benefits accrued since 1 January 2007**	> 50 employees	Defined contribution plan
	< 50 employees	Defined benefit plan

* For newly incorporated companies, the number taken as a reference relates to the first year of business..

** Without prejudice to the options to allocate the post-employment benefits to supplemental pension plans.

Termination benefits

The termination benefits are recognised as a cost when the Group has committed without possibility of withdrawal to offer said benefits or, if prior, when the Group recognises the restructuring costs. Benefits entirely due beyond twelve months from the reporting date are discounted.

Liabilities for post-employment benefits, which amounted to EUR 2,714 thousand (EUR 3,543 thousand at 31 December 2023), include the estimated liability related to the post-employment benefits payable to employees upon termination of employment.

(EUR thousand)	31/12/2024	31/12/2023
Opening balance	**3,543**	**3,723**
Revaluation for the year	(120)	(0)
Changes in the year	(708)	(179)
Closing balance	**2,714**	**3,543**

The main assumptions used in determining the actuarial value of the liability are shown below:

	31/12/2024	31/12/2023
Discount rate*	3.4%	3.2%
Inflation rate	2.0%	2.5%
Average turnover rate	3.0%	3.0%
Average rate of salary increase	1.5%	1.5%
Average age	44	44

* Listing at 31 December 2024 of the iBoxx Corporate EUR benchmark index with a duration of 10+ and AA rating.

The following table shows the impact on the liability of a +/-0.5% change in the discount rate:

(EUR thousand)	31/12/2024	31/12/2023
+0.5% change in discount rate: lower liability	(79)	(80)
-0.5% change in discount rate: higher liability	85	86

III. INVESTING ACTIVITIES

NOTE 15 - AUTHORISATIONS AND CONCESSIONS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Authorisations and concessions include concessions, authorisations and rights to operate wind and solar plants, including any rights to incentives and feed-in tariffs, amortised based on their residual useful life, which can be up to 40 years. These intangible assets are recognised at purchase cost, inclusive of all related charges net of amortisation and any impairment losses as indicated in ***Note 22 – Impairment Test****.*

(EUR thousand)	Authorisations and concessions
Historical cost	1,460,394
Amortisation, depreciation and impairment losses	(485,338)
BALANCE AT 31/12/2023	**975,056**
Changes for the year:	
Change in the consolidation scope	203,739
Amortisation	(73,401)
Reversals of impairment losses/(Impairment losses)	(3,370)
Other changes	5,900
Historical cost	1,669,800
Amortisation, depreciation and impairment losses	(561,875)
BALANCE AT 31/12/2024	**1,107,925**

For greater comprehension, changes during the year relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated amortisation and impairment losses.

The **Change in the scope of consolidation** refers to the increase resulting from the Falcon and Pinnacle business combinations, which took place during 2024. For further details, please refer to **Note 45 – Business combinations**.

The **Other changes** include in particular the change in the exchange rates effect during the year with reference to the carrying amounts of the United States scope.

NOTE 16 - OTHER INTANGIBLE ASSETS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Other intangible assets refer mainly to software licences. Intangible assets are recognised at purchase cost, including all related ancillary charges. Other intangible assets are amortised over a maximum period of 5 years

(EUR thousand)	Other intangible assets	Assets under development	Total
Historical cost	59,930	5,075	65,005
Amortisation, depreciation and impairment losses	(49,194)	-	(49,194)
BALANCE AT 31/12/2023	**10,735**	**5,075**	**15,811**
Changes for the year:			
Change in the consolidation scope	812	-	812
Capital expenditure	2,206	3,668	5,873
Reclassifications	2,650	(2,650)	-
Amortisation	(4,206)	-	(4,206)
Other changes	(675)	-	(675)
Historical cost	58,305	6,093	64,398
Amortisation, depreciation and impairment losses	(46,783)	-	(46,783)
BALANCE AT 31/12/2024	**11,522**	**6,093**	**17,615**

For greater comprehension, changes during the year relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated amortisation and impairment losses.
Assets under development at the end of the year, like the main changes in the year, refer to software mainly in ERG S.p.A. and ERG Power Generation S.p.A.

NOTE 17 - GOODWILL

Relevant information on the accounting standards adopted and recognition and measurement criteria

Goodwill acquired in a business combination is not amortised, but is subjected to impairment tests pursuant to the procedures provided for in IAS 36 – Impairment of Assets every year, or more frequently if specific events or changes in circumstances indicate the possibility that there may have been any impairment ("trigger events").
For more information, see the comments in ***Note 22 - Impairment Test.***

The table below shows the changes in the item "Goodwill" during the year:

(EUR thousand)	Italy	France	Germany	Spain	USA	Total
BALANCE AT 31/12/2023	**279,259**	**91,744**	**32,833**	**8,668**	**-**	**412,505**
Changes for the year:						
"Falcon" business combination	-	6,364	-	-	-	6,364
"Pinnacle" business combination	-	-	-	-	34,278	34,278
Other changes	-	-	-	-	844	844
BALANCE AT 31/12/2024	**279,259**	**98,108**	**32,833**	**8,668**	**35,122**	**453,991**
of which Wind	193,572	82,641	32,833	-	35,122	344,168
of which Solar	85,687	15,467	-	8,668	-	109,823

At 31 December 2024, this item amounted to EUR 454 million (EUR 413 million at 31 December 2023). The change refers to business combinations that took place in 2024. For further details, please refer to **Note 45 – Business combinations**.

For the purposes of these Consolidated Financial Statements, the test required by paragraph 12 of IAS 36 was performed and no elements emerged that required an adjustment to the carrying amount of goodwill. For more information, see the comments in **Note 22 - Impairment Testing**.

NOTE 18 - PROPERTY, PLANT AND EQUIPMENT

Relevant information on the accounting standards adopted and recognition and measurement criteria

Property, plant and equipment

These are recognised at purchase cost, inclusive of capitalised financial expense, net of accumulated depreciation and any impairment losses. They are depreciated on a straight-line basis over the estimated useful life. The assets cost, in presence of current obligations, includes charges for dismantling, assets removal and site restoration to be incurred at the time facilities are abandoned, which are presented as a contra-asset in a specific provision. Capitalised financial expenses are recognised in accordance with the alternative accounting treatment permitted by IAS 23. Starting from these Consolidated Financial Statements, the significant spare components consumed by the wind farms and the related accessory costs connected to the replacement activity (mainly lifting and transport, civil works, technical services) are capitalised as they bring future economic benefits and increase in value of the wind farm. These spare parts are depreciated according to the best estimate between the residual useful life of the wind farm and the technical useful life of the component. The carrying amount of the replaced components is eliminated in accordance with the general rules of "derecognition", regardless of whether the component was depreciated separately. More specifically, for the replacement cost, the cost of the replaced part was used as an indication at the time it was purchased, in accordance with IAS 16.70.

Main assumptions – useful life and depreciation

The useful life of property, plant and equipment is reviewed annually and adjusted where the most recent estimate differs from the previous ones. Any changes in estimates relating to the useful life of property, plant and equipment are recognised prospectively. If an item of property, plant and equipment comprises various parts having different useful lives, these parts are recognised separately (significant components).
Freely transferable assets are depreciated over the estimated life of the asset or the concession term, whichever is shorter.
The average depreciation rates applied are as follows:

	%
Wind-power generators	3.33 - 5
Photovoltaic modules	3.33 - 5
Industrial and commercial buildings	2.75 - 5.5
Automation and control systems	10
Lightweight constructions	10
General plant	5 - 10
Motor vehicles, furniture and furnishings	10 - 16
Surface rights and other civil works	3.5
Other miscellaneous goods/equipment	14 - 16

(EUR thousand)	Land and buildings	Plant and equipment	Other assets	Assets under construction	Total
Historical cost	104,391	4,426,678	35,642	355,542	**4,922,253**
Depreciation and impairment losses	(50,253)	(2,444,006)	(25,251)	-	**(2,519,510)**
BALANCE AT 31/12/2023	**54,138**	**1,982,671**	**10,392**	**355,542**	**2,402,743**
Changes for the year:					
Change in the consolidation scope	-	504,307	-	-	504,307
Capital expenditure	8,847	61,306	1,683	156,220	228,056
Reclassifications	6,152	367,826	446	(374,424)	-
Disposals and divestments	-	(1,840)	(1,270)	-	(3,110)
Depreciation	(3,524)	(171,699)	(1,925)	-	(177,147)
Reversals of impairment losses/ (Impairment losses)	-	(7,621)	(41)	-	(7,661)
Other changes	320	46,731	181	-	47,232
Historical cost	119,923	5,362,289	35,783	**137,338**	**5,655,334**
Depreciation and impairment losses	(53,990)	(2,580,608)	(26,317)	-	(2,660,914)
BALANCE AT 31/12/2024	**65,934**	**2,781,681**	**9,467**	**137,338**	**2,994,419**

For greater comprehension, changes during the year relating to reclassifications, disposals and divestments and other changes are shown net of the related accumulated depreciation and impairment losses.

The **change in the consolidation scope** refers mainly to the aforementioned business combinations during the year and investments made during the year. For a more detailed analysis, reference should be made to **Note 45 – Business combinations**.

Capital expenditure mainly relates to organic development of approximately EUR 222 million, related to construction activities in Italy, including Repowering, Solar Revamping and Storage projects, as well as wind farm construction, particularly in France and the United Kingdom. The item also includes the capitalisation of significant spare parts consumed by some wind farms in Italy, France and Germany and the related ancillary costs associated with replacement activities of approximately EUR 6 million.

The item **Reclassifications** includes reclassifications between different asset classes, relating to the completion of wind farms under construction, particularly for Repowering and greenfield activities in Italy and France.

For comments on the item **Reversals of impairment losses/(Impairment losses)**, please refer to **Note 21 - Amortisation, depreciation and write-downs**.

The item **Other changes** refers for around EUR 29 million to the change in the exchange rate effect during the year and for around EUR 8 million to the capitalisation of financial interests related to the organic development of the parks under construction.

With regard to the existence of restrictions on the assets held by the Group, please refer to **Note 34 – Current and non-current financial liabilities**.

NOTE 19 - RIGHT-OF-USE ASSETS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Leases

The Group's leases, as per the IFRS 16 definition, relate to land, warehouses, properties, equipment, substations and vehicle fleet. Leased assets are recorded in the Consolidated Financial Statements with the recognition of an asset representing the right to use the underlying asset and a liability representing the obligation to make lease payments. Financial liabilities are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group uses the incremental borrowing rate (determined as the sum of the Group's credit spread and the forward curve based on Euro area swap rates).

Main assumptions – lease evaluation

The Group uses subjective assessments to determine whether a contract contains a lease. The Group analysed all the lease contracts, defining the lease term for each of them, the "non-cancellable" period.

The Group's leases have an average term of 24 years, with the inclusion for some leases of a renewable option exercisable at the end of the binding period. Others provide for additional payments tied to the change of the local price indices.

In relation to the renewal options, the Group estimated the term of the related lease agreements taking into account the reasonable certainty that the option will be exercised.

Specifically, for land and buildings, this assessment considered the specific facts and circumstances of each asset. With regard to the other categories of assets, mainly corporate cars and equipment, the Group generally deemed improbable that extension or early termination clauses would be exercised in consideration of the practice usually followed by the Group.

(EUR thousand)	Land and buildings	Specific plant	Equipment	Other assets	Total
Historical cost	197,768	1,002	198	6,519	205,487
Depreciation and impairment losses	(33,758)	(177)	(50)	(5,578)	(39,563)
BALANCE AT 31/12/2023	**164,011**	**825**	**147**	**940**	**165,923**
Increase in right-of-use assets	19,673	84	-	2,649	22,405
Increase in right-of-use assets due to business combinations	41,025	-	-	-	41,025
Derecognition of right-of-use assets	(87)	-	-	(25)	(112)
Depreciation for the year	(10,415)	(67)	(50)	(1,602)	(12,084)
Other changes	859	-	-	-	859
Historical cost	259,243	1,086	198	**9,118**	**269,644**
Depreciation and impairment losses	(44,127)	(244)	(101)	(7,156)	(51,627)
BALANCE AT 31/12/2024	**215,116**	**841**	**97**	**1,963**	**218,017**

The increase for the year in the item **Land and buildings** is mainly due to the recognition of the right of use on the land of the photovoltaic systems referring to the aforementioned business combinations as well as the registration of new land in Italy and Europe mainly related to repowering and greenfield projects that have come into operation.
For further details on business combinations, please refer to **Note 45 – Business Combinations** in **Section VII. Other Notes**.

NOTE 20 - PROVISION FOR DISMANTLING EXPENSES

Relevant information on the accounting standards adopted and recognition and measurement criteria

The Group is required to dismantle the technical equipment and restore the sites. When the obligation arises, the costs of dismantling are capitalised to increase the carrying amount of the asset to which they refer as a balancing entry to the related provision for dismantling. Capitalised costs are allocated to the income statement via depreciation.

The discount rates used for the financial revaluation of the costs of restoring wind and solar farms, depending on the country of reference, are within the range of 2.8%-6.9%.

(EUR thousand)	31/12/2024	Increases	Decreases	Change in the scope of consolidation	31/12/2023
Provision for dismantling expenses	90,630	7,028	(2,621)	7,393	78,830
Total	**90,630**	**7,028**	**(2,621)**	**7,393**	**78,830**

Changes in the year are mainly related to utilisations and new entries of provisions within the scope of the Repowering and Revamping activities on some wind farms in Italy. The **Change in the scope of consolidation** refers to the aforementioned acquisitions during the period (approximately EUR 7 million).

NOTE 21 - AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Authorisations and concessions are amortised on the basis of their residual duration. Other intangible assets are amortised over a maximum period of 5 years.
Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life.

(EUR thousand)	2024	2023	Change
Amortisation of Authorisations and concessions	73,401	63,967	9,433
Amortisation of Other intangible assets	4,206	3,842	364
Total	**77,607**	**67,810**	**9,797**
Depreciation of Property, plant and equipment	177,147	147,344	29,802
Depreciation of right-of-use assets	12,084	9,734	2,350
Total	**189,231**	**157,079**	**32,152**
Impairment losses (reversals of impairment losses) on Authorisations and concessions	3,370	(30)	3,400
Impairment losses (reversals of impairment losses) on Property, plant and equipment and Right-of-use assets	7,661	-	7,661
Total	**11,031**	**(30)**	**11,061**

Amortisation and depreciation refer mainly to wind farms and solar systems.

The increase reflects the full contribution of the new plants acquired during the period and developed internally (EUR 38 million), partly offset by the extension of the useful life of foreign wind power assets as a result of the "Lifetime extension" programmes, which started in the second quarter of 2023 and therefore not yet fully reflected in the calculation of amortisation and depreciation in 2023.
The item Impairment losses includes adjustments to the carrying amounts value of property, plan and equipment and intangible assets of existing farms, where Repowering and Revamping projects were initiated following the obtaining of the relevant authorisations during the current financial year. In particular, the impairment losses concerned the Revamping of part of the Solar Italy portfolio for around EUR 6 million, a Repowering project in France for EUR 2.5 million and a Repowering project in Germany for EUR 1 million.

NOTE 22 - IMPAIRMENT TESTING

Relevant information on the accounting standards adopted and recognition and measurement criteria

This section provides a description of the impairment tests on the Group's main assets, as required by IAS 36.
In particular, it should be noted that for the verification:

- *of Goodwill, the recoverable amount was assessed at the level of CGU Groups, determined based on the value in use calculated from an estimate of cash flows over the useful life of the assets attributable to the aforementioned Groups, or based on the Fair Market Value.*
- *of property, plant and equipment, intangible assets and right-of-use assets, with finite useful lives allocated to individual CGUs, in accordance with IAS 36, indicators were identified that can provide evidence that an asset may have undergone impairment.*

It should be noted that the recoverable amount is also determined by considering the assumptions that a market participant would use in determining the value of the asset being measured.
In addition, it should be noted that, since the goodwill has been allocated to Groups of CGUs, impairment testing is carried out in the following phases:

- *The first impairment test is performed at the level of the individual CGU without goodwill (bottom-up test) and any impairment loss is recognised in the income statement;*
- *The second impairment test is performed on the set of CGUs to which the goodwill relates (top-down test).*

The above tests were carried out in accordance with the Impairment Test Procedure approved by the Board of Directors of ERG S.p.A. on 25 February 2025

Identification of groups of cash-generating units (CGUs)

For the purposes of impairment testing, the operating segments currently identified by the Group coincide with the different geographical segments in which the Group operates, consistent with the two technologies, wind and solar, used for power generation.

The operating results are analysed according to the following matrix, which identifies the different geographical areas in which the Group operates and the two different technologies.

	Wind	Solar
Italy	✔	✔
France	✔	✔
Germany	✔	–
Poland	✔	–
Romania	✔	–
Bulgaria	✔	–
UK	✔	–
Sweden	✔	–
Spain	–	✔
United States	✔	✔

The groups of CGUs were then identified, consistently with the Group's organisational and business structure, as assets that generate independent cash inflows deriving from their continuous use and they follow a dual dimension pertaining, on one hand, to the current reference market, identified in the country where the facilities are located, and, on the other hand, to generating technology, for a total of eleven groups of CGUs.

Goodwill allocated to CGU Groups:

(EUR million)	Italy	France	Germany	Spain	United States	Total
Wind	194	83	32	-	35	**344**
Solar	86	15	-	9	-	**110**
Total	**280**	**98**	**32**	**9**	**35**	**454**

The recoverable amount of the CGU Groups to which goodwill is allocated has been verified through the determination of the value in use, calculated using the discounted cash flow method, or the Fair Market Value, based on the following assumptions:

- the groups of CGUs coincide with the set of wind farms in Italy, France, Germany and the United States, and the solar plants in Italy, France, Spain and the United States;
- to determine the value in use, the present value of the expected operating cash flows associated with the CGU Groups was estimated over a period of time that is the lower of the expected life of the land and leases, including renewals where applicable, and the estimated duration of the farms defined by the Long-life Time Extension (LTE) project undertaken by the Group with reference to the plants already in operation. For the new acquisitions made starting from 2021, for the Repowering and Revamping projects and for the new greenfield projects, an average time horizon of 40 years from the Commercial Operation Date (COD) of the project was considered, in line with the assumptions for the choice of investment;
- the terminal value is represented by the flow after the end of the useful life of the asset, determined in relation to the estimated residual duration of the Authorisations/Concessions and the availability of the land, as described in the previous point;
- a discount rate equal to the industry WACC (post tax) was used to compute the present value of expected cash flows (5.7% in Italy - 5.1% in France - 4.8% in Germany - 5.4% in Spain - USA Wind 6.5% and USA Solar 6.4%). The Group adopted an after-tax discount rate that reflects the market's current assessment of the cost of money and the specific risk associated with the CGUs. In determining the discount rate, the financial parameters considered were the Beta and Debt/Equity ratios derived from panels of comparable companies, in order to consider both the market risk of companies operating in the same industry and a market-based financial structure. With regard, instead, to the cost of equity (Ke), this includes the rate of return of risk-free assets and it is identified as the rate of return of German ten-year government bonds;
- as for Spain solar, it is important to note that over the past two years, energy prices have experienced significant volatility, creating uncertainty in future economic and market projections, as well as in the medium to long-term development of the renewable energy sector and the level of RES penetration. Given this context, to account for the breadth of these variables, the Fair Market Value approach was adopted, specifically by identifying a range of values with defined minimum and maximum thresholds. Where possible, objective market references or third-party valuations were used, with the average values serving as the primary benchmark; the fair value has been categorized as a Level 3 based on the inputs to the valuation techniques used.

The growth rates used are based on growth forecasts for the Group's industry, taking into account the Group's market share. Changes in sale prices and in direct costs are determined on the basis of past experience and on future market expectations.

In particular, the following were taken into account for the determination of the cash flows:

- the update of the Business Plan examined by the Board of Directors of ERG S.p.A. on 11 March 2025;
- for subsequent years, the data processed on the basis of models simulating the macroeconomic and energy scenario and assuming a steady production trend.

Taking into account the uncertainty factors related to the current geopolitical and energy context, the Group has conducted its own analyses for each geographical segment, taking into particular consideration the updating of the energy scenario, including in the medium/long term, changes to the discount rate, the risks related to the climate as well as changes in the regulatory scenario.

Specifically, with reference to the requirements of ESMA's Public Statement of 24 October 2024 (in line with what ESMA already addressed in the previous year in the priorities for 2023 Annual Report), it should be noted that in the two-year period 2023-2024 the Group conducted an internal study to quantitatively assess how climate change may affect the annual production of wind and solar assets. The analysis made it possible to detect in general the risks of a decrease in the analysed resources: for wind assets, the average wind speed at a height of 100 metres was analysed, while for solar assets, irradiation was examined. For more details, please refer to the **Climate Change** paragraph in the **Use of Estimates - Risks and Uncertainties section**.

Energy scenario

In the European energy sector, electricity demand remains stagnant, with limited growth primarily driven by the digital industry. The expansion of data centres is expected to play a significant role in shaping electricity demand across Europe. However, the electrification of non-electric energy consumption — such as transport, heating and cooling and industrial processes — lags behind previous forecasts.

On the generation side, renewable energy deployment continues to grow at a strong pace, though still falling short of the decarbonisation targets set for 2030. Solar power, in particular, has experienced significant expansion, surpassing coal for the first time in electricity generation within the European Union. Wind power, while growing at a slower rate, continues to maintain a larger share of total electricity generation compared to solar.

The increasing share of renewables, combined with the slower-than-expected electrification of energy consumption, has led to a decline in captured prices for these technologies, with solar energy being particularly affected.

The energy sector has also experienced significant volatility in natural gas prices, which has, in turn, impacted electricity prices. These price fluctuations have been driven by the shift towards seaborne supply channels for liquefied natural gas (LNG), following the sharp decline in pipeline imports from Russia. While the extraordinary measures implemented in previous years to curb electricity costs are gradually being phased out, potential upward pressure on gas prices could reverse this trend. Looking ahead, the pricing outlook for the 2025–2029 period is expected to remain highly volatile, with market uncertainty now being regarded as the "new normal" for European energy markets.

Discount rate

The discount rate estimation method used by the Group provides that:

- specific rates are determined for each Group of CGUs, in line with the configuration of the expected flows;
- the rates are updated twice a year (in the annual and half-yearly financial statements) regardless of the extent of the change compared to the last approved rate;
- the country risk component is included in the discount rate.

If the cash flows used for valuation purposes are not representative of the average expected flows, the WACC must be increased by a premium aimed at considering the greater risk.

In summary, the Group has divided the estimation process into two main phases (i) Definition of the comparable basket for each Group of CGUs; (ii) Calculation on the basis of the baskets identified of the parameters for determining the return on risk capital, the cost of debt and the capital structure for each group of CGUs.

In consideration of the above, the discount rates determined in line with the calculation method used for the impairment test carried out for the 2023 Financial Statements were used.

Group management deems the assumptions used to identify the recoverable amount of the goodwill connected with the seven Groups of CGUs to be reasonable and, on the basis of the aforementioned assumptions, no impairment has emerged.

The verifications carried out for the purposes of these Consolidated Financial Statements showed, for all the groups of CGUs assessed, a positive difference (headroom) between the recoverable amount[5] and the carrying amount[6]:

(EUR million)

CGU Group	Headroom*
Wind Italy	648
Solar Italy	25
Wind France	194
Solar France	0
Wind Germany	45
Solar Spain	13
United States - Wind	18

* positive difference (headroom) between the recoverable amount and the carrying amount.

Sensitivity analysis

The result of the impairment test derives from the estimates made by Group management on the basis of the information available to date and the assumptions shown in the previous section. The most uncertain assumptions for which subjective assessments are more usually required regard in particular those relating to:

- the identification of expected energy prices;
- the estimate of the financial parameters used to determine the discount rate;
- the assessment of the availability of renewable resources;
- changes in the reference legislative and regulatory framework, which, due to price control regulations, could constitute a risk factor.

The Group took account of the aforesaid uncertainties in developing and defining the basic assumptions used to determine the recoverable amount of the gains allocated to the segments examined, and also carried out a sensitivity analysis on the recoverable amount of the groups of units. This analysis assumed two scenarios:

- that total revenue from sales of energy (i.e. energy remuneration and generation) could undergo a decrease of an estimated 5% compared to the values estimated for the Plan;
- that the discount rate used could be increased by 1 percentage point.

5 Recoverable amount including non-controlling interests.

6 The carrying amount corresponds to the Net Invested Capital and is determined by the algebraic sum of the Non-current Assets (including Goodwill), Net Working Capital, Liabilities related to Post-employment Benefits, Other Assets and Other non-financial liabilities, and the Right of Use of Asset, including the related tax effect, of all the companies within the group of CGUs, including the consolidation entries consistent with the Group Consolidated Financial Statements but considering the different sub-aggregation of data corresponding with the group of CGUs.

(EUR million)	Changes in Headroom*	
CGU Group	**-5% Revenue**	**+1% WACC**
Wind Italy	(122)	(194)
Solar Italy	(25)	(22)
Wind France	(63)	(78)
Solar France	(8)	(11)
Wind Germany	(26)	(25)
Solar Spain	(22)	(41)
United States - Wind	(20)	(38)

* positive difference (headroom) between the recoverable amount and the carrying amount.

The recoverable amount would be equal to the reference carrying amount (headroom equal to zero) in the following **revenue reduction** assumptions for the respective groups of CGUs.

- Wind Italy: -29%
- Solar Italy: -9%
- Wind France: -13%
- Solar France: 0%
- Wind Germany: -9%
- Solar Spain: -4%
- Wind United States: -5%

The recoverable amount would be equal to the reference carrying amount (headroom equal to zero) in the following **WACC increase** assumptions for the respective groups of CGUs.

- Wind Italy: 11%
- Solar Italy: 8%
- Wind France: 7%
- Solar France: 5%
- Wind Germany: 7%
- Solar Spain: 0%
- Wind United States: 7%

The above analyses confirm the sensitivity of the assessments of the recoverability of non-current assets to changes in the aforesaid variables; in this context, the Directors will systematically monitor changes in the aforesaid external, uncontrollable variables in order to make any necessary adjustments to the estimates of the recoverability of the carrying amounts of goodwill in the Consolidated Financial Statements.

Testing of intangible assets with finite useful lives and of Property, plant and equipment and Right-of-Use Assets

For the purposes of the 2024 Consolidated Financial Statements, the Group verified whether there are any indications that either property, plant and equipment or intangible assets with finite useful lives may have become impaired.

To this end, it is specified that for the ERG Group:

- **property, plant and equipment** are represented by the electricity generation plants of different technologies (wind farms and solar systems in Italy and abroad);
- **intangible assets** are mainly represented by the residual value of the values[7] allocated in the purchase price allocation and recorded as increases in the value of the concessions, authorisations and rights to operate wind farms and solar systems, including any rights to feed-in tariffs for plants in operation.

In line with the previous years, these values are allocated to the individual reference CGU represented by the individual legal entities and/or business combinations that generated them.

In accordance with IAS 36, the group identified a list of indicators, which can indicate that an asset may have become impaired (triggering events).

for this purpose, both internal and external sources of information have been considered:

- With regard to **internal sources**, the following were taken into consideration: (i) obsolescence or physical deterioration of the asset, (ii) significant internal changes with negative effects occurring in the year or expected in the near future, and (iii) evidence from internal reports that the performance is or will be lower than the Budget expectations.
- With regard to **external sources**, on the other hand, the following are considered: the trend in market prices of the assets, any technological, market or regulatory discontinuities, including Clawback measures, market interest rate trends, and the book value of net assets above market capitalisation. To verify this information, a synthetic indicator was also identified ("profitability indicator") calculated by discounting the sum of the operating cash flows (EBITDA, gross operating profit or loss) for the residual observation period, determined on the basis of the same procedures and assumptions already commented in the previous paragraph for Goodwill testing. To also capture the related tax effects, the indicator is net of notional taxes on EBITDA.
  The indicator thus calculated is compared with that of the previous year in order to verify the potential impairment loss, pursuant to the

7 Values relating to business combinations from previous years.

provisions of paragraph 15 of IAS 36.
Lastly, the Group verifies that the carrying amount of the Group's net assets is not higher than the stock market capitalisation.

If the comprehensive analysis of the indicators shows that both property, plant and equipment and intangible assets with finite useful lives may have become impaired, the recoverable amount will be determined and compared with the carrying amount.
The recoverable amount for the individual CGUs is calculated as the value in use with the same procedures and assumptions already commented on in the previous section for Goodwill testing.

If this amount is lower, the carrying amount of the assets would be reduced to the related recoverable amount with the exception of the cases in which fair value net of costs to sell was higher.
The checks described above did not reveal the need to proceed with determining the recoverable amount.

Recoverable amounts of groups of CGUs
Finally, it should be noted that, even if not expressly required by IAS 36, Group Management proceeded to determine the recoverable amount, understood as value in use, of the CGU Groups to which no goodwill is allocated, comparing it with the related carrying amount. No impairment emerged as a result of this test.

NOTE 23 - EQUITY INVESTMENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Associates

These are companies in which the Group exercises significant influence, but not control or joint control, over financial and operating policies, as defined by IAS 28 – Investments in associates and joint ventures. The Consolidated Financial Statements include the Group's share of the results of the associates, measured under the equity method, starting from the date when significant influence starts until the time when it ceases to exist. If the Group's share of the associate's losses exceeds the carrying value of the equity investment in the Consolidated Financial Statements, the amount of the equity investment is fully impaired and the share of additional losses is not recognised, except and to the extent to which the Group is obligated to be liable for them.

(EUR thousand)	Measured at equity	Measured at cost	Total
Equity investments:			
- in subsidiaries not consolidated on a line-by-line basis	-	340	**340**
	428	-	**428**
- in associates	-	465	**465**
- in other companies	**428**	**805**	**1,233**
TOTAL			

	Equity investments			
(EUR thousand)	Subsidiaries not consolidated on a line-by-line basis*	Associates	Other companies	Total
31/12/2023	**1,085**	**1,071**	**477**	**2,633**
Changes for the year:				
Acquisitions/share capital increases/increases	248	-	-	**248**
Impairment losses/utilisation of loss allowances	(993)	-	(12)	**(1,005)**
Reclassification to Other non-current financial assets	-	(618)	-	**(618)**
Measurement using the equity method	-	(26)	-	**(26)**
31/12/2024	**340**	**428**	**465**	**1,233**

* This item includes non-operating companies.

The line **Impairment losses/utilisation of loss allowances** includes in particular the impairment of the carrying amount of two companies that are not consolidated on a line-by-line basis.
For more details on the increases during the year, please refer to **Note 48 - List of Group companies and transactions of the year**.

NOTE 24 - NET GAINS (LOSSES) ON EQUITY INVESTMENTS

(EUR thousand)	2024	2023	Change
Net gains (losses) on equity-accounted investments	(26)	-	(26)
Revaluations of equity investments	969	-	969
Dividends from other companies consolidated at cost	39	-	39
Price adjustment for sale of equity investment	(1,350)	5,549	(6,899)
Impairment losses on equity investments	(1,005)	-	(1,005)
Allocation to provision for risks on equity investments	(637)	(159)	(479)
Total Other net gains (losses) on equity investments	(1,983)	5,390	(7,374)
Total	**(2,009)**	**5,390**	**(7,400)**

The **Revaluation of equity investments** reflects the impact of a positive price adjustment agreed with the counterparty during the year, related to the commissioning phase of the wind farm in Sweden.
The item **Price adjustment for sale of equity investments** includes a negative price adjustment relating to the sale of the thermoelectric business in the previous year. It should be noted that in 2023 the item included the positive effect deriving from the collection of two price adjustments related to the sale of equity investments in previous years (TotalErg S.p.A. and ERG Hydro S.r.l.) for an amount of EUR 3 million and EUR 2 million, respectively.

NOTE 25 - OTHER NON-CURRENT FINANCIAL ASSETS

(EUR thousand)	31/12/2024	31/12/2023	Change
Tied receivables - the Escrow Account – Italian Law no. 488/92 grants	24,240	24,240	-
Security deposits and other financial assets	23,986	23,774	212
Total	**48,226**	**48,014**	**212**

Tied receivables – Escrow Account Italian Law no. 488/92 grants relate to the sums deposited by the Group awaiting the decision of the Naples Court of Appeals and other competent courts, with reference to grants pursuant to Italian Law no. 488/92 relating to wind farms acquired as part of the ERG Wind transaction. With respect to the aforesaid amounts, a liability of an equal amount has been allocated and it was recognised in the 2013 Consolidated Financial Statements as part of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (as illustrated in **Note 13 – Other non-current liabilities**).

The item **Security deposits and other financial assets** mainly refers to security deposits related to the wind business in France and the United Kingdom and to the recognition of receivables for "special indemnities" determined as part of the Garnacha business combination for EUR 12.5 million recognised in 2023 against a provision for risks for the same amount.

Italian Law no. 488/92 grants of ERG Wind

In the period from 2001-2005, prior therefore to the acquisition by ERG Renew S.p.A. (now ERG Power Generation S.p.A.) of the companies belonging to the International Power Group, funds were assigned to these companies pursuant to Italian Law no. 488/1992 totalling EUR 53.6 million in relation to some projects for the construction of wind farms.
In the first half of 2007, an investigation was initiated by the Public Prosecutor at the Court of Avellino in relation to the allocation of these grants with specific reference to the alleged falseness of certain of the documents provided with the grant application.
In 2007, the attachment of the Italian Law no. 488/1992 incentives still to be provided was ordered (EUR 21.9 million) and on 30 September 2008 the Public Prosecutor ordered the precautionary attachment of seven wind farms. Following the deposit of an amount equal to EUR 31.6 million by the involved companies, in January 2010 the wind farms which had been under precautionary attachment were released, upon attachment of the aforementioned amounts.
These amounts were then transferred to the Escrow Account.
The first instance proceedings were opened in 2012 before the Criminal Section of the Court of Avellino against the aforementioned companies and other defendants.
These proceedings were concluded in December 2020 with a ruling that ordered (i) the acquittal of/nonsuit against all natural persons; (ii) the acquittal of some companies with reference to 2 projects with immediate repayment of the amounts subject to preventive attachment, equal to approximately EUR 7.4 million and (iii) the conviction of some companies with reference to 7 projects, with confiscation of the amounts relating to the grants pursuant to Italian Law no. 488/92 disbursed to the same and already deposited with the Escrow Account (Fondo Unico di Giustizia – FUG) for a total amount of approximately EUR 24.2 million, with the provision of administrative pecuniary sanctions, for a total amount of approximately EUR 0.5 million, and 1-year interdiction orders. The confiscation and the sanctions indicated above are not immediately enforceable until the judgement becomes final.
The convicted companies have appealed against the Avellino Court's ruling. The case is pending before the Naples Court of Appeal and the final date set for the hearing is 24 June 2025.
By contrast, the Public Prosecutor did not appeal the ruling, which therefore became final in the part which acquits ERG Wind Sicilia 3 S.r.l. and ERG Wind Sicilia 2 S.r.l. (the latter in relation solely to the Camporeale project). In March and April 2014 the companies that were the recipients of the incentives pursuant to Italian Law no. 488/1992

received from the Italian Ministry of Economic Development the orders communicating the initiation of the procedures to revoke the aforementioned incentives.
On 6 February 2015, extraordinary appeals were served against the ministerial cancellation decrees, with simultaneous petition for the precautionary suspension of the enforceability of the contested measures.
On 27 July 2015, the beneficiary companies were issued with payment notices relating to the return of the incentives. Said notices were challenged with the submission of opposition proceedings before the Court of Genoa.
As part of said proceedings, the Civil Judge ruled the tax assessments suspended against the submission of bank guarantees for the entire value of the latter (EUR 49 million). At the hearing of 23 October 2018, the Civil Judge, noting the prejudicial nature of the proceeding initiated with the extraordinary appeal before the President of the Republic of Italy, ordered the suspension of the civil proceedings while the administrative case is pending.
The proceedings subsequent to the filing of the extraordinary appeals to the Italian Head of State are also still pending and, despite the reminders filed by the applicants, the decision on the appeal and on the merits did not take place during 2024 with the exception of the extraordinary appeal brought by ERG Wind 6, which was declared inadmissible in 2022 due to lack of jurisdiction of the administrative judge. This is a partially different judgment from the others in that the contributions pursuant to Italian Law no. 488/92 were never paid to the company and therefore the revocation decree implied only the definitive loss of the contributions not paid, but had no economic impact on the company. On 11 December 2024, the meeting was held to discuss the outstanding extraordinary appeals, in view of which the companies filed briefs with a request to postpone the decision pending the outcome of the criminal proceedings pending before the Court of Appeal of Naples. As of now, there is no evidence of the decision made in the meeting of 11 December 2024, as no ruling has yet been communicated to the appellant companies. In light of the precedent set by ERG Wind 6, it cannot be ruled out that the administrative court may also declare a lack of jurisdiction in this case, which would allow the appellant companies to reopen proceedings before the civil court.
*In view of: (i) the guarantees issued by the seller of the companies of the International Power Group to ERG in the contract of transfer of the investments in these companies, (ii) the settlement agreements concluded between said seller and ERG, dated 19 December 2016 and 15 March 2024 respectively, in which these guarantees were confirmed and further detailed, and (iii) the fact that in the 2013 Consolidated Financial Statements a liability for an amount corresponding to the nominal amount of the incentives for which the Italian Ministry of Economic Development is requesting the return (see definition of the purchase price allocation as a potential adjustment to the acquisition price of the ERG Wind Group (**Note 13 – Other non-current liabilities**) had already been allocated, further provisions are not required.*

IV. PROVISIONS AND CONTINGENT LIABILITIES

Relevant information on the accounting standards adopted and recognition and measurement criteria

The amounts recorded in the Provision for Disposed Businesses for existing obligations or for risks relating to previous industrial activities at the date of these Consolidated Financial Statements are measured on the basis of the best estimate of the financial outlay that will be necessary to fulfil the obligation. Changes in estimates are reflected in the income statement in the year in which the change occurs.

NOTE 26 - PROVISION FOR DISPOSED BUSINESSES

(EUR thousand)	31/12/2024	Increases	Decreases	31/12/2023
Provision for disposed businesses	82,349	860	(3,092)	84,581
Total	**82,349**	**860**	**(3,092)**	**84,581**

The **"Provision for disposed businesses"** mainly includes tax, environmental or legal provisions deriving from the Group's transactions before 2018, the year in which the Group completed its industrial transformation process, initiated in previous years, which led to its definitive exit from OIL businesses.

This process comprised two fundamental steps:

- the sale of the last interest held in ISAB S.r.l., on 30 December 2013, which marked the exit from the **Coastal Refining** business;
- the sale of the Group's interest in TotalErg S.p.A., on 10 January 2018, which determined the exit from the **Integrated Downstream** business.

This strategic restructuring of the Group was further marked by the divestment of the **hydroelectric business**, through ERG Hydro S.r.l., completed on 3 January 2022, and the divestment of the **thermoelectric business**, through ERG Power S.r.l., completed on 17 October 2023, for which a total provision of EUR 3.3 million has been allocated.

Although the ERG Group is no longer an active operator in the above-mentioned sectors, there are still remaining liabilities tied to the previous industrial activity and not yet fully defined.

The following summarises the key topics underlying the most significant provisions, amounting to EUR 76.1 million, related to the **Coastal Refining** business:

- regarding the ongoing **dispute** between ERG Raffinerie Mediterranee (now ERG S.p.A.) and the Italian Tax Authorities over the application of harbour duties for embarkation and disembarkation rights at the Santa Panagia jetty, on 6 April 2011 the Syracuse Provincial Tax Commission partially upheld the company's appeal and ruled that harbour duties through 2006 are not due, finding them to be due from 2007 onwards. The first level ruling was challenged within the deadline by the Customs Agency and by ERG with appeal relative to the period subsequent to 2006. The appeal decision, issued by the Regional Tax Commission and filed on 27 May 2013, amended the first level decision unfavourably for ERG. Following a thorough evaluation of the reasons for the appeal decision, the company decided to appeal before the Court of Cassation, deeming its own arguments to be well grounded (in particular with regard to the notion of "harbour" in accordance with Italian Law no. 84/94 and to the alleged novating or retroactive validity of Article 1, paragraph 986 of the 2007 Italian Budget Law). On 4 November 2013, the Syracuse Regional Tax Commission allowed the request to suspend the effectiveness of the appeal decision, requiring the issue of a first demand insurance guarantee in favour of the Customs Agency. In the court order issued on 30 September 2019, the Court of Cassation ruled favourably on the appeal filed by the company and, consequently, rejected – overturning – the contested decision by the Regional Tax Commission. The proceedings were therefore continued within the terms prescribed by law before the Regional Tax Commission so that the latter – which has changed in composition since the previous hearing – may once again examine the merits of the case. A date for the hearing is still pending. From 2007, the relevant taxes were recognised in the income statement on an accrual basis.
- with reference to **environmental risk**, with regard to the South Site the likelihood of exposure to contingent liabilities is deemed remote, as the risk has already been limited by the settlement reached with the Italian Ministry of the Environment in August 2011 and registered by the Court of Auditors on 20 December 2011, and by the Settlement Agreement stipulated on 30 December 2013 between ERG S.p.A. and Lukoil. With regard to the North Site, depending on the double guarantee scheme deriving both from the agreement executed with ENI (previous owner of the site), and the agreement executed with Lukoil (new owner), the risk is as follows:
  i. for potential environmental damage prior to 1 October 2002, ENI is liable indefinitely;
  ii. with reference to potential damages relating to the period after 1 October 2002, ERG will be liable – without time limitations – only for potential damages linked to events known at the time of signing the contract with Lukoil and expressly identified therein ("Known Environmental Matters"), it being understood that, up to an amount of EUR 33.4 million, the expenses related to the compensation of such damages will be shared between ERG and Lukoil (51% and 49%), while beyond this amount ERG will be charged in full for any additional charges.

On 9 September 2017, the Italian Ministry for the Environment warned some of the companies of the Priolo site, including ERG Power S.r.l. and ERG Power Generation S.p.A., to clean up the Augusta Harbour. The request is unlawful and has therefore been contested before the Administrative Court (the hearing for the presentation of the arguments has yet to be set).

On 30 October 2020 and subsequently on 11 June 2021 and 30 May 2022, ERG Power S.r.l. and ERG Power Generation S.p.A. served notice of three further appeals for additional reasons, for the cancellation, respectively of (i) protocol no. 0064419 of 14 August 2020 in which the Italian Ministry of Environment and Protection of Land and the Sea called a preliminary conference of services to evaluate the report prepared

in January 2020 by Ispra and IAS-CNR, regarding the "Site of national interest of Priolo Augusta Harbour" and (ii) the decree of the Italian Ministry of Ecological Transition, General Management and Environmental Remediation protocol no. 50 of 15 April 2021, in which the Ministry approved the Ispra and IAS-CNR report, deeming the document a suitable basis on which to draft a remediation plan for the Augusta Harbour; and (iii) protocol no. 42114 of 1 April 2022 with which the Ministry of Ecological Transition – Directorate General for the Sustainable Use of Soil and Water Resources, forwarded the intervention plan for the definition of sediment intervention values in the Augusta Harbour (Priolo SIN), drawn up by ISPRA. These acts were challenged because the Italian Ministry's initiative was undertaken on the basis of the same (incorrect) assumptions, which formed the basis of the caution of 2017, already challenged by ERG Power S.r.l. and ERG Power Generation S.p.A. In its ruling published on 27 December 2023, the Administrative Judge dismissed the aforesaid appeals, stating that the contested actions are of an intra-procedural nature and, as such, are not capable of producing – in an immediate and direct manner – effects on the legal sphere of the appellants and therefore cannot be independently challenged. The companies will therefore be able to legitimately challenge the final acts of the proceedings that would impose on them obligations to clean up the Augusta Harbour. Following discussions also with the other operators on the site, on 27 March 2024 ERG Power Generation S.p.A. and B2G Sicily S.r.l. (formerly ERG Power S.r.l.) filed a precautionary appeal to the Administrative Justice Council (CGA) for Sicily, in order to obtain a reform of the part of the ruling in the event that it could be interpreted as recognition of the existence of a liability on the part of the operators for the pollution present in the Augusta Harbour.
ERG S.p.A. is not party to the proceedings, but the environmental topics relating to the Augusta Harbour arise in the context of the environmental guarantees present in the various contracts with ENI and Lukoil;

With reference to the exit of the **integrated downstream** business, the Provision for disposed businesses includes allocations of EUR 2.9 million, illustrated below:

- with reference to the sale of **TotalErg** and in particular to the guarantees connected to the buyer on prior contingent liabilities (retained matters and other prior contingent liabilities), the best estimate of the expense was computed on the basis of the information available to management and taking into account the large number of underlying elements and all possible outcomes of the related topics.

NOTE 27 - OTHER PROVISIONS

Relevant information on the accounting standards adopted and recognition and measurement criteria

The amounts recorded under Other provisions against obligations existing at the reporting date are measured on the basis of the best estimate of the financial outlay that will be necessary to fulfil the obligation. Changes in estimates are reflected in the income statement in the year in which the change occurs.

The other categories of provisions reflect the measurement of probable liabilities related to some pending disputes for which it was possible to make a reliable estimate of the corresponding expected obligation. For these provisions, no discounting was applied because of the uncertainty about the utilisation times.

(EUR thousand)	*Non-current portion*	*Current portion*	31/12/2024	Increases	Decreases	Change in the scope of coansolidation	31/12/2023
Provisions for tax risks	28,121	1,569	29,690	-	(1,603)	-	31,294
Provisions for institutional counterparty risks	1,500	23,996	25,496	1,148	(9,140)	-	33,487
Provision for legal risks	1,514	1,464	2,977	457	-	-	2,520
Other provisions for risks and charges	5,336	2,337	7,674	1,245	(3,952)	4,146	6,235
Total other provisions	**36,472**	**29,365**	**65,837**	**2,850**	**(14,696)**	**4,146**	**73,536**

The **Provision for tax risks i**ncludes, in addition to provisions for risks recorded as part of acquisitions in previous periods, provisions from previous years for tax risks including those relating to local property taxes.
The decrease for the year mainly refers to the release of provisions for risks recognised in connection with certain acquisitions that occurred in previous periods for which the requirements that originally led to their recognition are no longer met.

The **Provision for institutional counterparty risks** mainly refers to the following risks:

- charges related to interest and revaluations on the grants under Italian Law no. 488/1992 (EUR 19 million), relating to wind farms acquired as part of the ERG Wind transaction and revoked by the Italian Ministry of Economic Development, as described in more detail in **Note 25 – Other non-current financial assets**. It should be noted that the risks associated with the revocation of the aforementioned grants are covered in the ERG Wind acquisition agreements by specific indemnity obligations issued by the seller and therefore the related receivable was allocated to **Other non-current assets**;
- contingent foreign company charges related to Romania (EUR 3 million), recognised in 2015 upon the dissolution of the LUKERG Renew joint venture, as well as contingent charges related to Poland (EUR 2 million) for the calculation of clawback measures for certain 2023 monthly payments.

The change in the year consists mainly of releases relating to potential charges in Romania and uses relating to contributions under Italian Law no. 488/1992.

The **Provision for legal risks** mainly relates to provisions for risks relating to the wind and solar businesses.

The item **Other provisions for risks and charges** mainly refers to risks on potential higher contractual charges (approximately EUR 3 million) as well as risks relating to disputes involving some foreign companies. The decrease mainly refers to the use or release of provisions for sundry risks and charges

in some Italian companies for which the requirements that had originally led to their recognition are no longer met. The increase in the change in the scope of consolidation refers to the recognition of a provision for potential future charges identified in connection with acquisitions during the year.

NOTE 28 - CONTINGENT LIABILITIES AND DISPUTES

ERG is a party in civil, administrative and tax proceedings and legal actions connected with the normal course of its operations. Where no explicit mention is made of a provision, the Group has assessed the corresponding risk as possible and provides the relevant information.
The notes to the financial statements must disclose the significant contingent liabilities represented by:

- possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon occurrence of one or more uncertain future events not wholly within the Group's control;
- present obligations arising from past events the amount of which cannot be reliably estimated, or for which it is probable that settlement will not be onerous.

For the purposes of these Consolidated Financial Statements, there are no obligations falling within the definition described above

V. FINANCING ACTIVITIES

Own funds

NOTE 29 - EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT

The change in equity during the year is shown below:

(EUR million)

Equity attributable to the owners of the parent	31/12/2023	Share-based payments	Dividends	Share buy-back	Translation differences and actuarial changes	Hedging reserve	Other changes	Result	31/12/2024
	2,133	4	(146)	(47)	15	(3)	4	187	2,147

(EUR thousand)	31/12/2024	31/12/2023
Share capital	**15,032**	**15,032**
Share premium reserve	74,543	74,543
Revaluation reserves	66,946	66,946
Legal reserve	3,236	3,236
Hedging reserve	38,795	41,711
Translation reserve	6,792	(8,136)
Reserve for treasury shares in portfolio	(97,939)	(66,740)
Other reserves	1,593,929	1,527,666
Total Reserves	**1,686,302**	**1,639,225**
Retained earnings	258,198	300,108
Profit for the year	187,087	178,668
Equity attributable to the owners of the parent	**2,146,618**	**2,133,033**
Non-controlling interests	76,481	6,664
Equity	**2,223,099**	**2,139,697**

The **"Share premium reserve"** consists of the share premium paid by the shareholders for the subscription of the shares relating to the share capital increases carried out on 14 October 1997, 2 July and 5 August 2002.

Revaluation reserves refer to the revaluation pursuant to law of property, plant and equipment carried out in previous years.

The **Hedging Reserve** reflects the fair value net of tax effect of unrealised hedging derivatives at the reporting date. With reference to the impact on the statement of comprehensive income of hedging derivatives negative in the amount of EUR 3 million, please refer to the **Statement of comprehensive income**.

The **Reserve for treasury shares in portfolio** includes the cost of the parent's shares held by the Group, the movement of which over the period is detailed on the following pages.

"Other reserves" comprise mainly:
- the goodwill generated by the 2015 merger of ISAB Energy S.r.l. into ERG S.p.A. amounting to EUR 184 million;
- the monetary revaluation reserve, which as from 2015 includes the reconstitution of the monetary realignment reserve of the former ISAB Energy S.r.l. as per Italian Law no. 266/05 for an amount of EUR 29 million;
- the goodwill generated by the 2010 merger of ERG Raffinerie Mediterranee S.p.A. and ERG Power & Gas S.p.A. into ERG S.p.A., equal to EUR 446 million, which had been partly allocated in the "2010 merger goodwill" reserve (EUR 251 million) and partly to reconstitute the specific equity reserves (EUR 195 million) subject to tax on distribution;
- the consolidation reserve..

Share capital
The fully paid-in share capital at 31 December 2024 consisted of 150,320,000 shares with a par value of EUR 0.10 each for a total of EUR 15,032,000 (unchanged since 31 December 2023).

At 31 December 2024, the parent's Shareholders' Register, in relation to shareholders holding significant equity investments, shows the company SQ Renewables S.p.A. as the owner of approximately 63% of the share capital, unchanged compared to 31 December 2023.

The shareholding structure of ERG S.p.A. is shown below:

	No. of shares	%
Share capital	**150,320,000**	**100%**
SQ Renewables S.p.A.	94,000,000	63%
ERG S.p.A. (treasury shares)	4,366,145	3%
Others lower than 3%	51,953,855	35%
Total	**150,320,000**	**100%**

Treasury shares

Relevant information on the accounting standards adopted and recognition and measurement criteria

Treasury shares are presented as a reduction in equity.
In case of buy-back of shares recognised in equity, the consideration paid, including the costs that can be directly attributed to the transaction are recognised as a reduction in equity. The shares thus bought back are classified as treasury shares and recognised in the reserve for treasury shares. The consideration received from the subsequent sale or re-issue of treasury shares is recognised as an increase in equity. Any positive or negative difference deriving from the transaction is recognised in the share premium reserve.

On 23 April 2024, pursuant to Article 2357 of the Italian Civil Code, the Ordinary Shareholders' Meeting authorised the Board of Directors, subject to revocation, for the period still remaining, of the previous authorisation resolved by the Shareholders in the meeting on 26 April 2023, for a period of 18 months effective from 23 April 2024, to purchase treasury shares up to a revolving maximum (i.e. the maximum amount of treasury shares held from time to time in the portfolio) of 15,032,000 ordinary ERG shares with a par value of EUR 0.10 each, at a unit price, including ancillary purchase charges, not lower than 30% below and not higher than 10% above the closing price of the share on the day immediately preceding each individual transaction. This is in order to optimise the capital structure with a view to maximising the creation of value for shareholders, also in relation to the available liquidity and, nonetheless, for any other purposes allowed by the applicable legislative and regulatory provisions in force. The purchase must be carried out through the use of distributable profits and available reserves resulting from the last approved Financial Statements, in compliance with Article 132 of the Consolidated Finance Act and in the manner set forth in Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation, i.e. "on regulated markets or multilateral trading facilities in accordance with the operating procedures established in the organisational and management regulations of the markets themselves, which do not allow the direct matching of trading proposals for purchase with predetermined trading proposals for sale".
The Shareholders authorised the Board of Directors, pursuant to Article 2357-ter of the Italian Civil Code, upon annulment, for the period still remaining, of the previous authorisation resolved by the Shareholders' Meeting on 26 April 2023, for 18 months as from 23 April 2024, to also sell, all at once or in several steps, and with any procedures deemed appropriate in relation to the purposes, which the disposal is attempting to achieve, treasury shares at a unit price no lower than 10% below the closing price of the share on the day immediately preceding each individual disposal.

It should be noted that on 12 October 2023, the Board of Directors of ERG S.p.A. had resolved to start a share buy-back programme, which ended on 12 February 2024 in compliance with the resolution passed by the Shareholders' Meeting on 26 April 2023. On 14 November 2024, the Board of Directors of ERG S.p.A. approved the launch of a new share buy-back programme for a maximum duration of three months from the date of the resolution. The maximum quantity of Shares that can be purchased in implementation of the Programme is 1,200,000 (e.g. a total of 0.798% of the share capital), with a maximum outlay of EUR 22,600,000, without prejudice to any other limitation possibly deriving from legislative or regulatory provisions.
In the period from 18 November 2024 to 31 December 2024, ERG S.p.A. purchased 534,671 ordinary shares (equal to 0.3557% of the share capital of ERG S.p.A.) on the Euronext Milan market at a weighted average price of EUR 20.18, for a total amount of EUR 10,791,774, including ancillary charges of EUR 18,277. At 31 December 2024, considering the shares already in the portfolio prior to the start of the programme, ERG S.p.A. holds 4,366,145 treasury shares, equal to 2.9046% of its share capital.
Information on the purchase of treasury shares is updated weekly on the parent's website (www.erg.eu) in the "Media/Press Releases" section.

Period	Number of shares purchased	Average price per share (Euro)	Aggregate number of shares purchased
2023-2024 Programme			
October 2023	480,000	23.14	480,000
November 2023	947,636	24.85	1,427,636
December 2023	976,644	27.25	2,404,280
TOTAL AT 31/12/2023	**2,404,280**	**25.48**	**2,404,280**
January 2024	796,938	27.15	3,201,218
February 2024	556,782	26.59	3,758,000
TOTAL AT 12/02/2024	**3,758,000**	**26.00**	**3,758,000**
2024-2025 Programme			
November 2024	160,000	20.04	160,000
December 2024	374,671	20.25	534,671
TOTAL AT 31/12/2024	**534,671**	**20.18**	**534,671**

The following table shows the change in the number of treasury shares and shares outstanding:

Number of shares	Treasury shares	Shares outstanding
BALANCE AT 31/12/2023	3,186,360	147,133,640
Purchase of ordinary shares	1,888,391	(1,888,391)
Share-based payments with equity-linked instruments (LTI 2021-2023)	(708,606)	708,606
BALANCE AT 31/12/2024	**4,366,145**	**145,953,855**

The change in the number of treasury shares in 2024 was determined by the execution of the share buy-back programmes, which began in 2023 and by the allocation of treasury shares to Management under the long-term incentive plan (LTI) 2021-2023.

Dividends

In 2024, ERG S.p.A. paid dividends totalling EUR 146.5 million, equal to EUR 1.00 for each of the shares entitled to receive dividends at the ex-dividend date. In the corresponding period of the previous year, dividends amounting to EUR 149.5 million were distributed, equal to EUR 1.00 for each of the shares entitled to receive dividends on the ex-dividend date.
It should also be noted that dividends in the amount of EUR 5.6 million were paid to non-controlling interests of investee companies.

Proposal of the Board of Directors of 11 March 2025

Dear shareholders, in relation to the results achieved, we invite you to resolve upon the following:

- to approve the Financial Statements of your company for the year ended 31 December 2024, which show a profit of EUR 27,469,296.82;
- to resolve to pay to the Shareholders a dividend of EUR 1.00 per share. The dividend will be payable for each share with dividend rights outstanding at the ex-dividend date, excluding the parent's treasury shares, in accordance with Article 2357-ter of the Italian Civil Code, via the profit for the year and "Other reserves";
- to approve the payment of the dividend as from 21 May 2025, with an ex-dividend date as from 19 May 2025 and record date of 20 May 2025.

Supplementary information on capital

The objectives identified by the Group for capital management are to safeguard corporate viability, to create stakeholder value and to support Group development. In particular, the Group pursues the maintenance of an adequate level of capitalisation that allows it to produce a satisfactory economic return for the shareholders and to assure access to external financing sources, also through the achievement of an adequate rating. In this context, the Group manages its own capital structure and makes adjustments to it, if changes in the economic conditions require it. There were no substantial changes to the objectives, to the policies or to the processes as at the date of preparation of this document.

NOTE 30 - NON-CONTROLLING INTERESTS

Non-controlling interests relate to the consolidation on a line-by-line basis of the following companies that have other shareholders:

		31/12/2024		31/12/2023	
company	**% non-controlling interest**	**non-controlling interests**	**Profit/ (Loss)**	**non-controlling interests**	**Profit/ (Loss)**
Andromeda PV S.r.l.	21.50%	6,165	2,017	6,664	1,829
C.P.E.S. Mas d'en Ramis S.A.S.	40.00%	(281)	(281)	-	-
C.P.E.S. La Brède S.A.S.	42.58%	(134)	(134)	-	-
Project Pinnacle I, LLC	25.00%	70,731	1,027	-	-
Total		**76,481**	**2,629**	**6,664**	**1,829**

The change mainly refers to the change in the consolidation scope, as well as the effect of the dividends paid by the companies Andromeda PV S.r.l. and Project Pinnacle I, LLC.
It should be noted that, with respect to the non-controlling interest in the net equity of C.P.E.S. Mas d'en Ramis S.A.S. and C.P.E.S. La Brède S.A.S., which are part of the Falcon business combination, and based on the agreements with the non-controlling interests that include respective repurchase committments in 2027 and 2028, the fair value of this commitment, amounting to approximately EUR 1.7 million, has been reclassified as a non-current liability.

Net financial indebtedness

Relevant information on the accounting standards adopted and recognition and measurement criteria

For the purposes of defining the net financial indebtedness, reference is made to the information provided in CONSOB Warning Notice no. 5/21 of 29 April 2021.

In detail, the net financial indebtedness is broken down as follows:
A. Cash
B. Cash equivalents

C. Other current financial assets
D. Liquidity (A) + (B) + (C)
E. Current financial liabilities – instruments measured at fair value
F. Current portion of non-current financial liabilities
G. Current financial indebtedness (E) + (F)
H. Net current financial indebtedness (G) - (D)
I. Non-current financial liabilities
J. Debt instruments
K. Trade payables and other liabilities
L. Non-current financial indebtedness (I) + (J) + (K)
M. Net financial indebtedness (H) + (L)

Financial assets and Financial liabilities

All financial assets and liabilities are initially recognised on the trading date, i.e. when the Group becomes a contractual party to the financial instrument. Financial instruments are initially measured at fair value plus or minus, in the case of financial assets or liabilities not at FVTPL, transaction costs directly attributable to the acquisition or to the issue of the financial instrument. Subsequently, their measurement and classification is based on the analysis of contractual cash flows and on the business model adopted by the Group for the management of these instruments. They can therefore be measured and classified as follows:

- *Amortised cost. They mainly include instruments such as loan assets and other loans granted by the Group. The amortised cost is decreased by impairment loss. Interest, determined using the effective interest method, exchange gains and losses and impairment losses are recognised in profit or loss for the year as are any gains or losses on derecognition.*
- *Fair value through profit or loss for the year (FVTPL) These instruments are recognised at fair value even after initial recognition and changes in fair value are recognised in profit or loss for the year. They include equity investments and derivative instruments not classified by the Group as hedging instruments.*
- *Fair value through other comprehensive income (FVOCI). These instruments are recognised at fair value even after initial recognition. They mainly include debt securities, equities and derivative instruments classified by the Group as hedging instruments. Interest income calculated in accordance with the effective interest method, exchange gains and losses and impairment losses are recognised in profit or loss for the year; other net gains and losses are recognised in the Statement of Comprehensive Income. When the financial asset is derecognised, the gains or losses previously recognised in the Statement of Comprehensive Income are reclassified to the income statement.*

Financial assets and liabilities are measured at amortised cost using the effective interest method or at FVTPL. Any changes to financial assets and liabilities measured at FVTPL, including interest expense, are recognised in profit/(loss) for the year. In the case of financial liabilities subsequently measured at amortised cost, interest expense and exchange gains/(losses) are recognised in profit/(loss) for the year, as well as any gains or losses deriving from derecognition.
Financial liabilities measured at amortised cost include loans, trade payables and other financial liabilities; those measured at FVTPL include derivative financial instruments. When a financial asset is derecognised, the difference between the carrying amount of the extinguished financial liability and the price paid (including the assets not represented by cash transferred or the assumed liabilities) is recognised in the profit or loss for the year.

*Please refer to **Note 39 – Financial instruments for further details.***

(EUR thousand)	Notes	31/12/2024	31/12/2023
A. Cash	31	*270,957*	*292,568*
B. Cash equivalents	31	*330,009*	*175,000*
C. Other current financial assets	32-33	*452,290*	*241,696*
D. Liquidity (A) + (B) + (C)		**1,053,256**	**709,264**
E. Current financial liabilities	34	*(179,676)*	*(142,987)*
F. Current portion of non-current financial liabilities – loans, borrowings and Project Financing	34	*(22,683)*	*(14,027)*
F. Current portion of non-current financial liabilities – other liabilities	34	*(5,886)*	*(22,170)*
F. Current portion of non-current financial liabilities – current lease liabilities	35	*(6,510)*	*(6,353)*
F. Current portion of debt instruments	34	*(517,035)*	*(6,970)*
G. Current financial indebtedness (E) + (F)		**(731,791)**	**(192,507)**
H. Net current financial indebtedness (G) - (D)		**321,465**	**516,757**
I. Non-current financial liabilities	34	*(546,258)*	*(410,308)*
I. Non-current financial liabilities – non-current lease liabilities	35	*(222,924)*	*(165,687)*
J. Debt instruments	34	*(1,592,672)*	*(1,594,979)*
K. Trade payables and other liabilities	34	*(1,994)*	*(10,807)*
L. Non-current financial indebtedness (I) + (J) + (K)		**(2,363,848)**	**(2,181,781)**
M. Net financial indebtedness (H) + (L)		**(2,042,383)**	**(1,665,024)**

The table below shows the reconciliation between net financial position and the net financial indebtedness reported in the **Directors' Report**:

(EUR thousand)	31/12/2024	31/12/2023
M. Net financial indebtedness (H+L)	**(2,042,383)**	**(1,665,024)**
Inclusion of positive fair value IRS financial derivatives	*19,730*	*47,976*
Net Financial Indebtedness post IFRS 16 Directors' Report	**(2,022,653)**	**(1,617,048)**
Exclusion of IFRS 16 impact (lease liabilities)	*229,434*	*172,040*
Net Financial Indebtedness before IFRS 16 Directors' Report	**(1,793,219)**	**(1,445,008)**

Indirect and contingent indebtedness

In accordance with ESMA Guidelines, the description and nature of the Group's indirect and contingent indebtedness at 31 December 2024 is provided below.

The Group's indirect and contingent indebtedness at 31 December 2024 mainly refers to commitments to build assets over the next 12 months and amounts to approximately EUR 110 million, mainly attributable to the development of wind farms in the United Kingdom (approximately EUR 35 million), Germany (approximately EUR 27 million) and France (approximately EUR 24 million), repowering and revamping projects on wind farms and photovoltaic systems in Italy for approximately EUR 14 million and the development of Storage projects in Italy for approximately EUR 22 million.

NOTE 31 - CASH AND CASH EQUIVALENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Cash and cash equivalents are presented at fair value, which corresponds to their nominal amount. In accordance with IAS 7, the definition of cash equivalents comprises cash on hand and bank/postal deposits repayable on demand, together with short-term investments that are convertible to a known amount of cash. It also includes short-term investments whose reimbursement value is predetermined at the date of initial purchase/recognition.

This item, equal to EUR 601 million at 31 December 2024 (EUR 468 million at 31 December 2023), is made up of cash generated by the Group's assets, deposited with the banks of which the Group is a client, for an amount equal to EUR 591 million, in addition to the balance in the accounts of wind and solar companies owned by ERG Power Generation S.p.A. according to the restrictions on use set forth in the relative Project Financing agreements for an amount of approximately EUR 10 million. For further details on these Project Financings, please refer to **Note 34 – Current and non-current financial liabilities**.

The change in cash and cash equivalents is summarised in the Statement of Cash Flows.

NOTE 32 - FINANCIAL ASSETS MEASURED AT FAIR VALUE

(EUR thousand)	31/12/2024	31/12/2023	Impact on Net Financial Indebtedness
Fair value derivatives hedging interest rates	12,251	17,207	
Fair value Virtual Power Purchase Agreements	23,710	17,768	
Total non-current portion	**35,961**	**34,115**	
Fair value derivatives hedging interest rates	7,480	30,770	
Fair value derivatives hedging electricity prices	7,705	15,166	
Fair value Virtual Power Purchase Agreements	-	861	
Total current portion	**15,185**	**46,796**	

The non-current portion, amounting to approximately EUR 34 million at 31 December 2024 (EUR 34 million at 31 December 2023), consists mainly of:

- the non-current portion of the positive fair value of ERG S.p.A.'s IRSs for approximately EUR 12 million (EUR 17 million at 31 December 2023);
- financial assets referring to the positive fair value of the VPPA in Italy, equal to approximately EUR 24 million (EUR 17 million at 31 December 2023).

The current portion, amounting to approximately EUR 17 million at 31 December 2024 (EUR 47 million at 31 December 2023), consists mainly of:

- the current portion of the positive fair value of ERG S.p.A.'s IRSs for approximately EUR 7 million (EUR 31 million at 31 December 2023);
- financial assets referring to the positive fair value of commodity price risk hedging instruments, equal to approximately EUR 8 million (EUR 15 million at 31 December 2023).

NOTE 33 - OTHER CURRENT FINANCIAL ASSETS

This item, amounting to EUR 452 million at 31 December 2024, entirely included in the net financial indebtedness (EUR 242 million at 31 December 2023), mainly consisted of short-term uses of liquidity of EUR 435 million (EUR 235 million at 31 December 2023) and approximately EUR 14 million of interest income accrued on these uses (EUR 4 million at 31 December 2023).

NOTE 34 - CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The costs directly related to obtaining or issuing the liability are deducted from the carrying amount of the liability. These costs are then amortised over the life of the liability, using the effective interest rate method.

The liability for bonds is presented net of commissions and other borrowing costs.
Some financial liabilities measured at amortised cost, mainly loans and borrowings, are hedged. This mainly refers to loans whose future cash flows are exposed to interest rate risk. For the measurement of these hedging instruments, please refer to ***Note 39 – Financial instruments.***

	31/12/2024				31/12/2023			
	Carrying amount			Nominal amount	Carrying amount			Nominal amount
(EUR thousand)	Current portion*	Non-current portion	Total	Total	Current portion*	Non-current portion	Total	Total
Bonds issued	517,035	1,592,672	2,109,707	2,100,000	6,970	1,594,979	1,601,949	1,600,000
Loans and borrowings	4,298	419,041	423,339	420,000	4,156	329,073	333,229	330,000
Project Financing	18,385	125,258	143,643	144,244	16,837	81,234	98,071	98,397
Total non-current liabilities	**539,718**	**2,136,972**	**2,676,690**	**2,664,244**	**27,963**	**2,005,286**	**2,033,249**	**2,028,397**
Bank loans and borrowings	179,676	-	179,676	179,676	136,016	-	136,016	136,016
Other liabilities	5,886	1,994	7,880	7,880	22,175	10,808	32,983	32,983
Total Other financial liabilities	**185,562**	**1,994**	**187,556**	**187,556**	**158,191**	**10,808**	**168,999**	**168,999**
Total financial liabilities	**725,281**	**2,138,966**	**2,864,246**	**2,851,800**	**186,154**	**2,016,094**	**2,202,248**	**2,197,396**

(*) The current portion of loans and borrowings includes the reversal of the IFRS 9 gain, if applicable.

It should be noted that at 31 December 2024, the Green Bond with a nominal value of EUR 500 million maturing on 11 April 2025 was reclassified into the current portion.

The table below shows the nominal outstanding of the non-current liabilities at 31 December 2024, thus excluding the related amortised costs, the impacts of IFRS 9, the interest accrued, and the breakdown of the repayments envisaged for the years to come, by type of financing source.

(EUR million)	Debt 31/12/2024	2025	2026	2027	2028	2029	>2029
Bonds issued	2,100	500	-	600	-	-	1,000
Project Financing	144	19	19	18	23	4	62
Loans and borrowings	420	-	-	-	330	90	-
	2,664	**519**	**16**	**618**	**353**	**94**	**1,062**

The following table shows the composition in percentage terms of the outstanding nominal amount of non-current debt:

Non-current liabilities

(EUR thousand)	31/12/2024	%	31/12/2023	%
Bonds issued	2,100,000	79%	1,600,000	79%
Loans and borrowings	420,000	16%	330,000	16%
Project Financing	144,244	5%	98,397	5%
	2,664,244	**100%**	**2,028,397**	**100%**

Financial Strategy and Sustainable Finance

The ERG Group's financing strategy is focused on green and sustainable corporate finance instruments, in line with its development model. Confirming the Group's strong commitment to sustainable finance, in June 2024, ERG S.p.A. updated its Green Bond Framework, which was rated by the Second Party Opinion issued by Moody's Ratings, an independent external advisor, which gave it the highest rating in terms of contribution to sustainability and alignment with principles. The Second Party Opinion specifically certified the compliance of ERG S.p.A.'s Framework with the four pillars of the International Capital Market Association Green Bond Principles 2021 (including Appendix I from June 2022) and with the criteria of the EU Taxonomy. Lastly, the Framework is consistent with the 2024-2026 Business Plan.

The composition of funding sources confirms the Group's commitment to keeping at least 90% of the Group's funding sources sustainable as outlined in the 2022-2026 ESG plan.

Non-current liabilities[8]

(EUR million)	31/12/2024	%	31/12/2023	%
Sustainable sources of financing	2,520	95%	1,930	95%
Traditional sources of financing	144	5%	98	5%
Total Non-current financial liabilities	**2,664**	**100%**	**2,027**	100%

Sustainable sources of financing

At 31 December 2024, the sources of Sustainable Finance, equal to EUR 2,520 million out of a total of financial sources equal to a nominal amount of EUR 2,664 million (EUR 1,930 million at 31 December 2023 out of a total of financial sources equal to a nominal amount of EUR 2,027 million), include:

- *Green Bonds*, Green Bonds, for a total of EUR 2,100 million (EUR 1,600 million at 31 December 2023), intended for the financing and refinancing of the construction and/or acquisition of wind and solar projects, as well as storage, in accordance with the recent Green Bond Framework.The change compared to 31 December 2023 relates to the issue in July 2024 of a new Green Bond for an amount of EUR 500 million with a 6-year fixed-rate maturity

Type of loan	ISIN	Coupon	Issue date	Expiry date	Issue price	Gross yield to maturity	Rating	Carrying amount	Nominal amount
Green Bond	XS1981060624	1.88%	11/04/2019	11/04/2025	99.67%	1.93%	Fitch: BBB-	506,562	500,000
Green Bond	XS2229434852	0.50%	11/09/2020	11/09/2027	99.21%	0.62%	Fitch: BBB-	498,203	500,000
Green Bond	XS2229434852	0.50%	23/12/2020	11/09/2027	101.10%	0.33%	Fitch: BBB-	100,400	100,000
Green Bond	XS2386650274	0.88%	15/09/2021	15/09/2031	99.75%	0.90%	Fitch: BBB-	498,781	500,000
Green Bond	XS2853679053	4.13%	03/07/2024	03/07/2030	99.52%	4.22%	Fitch: BBB-	505,762	500,000
Total								**2,109,707**	**2,100,000**

The liability for bonds is presented net of commissions and other borrowing costs for an amount of EUR 9.5 million. These costs were recognised in the income statement under financial expense in 2024 according to the amortised cost method in the amount of EUR 2.3 million, corresponding to the portion accrued for the year.
The carrying amount of the financial liability includes approximately EUR 19.2 million of interest accrued in the year.

- Non Current senior unsecured Sustainability-Linked loans and borrowings, totalling EUR 420 million (nominal amount of EUR 330 million at 31 December 2023), which provide for a bonus mechanism linked to the achievement of ESG targets. At 31 December 2024, these targets have been achieved. The difference with respect to 31 December 2023 relates to the taking out of a new loan in the first quarter of 2024.

Disbursement	Type of loan	Maturity	Rate	Carrying amount	Nominal amount
2024	Sustainability bilateral linked loans	26/03/2029	IRS: Euribor 6M + Spread	90,565	90,000
2023	Sustainability bilateral linked loans	15/02/2028	IRS: Euribor 6M + Spread	100,793	100,000
2023	Sustainability bilateral linked loans	23/03/2028	IRS: Euribor 6M + Spread	131,605	130,000
2023	Sustainability bilateral linked loans	02/05/2028	IRS: Euribor 6M + Spread	100,377	100,000
Total				**423,339**	**420,000**

The loans indicated above are subject to interest rate hedges for 100% of the notional.
The loans shown above are recognised net of ancillary charges recognized using the amortised cost method (EUR 1.3 million) and including interest accrued for the year (EUR 4.7 million) calculated without taking into account interest rate hedging transactions.

Traditional sources of financing

The traditional sources of financing, equal to EUR 144 million (EUR 98 million at 31 December 2023) are entirely related to **Project Financing** for assets acquired or signed before 2019, linked to solar systems and wind farms in Italy, France, and Germany.

8 Including the current portion of non-current financial liabilities.

Specifically:
- loans for EUR 64 million, with final maturity in November 2028, relating to the construction of a solar system through an Italian company;
- loans amounting to EUR 17 million, with a final maturity in December 2038, granted for the construction of a wind farm through a German company;
- loans amounting to EUR 63 million with final maturity in December 2046, relating to the construction of a wind and solar portfolio in France, acquired in January 2024. This loan, which represents the main difference compared to 31 December 2023, was already in place on the acquired scope.

These loans are recognised net of ancillary expenses recognised using the amortised cost method (EUR 0.3 million).

Project Financing is guaranteed by the underlying asset. Please refer to the following section for a comment on any pertaining *covenants and negative pledges*.

At 31 December 2024, the weighted average interest rate on loans, borrowings and project financing, including hedging transactions, was around 1.6% (1.4% at 31 December 2023). 3).

In addition to the above drawn financial sources, ERG S.p.A. has an ESG-linked Revolving Credit Facility in place, with a three-year term and the possibility of extension for a further two years. The margin applied to the facility is subject to an adjustment mechanism based on the achievement of ESG targets. At 31 December 2024, these targets have been achieved. This facility, amounting to EUR 600 million, was fully available at 31 December 2024. It should be noted that the above-mentioned Facility was subject to an amendment concerning, among other things, the restoration of the original three-year duration together with two annual extension options, and the improvement of commercial terms & conditions.

Bank loans and borrowings equal to EUR 180 million include mainly short-term positions referred to current accounts of credit facilities.

Other liabilities refer primarily to deferred components of the purchase price of companies abroad mainly for approximately EUR 6 million.

Covenants and negative pledges
At the reporting date, all the covenants on the Group's loans had been satisfied.

The above-mentioned financial liabilities contain covenants typical of the financial market, which place limits on the financed company in line with the prevailing market practice for similar agreements.
These agreements contain also negative pledges, clauses that generally prohibit assets being used as collateral for any other third-party lenders and protect the creditor's right over the assets pledged by the debtor as a guarantee for repayment of the loan.

As regards commitments and guarantees issued in favour of lenders, these mainly refer to:
i. the special lien on movable assets;
ii. the mortgage of real estate;
iii. the pledge on restricted current accounts;
iv. the pledge on 100% of the share capital (including the pledge of 100% of the share capital of any subsidiaries).

The table below provides details on the financial parameters relating to the Group's loans/Project Financing.

2024 Financial Statements	2023 Financial Statements	Project Financing/Loans	Financial covenant(s) deadline	Compliance with covenant(s)	Event of Default	Remedies in case of Event of Default*
✔	✔	Windpark Linda GmbH Project Financing	15/03 - 15/09	✔	HDSCR less than 1.05x	✔
✔	✔	Andromeda PV S.r.l. Project Financing	15/05 - 15/11	✔	Historical Annual DSCR and Projected Annual DSCR greater than 1.10x	✔
✔	•	Project Financing C.E.P.E. Renouvellement Haut Cabardès SAS	within 10 working days after 30/06	✔	HDSCR less than 1.05x	✔
✔	✔	Corporate Loan February 2028 EUR 130,000,000	n/a	n/a		n/a
✔	✔	Corporate Loan March 2028 EUR 100,000,000	n/a	n/a		n/a
✔	✔	Corporate Loan May 2028 EUR 100,000,000	n/a	n/a		n/a
✔	•	Corporate Loan March 2029 EUR 90,000,000	n/a	n/a		n/a

LLCR: Loan Life Cover Ratio
HDSCR: Historical Debt Service Coverage Ratio
FDSCR: Forecast Debt Service Coverage Ratio
* Contractually established remedies that the company can take to avoid default.

Legenda:
✔ Present
• Not present
n/a Not applicable

NOTE 35 - LEASE LIABILITIES

Financial liabilities accounted for in accordance with IFRS 16 equal to EUR 229 million (EUR 172 million at 31 December 2023) of which EUR 223 million (EUR 166 million at 31 December 2023) non-current and EUR 7 million current (EUR 6 million at 31 December 2023).
The liability refers to the present value of payments due and not paid at the start date of the lease plus implicit interest accrued on said liability and less payments made during the year.
The increase mainly refers to the liability recognised for the acquisitions that took place during the year. For further details, please refer to **Note 45 – Business combinations**.

NOTE 36 - FINANCIAL LIABILITIES MEASURED AT FAIR VALUE

(EUR thousand)	31/12/2024	31/12/2023	Impact on Net Financial Indebtedness
Fair value Virtual Power Purchase Agreements	97,145	5,830	
Fair value derivatives hedging interest rates	1,959		
Total non-current portion	**99,104**	**5,830**	
Fair value of derivatives hedging exchange rate	-	2,349	
Fair value Virtual Power Purchase Agreements	6,767	530	
Fair value derivatives hedging electricity prices	3,065	3,030	
Total current portion	**9,832**	**5,908**	

The non-current portion, equal to EUR 99 million (EUR 6 million at 31 December 2023) includes the negative fair value of the VPPA in Spain, the USA and the UK, part of which was recognised at fair value as part of the related business combinations. These instruments were also designated as hedging instruments and therefore are not included in the financial liabilities of the Net Financial Position prepared in accordance with CONSOB Warning Notice no. 5/21 of 29 April 2021.

The current portion of EUR 10 million (EUR 6 million at 31 December 2023) consists of:
- the portion to be released in the short term of liabilities referring to the negative fair values recognised as part of the related VPPA business combinations in Spain and the US, equal to approximately EUR 7 million (EUR 0.5 million at 31 December 2023);
- liabilities related to the negative fair value of commodity price risk hedging instruments amounting to approximately EUR 3 million (EUR 3 million at 31 December 2023), which do not fall under the classification of financial liabilities and are therefore not included in the net financial position.

NOTE 37 - NET FINANCIAL INCOME (EXPENSE)

(EUR thousand)	2024			2023		
	Financial income	Financial expense	Net	Financial income	Financial expense	Net
Bank interest income (expense) on current accounts	27,014	(2,575)	24,439	18,486	(574)	*17,912*
Financial income (expense) on interest rate derivatives – differential	16,504	(3,032)	13,472	12,178	(1,717)	*10,461*
Interest expense to third parties on loans/borrowings	-	(46,301)	(46,301)	-	(30,863)	*(30,863)*
Interest expense on project financing	-	(7,508)	(7,508)	-	(6,948)	*(6,948)*
Liability management transactions	-	-	-	1,851	(6,650)	*(4,799)*
Liquidity management/Cost of debt	**43,518**	**(59,416)**	**(15,898)**	**32,515**	**(46,753)**	***(14,238)***
Derivative financial income (expenses) – change in fair value	15,280	(10,557)	4,723	155,299	(155,173)	*126*
Other financial income (expense)	20,449	(15,592)	4,857	9,607	(4,196)	*5,411*
Exchange gains (losses)	2,459	(1,604)	854	362	(380)	*(18)*
Interest expense on lease liabilities	-	(10,623)	(10,623)	-	(7,166)	*(7,166)*
Financial expense on US Tax Partner Liability	-	(8,099)	(8,099)	-	-	-
Amortised cost on loans, borrowings and project financing	-	(2,809)	(2,809)	-	(2,478)	*(2,478)*
Effect of loan renegotiations – IFRS 9	-	(229)	(229)	-	(1,074)	*(1,074)*
Other income (expense)	**38,187**	**(49,513)**	**(11,326)**	**165,268**	**(170,468)**	***(5,199)***
Total	**81,705**	**(108,929)**	**(27,224)**	**197,783**	**(217,220)**	***(19,437)***

The **Interest expense to third parties on loans/borrowings** and **Interest expense on project financing** included in the cost of debt represent the portion of financial expense relating to contractual interest, while their adjustment to the effective interest rate is represented by the items **Amortised cost on loans, borrowings and project financing** and **Effect of loan renegotiations – IFRS 9**. The change in interest expense is mainly due to the increase in interest rates compared to the comparative period, as well as to the new debt instrument issued in July 2024. This change is effectively hedged under the item **Financial income (expenses) on interest rate derivatives – differential**. In addition, the strong growth in interest rates has also made it possible to invest with significant returns and to remunerate the Group's liquidity, including that generated by the aforementioned bond issue, carried out in view of the April 2025 maturity, which also benefited from a partial pre-hedge at particularly favourable conditions; the income from these investments is included in the item **Bank interest income (expense) on current accounts**.

The item **Liability management transactions** (EUR 5 million in 2023) includes the non-recurring expense linked to the closure, in the previous period, of some Project Financing of some operating wind and solar companies, including related renegotiation effects on loans in application of IFRS 9, as well as the partial extinguishment of the fair value related to derivative financial instruments, where applicable, hedging related interest rates.

Derivative financial income (expense) – change in fair value refers to the change in fair value of certain derivative financial instruments on interest rates and commodities. As for the latter, the gross amounts of income and expense represented reflect the technical purchase and sale transactions and in the 2023 financial year they amounted to a significant amount due to the significant variability of the energy scenario. It should be noted that the net result of the aforementioned transactions on commodities is not significant, in line with the objectives set in the policy and with previous years. The item includes approximately EUR 4 million for the change in fair value of interest rate derivatives.

The item **Financial expense on US Tax Partner Liability** represents the financial expense deriving from the revaluation of the total amount due to the Partner at the expected internal rate of return.

Other financial income (expense) mainly includes capitalised financial interest for farms under construction, financial expenses on the decommissioning provision, and bank fees.

NOTE 38 - FINANCIAL INSTRUMENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Derivative financial instruments

Derivative financial instruments, including embedded derivatives, subject to separation from the main contract, are assets and liabilities recognised at fair value.

Derivative instruments, including forward transactions, are classified as follows:

1. ***derivative instruments that can be defined as hedges pursuant to IFRS 9:*** *this includes (i) cash flow hedges (CFH) on interest rates, exchange rates and commodities and (ii) fair value hedges (FVH) on commodities (price and exchange rate);*
2. ***forward transactions and derivative instruments that cannot be defined as hedges pursuant to IFRS 9*** *, meeting the requirements of*

compliance with the company policies for the management of risk on exchange rates and energy commodities.

The Group carries out the basis adjustment, reclassifying the effective result of the hedge to adjust the initial recognition value of the hedged item, in the case of cash flow hedges of non-financial elements. For all cash flow hedges, including those of transactions involving the recognition of a non-financial asset or liability, the cumulative gain or loss in the hedging reserve was reclassified to profit or loss for the year in the same year or in the same years in which the hedged expected future cash flows have an effect on profit or loss.
The Group analyses all contracts to buy or sell non-financial assets, with particular attention to forward purchases or sales of electricity and energy commodities, in order to determine whether they should be classified and treated in accordance with IFRS 9 or whether they were entered into for "own use exemption".

Fair value hierarchy according to IFRS 13
In measuring the fair value of an asset or a liability, the Group uses, insofar as it is possible, observable market data. Fair values are categorised in various hierarchical levels according to the input data used in the measurement techniques, as illustrated below.

- *Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets.*
- *Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) and indirectly (derived from prices).*
- *Level 3: unobservable inputs for the asset or liability.*

The Group recognises the transfers between the various levels of the fair value hierarchy of the event or of the change in the circumstances that determined the transfer in which the transfer took place.
Estimates and assumptions are revised periodically and the effects of each change are reflected in the Income Statement in the year in which the change took place.

The following table shows, for each financial asset and liability, the carrying amount and the fair value. Information on the financial assets and liabilities not measured at fair value is excluded, when the carrying amount represents a reasonable approximation of fair value.

31/12/2024	Fair value – Hedging instruments	FVTPL instruments – other	Financial assets measured at amortised cost	Other financial liabilities	Total Carrying Amount	Fair value	Level 1	Level 2	Level 3
Equity investments	-	805	-	-	805	805	-	805	-
Other non-current financial assets	-	-	23,986	-	23,986	23,986	-	23,986	-
Interest rate swap hedging	19,731	-	-	-	19,731	19,731	-	19,731	-
Commodity derivatives*	7,705	-	-	-	7,705	7,705	7,705	-	-
Virtual Power Purchase Agreements	23,710	-	-	-	23,710	23,710	-	-	23,710
Other current financial assets	-	-	32,717	-	32,717	32,717	-	32,717	-
Trade receivables	-	-	134,318	-	134,318	134,318	-	-	-
Current financial securities	-	-	-	-	-	-	-	-	-
Other assets	-	-	579,093	-	579,093	579,093	-	579,093	-
Cash and cash equivalents	-	-	600,966	-	600,966	600,966	-	-	-
Total assets	**51,146**	**805**	**1,371,082**	**-**	**1,423,032**	**1,423,032**			
Loans and borrowings	-	-	-	423,339	423,339	426,785	-	426,785	-
Bonds	-	-		2,109,707	2,109,707	2,027,839	-	2,027,839	-
Non-recourse project financing	-	-	-	143,643	143,643	150,689	-	150,689	-
Current bank loans and borrowings	-	-	-	179,676	179,676	179,676	-	179,676	-
Financial liabilities	-	-	-	7,880	7,880	7,880	-	7,880	-
Commodity derivatives*	3,065	-	-	-	3,065	3,065	3,065	-	-
Virtual Power Purchase Agreements	103,912	-	-	-	103,912	103,912	-	-	103,912
Trade payables	-	-	123,551	-	123,551	123,551	-	-	-
Other liabilities	-	-	-	274,548	274,548	274,548	-	255,899	18,649
Total liabilities	**106,977**	**-**	**123,551**	**3,138,794**	**3,369,321**	**3,297,944**			

(*) the item does not include the fair value of the futures for which cash settlement of open positions is also envisaged (for which the relative fair value cannot be found in the statement of financial position as it has already been settled) amounting to approximately EUR 1 million.

To determine the market value of these instruments, ERG uses various models for measuring and valuation, as summarised below:

Type	Instrument	Pricing model	Calculation tool	Market data used	Data provider	IFRS 7 hierarchy
Interest Rate derivatives	Interest Rate Swap	Discounted Cash Flow	- MS Excel - FINCAD XL	- Deposit rates (EURIBOR) - Swap rates	Refinitiv Eikon	Level 2
	Interest Rate Option (Cap, Floor)	Black & Scholes	- MS Excel - FINCAD XL	- Deposit rates (EURIBOR) - Swap rates - Implied volatility of rates	Refinitiv Eikon	Level 2
Commodity derivatives	Commodity Swap	Discounted Cash Flow	- MS Excel - FINCAD XL	- Official spot quotes on reference commodities	Refinitiv Eikon	Level 2
	Commodity Futures	Strumento quotato		- Official settlement prices – Source: EEX	EEX via Refinitiv Eikon	Level 1
	Contract for Difference (CfD)	Discounted Cash Flow	- MS Excel - FINCAD XL	- Forward national single price quoted on the OTC market - Zero coupon curve on the Euro	EEX via Refinitiv Eikon Refinitiv Eikon	Level 2
	Virtual Power Purchase Agreement (VPPA)*	Discounted Cash Flow Metodo Monte Carlo (valutazione opzioni)	- MS Excel - FINCAD XL	- Official spot/forward prices of reference commodities - Historical volatility of the reference commodities - Zero coupon curve of the reference currency - ECB spot exchange rates	Refinitiv Eikon	Level 3
Currency derivatives	Forward purchase/sale (Outright, FX Forward)	Discounted Cash Flow	- MS Excel - FINCAD XL	- Current (deposit rates) and non-current - Cboth reference currencies. - ECB spot exchange rates	Refinitiv Eikon	Level 2

* Since these are instruments with average delivery terms of more than 10 years, if for long-term maturities there are no easily identifiable price quotations in the active market and therefore the price of the last available maturity date has to be replicated, the fair value at the date of initial recognition is estimated, with no accounting impact in the financial statements, and at each closing date the difference between the fair value at the valuation date and the estimated fair value at the date the contract was signed is recognised. The initial fair value of certain Virtual Power Purchase Agreements, when recognised as part of business combinations accounted for under IFRS 3, is subsequently recognised on a constant basis within the "Revenue" item over the remaining term of the contract to which it relates.

It should be noted that for instruments measured with Level 3 inputs, the impact recognised in the income statement for the year amounted to approximately EUR 10.7 million under revenue and approximately EUR 1.8 million under other revenue. The impact on the statement of comprehensive income for the year amounted to approximately EUR 10.1 million as an increase in the hedging reserve.
It should also be noted that the non-observable elements refer to the long-term points of the forward curve of electricity prices; the sensitivity of the changes in this final part of the curve is marginal, the short end of the curve based on observable inputs being predominant.

NOTE 39 - FINANCIAL RISK DISCLOSURE

The main risks identified and actively managed by the ERG Group include the following:

- the **Credit risk**, which highlights the possibility of default of a counterparty or any impairment of the assigned credit rating;
- the **Market risk**, deriving from exposure to interest rate and exchange rate fluctuations, and the change in the prices of the products sold and of the purchases of raw materials (commodity price volatility risk);
- the **Liquidity risk**, the risk of available financial resources being insufficient to fulfil payment commitments.

The ERG Group attaches great importance to identifying and measuring risks and to the related controls, in order to ensure efficient management of the risks it runs. Consistently with this objective, an advanced Risk Management system was adopted that assures, in compliance with the existing policies on the topic, the identification, measurement and central level control for the entire Group of the degree of exposure to individual risks.
The Group Risk Management & Corporate Finance function ensures consistency with the assigned risk limits and provides adequate support with its own analyses, both to individual subsidiaries and to the Risk Committee and Top Management of the Parent, for strategic decisions.

Credit risk

Exposure to credit risk, inherent in the probability that a given counterparty will not be able to fulfil its contractual obligations, is managed by means of appropriate analysis and evaluation, also supported by primary providers on the analysis of the credit risk, assigning each counterparty an internal rating (Internal Based Rating, summary indicator of creditworthiness assessment). The rating classes provide an estimation of the probability of default of a specific counterparty, on which the degree of creditworthiness assigned depends, which is accurately monitored and must not be overrun. The choice of counterparties both for the industrial business and financial negotiations underlies the decisions of the Credit Committee, whose choices are supported by creditworthiness analyses.
Concentration risk, in particular per customer, is also continuously monitored without ever having presented alert situations, also in view of the customer characteristics of the sector in which the Group operates.

At 31 December 2024, maximum exposure to credit risk on trade receivables, broken down by geographical region, is as follows:

(EUR thousand)	31/12/2024	31/12/2023
Italy	70,760	80,308
Romania	19,534	20,310
France	15,379	33,002
UK	7,565	4,545
Germany	5,813	7,726
Poland	5,299	6,541
Bulgaria	4,993	1,944
USA	3,265	-
Spain	1,478	2,905
Sweden	234	613
Tota	**134,318**	**157,894**

The following table provides information on the ERG Group's exposure to credit risk at year-end, by classifying receivables (see **Note 6 – Trade receivables**) according to the credit rating corresponding to the ratings assigned by the information provider and assigned internally.

(EUR thousand)	31/12/2024	31/12/2023
AAA Rating	-	4,924
AA+/AA- Rating	5,845	8,108
A+/A- Rating	9,305	8,008
BBB+/BBB- Rating	92,508	64,803
BB+/BB- Rating	11,563	45,174
B+/B- Rating	11,727	18,226
CCC Rating	3,459	371
CC Rating	501	3,990
Total	**134,907**	**153,605**

In relation to receivables not subject to impairment, the Group assigns each exposure a credit rating class that provides a forecast of the risk of loss and takes into account the proven experience in evaluating receivables. The credit rating classes are defined using qualitative and quantitative factors indicating the risk of default.

The following table shows the exposure to credit risk and the expected losses on trade receivables not past due at 31 December 2024 (with respect to the table above, the carrying amount is recognised net of items included under liabilities as an adjustment to receivables and of receivables already collected at the date of this document).

(EUR thousand)	Carrying amount	Weighted average loss percentage*	Loss allowance
AAA Rating	-	-	-
AA+/AA- Rating	5,845	0.02%	1
A+/A- Rating	9,305	0.07%	6
BBB+/BBB- Rating	91,919	0.19%	174
BB+/BB- Rating	11,563	0.44%	51
B+/B- Rating	11,727	1.09%	128
CCC Rating	3,459	2.75%	95
CC Rating	501	5.60%	28
Total	**134,318**		**484**

* Parameter assessed for each country on the basis of the Probability of Default (PD) and the statistically recognised Loss Given Default (LGD).

Finally, it should be noted that the impact of credit risk on liquid bank exposures is estimated at approximately EUR 0.1 million at 31 December 2024 (EUR 0.3 million at 31 December 2023).

Liquidity risk

Liquidity risk is the risk that financial resources may not be sufficient to cover all obligations falling due. To date, the ERG Group guarantees with the generation of cash flows and with the availability of credit facilities, made available by different counterparties, the adequate coverage of its financial requirements.

The following tables summarise the time profile of the financial liabilities of the Group, inclusive of interest, at 31 December 2024 and at 31 December 2023 on the basis of non-discounted contractual payments and the relative carrying amount.

31/12/2024		Payable maturity					
(EUR thousand)	Carrying amount	Total	On demand	less than 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years
Bonds issued	2,109,707	2,275,219	-	-	537,894	707,542	1,029,783
Loans and borrowings	423,339	472,863	-	6,916	9,817	456,130	-
Non-recourse project financing	143,643	184,639	-	9,218	15,988	78,302	81,132
Current bank loans and borrowings	179,676	179,676	-	179,676	-	-	-
Other liabilities	170,390	177,144	-	7,601	28,688	86,464	54,391
Trade payables	123,551	123,551	104,632	18,919	-	-	-
Total non-derivative financial liabilities	**3,150,307**	**3,413,091**	**104,632**	**222,330**	**592,387**	**1,328,437**	**1,165,305**
Interest Rate Swap hedging interest rate risk	1,959	2,375	-	10	270	1,174	921
Virtual Power Purchase Agreements	103,912	103,912	-	1,692	5,075	49,462	47,683
Commodity derivatives	3,065	3,065	-		3,065	-	-
Total derivative financial liabilities	**108,935**	**109,352**	**-**	**1,702**	**8,410**	**50,636**	**48,604**

31/12/2023		Payable maturity					
EUR thousand)	Carrying amount	Total	On demand	less than 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years
Bonds issued	1,601,949	1,666,722	-	-	17,029	1,136,385	513,307
Loans and borrowings	333,229	385,130	-	5,913	11,030	368,187	-
Non-recourse project financing	98,071	114,715	-	8,969	12,071	80,420	13,254
Current bank loans and borrowings	136,016	136,016	-	50,690	85,326	-	-
Other liabilities	32,983	32,983	-	-	22,176	10,807	-
Trade payables	122,038	122,038	57,632	64,406	-	-	-
Total non-derivative financial liabilities	**2,324,286**	**2,457,604**	**57,632**	**129,978**	**143,633**	**1,595,800**	**526,561**
Virtual Power Purchase Agreements	6,360	6,360	-	133	398	2,120	3,710
Currency derivatives	2,349	2,349	-	-	2,349	-	-
Commodity derivatives	3,030	3,030	-		3,030	-	-
Total derivative financial liabilities	**11,738**	**11,738**	**-**	**133**	**5,776**	**2,120**	**3,710**

Market risk

This comprises currency, interest rate risk and commodity price risk. The management of these risks is regulated by the guidelines provided in the Group Policy and by internal procedures in the Finance area.

Moreover, specific risk management policies and procedures have been developed, based on industry best practices, for the continuous measurement of exposure levels with respect to a Risk Capital value allocated by the parent.

Market risk – interest rate

This risk identifies the change in future interest rate trends that may cause higher costs for the Group. Containment of the interest rate risk is pursued by using derivative contracts such as Interest Rate Swaps and Interest Rate Options *(plain vanilla)*.

	2024		2023	
(EUR million)	Nominal	%	Nominal	%
Fixed rate loans	2,181	82%	1,697	84%
Variable rate loans	9	0%	0	0%
Variable rate loans – hedged	474	18%	330	16%
Total gross indebtedness	**2,664**	**100%**	**2,027**	**100%**

The following table shows the impact on the profit before taxes (because of changes in the fair value of financial assets and liabilities) and on the Equity attributable to the owners of the parent (due to changes in the fair value of cash flow hedge derivatives) of a +/-1% change in the interest rate, all other variables remaining equal.

Impact on profit or loss

(EUR million)	2024	2023
Shock-up (+1% change in interest rate)	1.6	1.5
Shock-down (-1% change in interest rate)	(3.6)	0.4

Impact on equity

(EUR million)	2024	2023
Shock-up (+1% change in interest rate)	12.0	19.3
Shock-down (-1% change in interest rate)	(11.5)	(20.7)

Market risk – commodity

Commodity price risk consists in unexpected fluctuations in the prices of raw materials, of procurement of services, of finished products and services provided for sale on the open market.

The Group implements all risk management strategies necessary to avoid the economic damages deriving from the volatility of the price for the sale and purchase of Electricity and from fluctuations in the Clean Spark Spread.

	2024		
thousands of MWh	Hedge Nominal	Trading Nominal	Total
Future	1,373	-	1,373
CFD	1,130	-	1,130
VPPA	15,852	-	15,852
Total	**18,356**	**-**	**18,356**

The following tables show the breakdown of the derivative financial instruments tied to different types of *commodities* and show in the case of reasonable changes in prices – while holding all other variables constant – the impact on variations in pre-tax profit (due to variations in the *fair value* of financial assets and liabilities) and equity attributable to the owners of the parent (due to variations in the fair value of *cash flow* derivatives) of a +/-25% change in the price of *commodities*.

Impact on profit or loss

(EUR million)	2024	2023
Shock-up (+25% change in commodities price)	(0.1)	(0.0)
Shock-down (-25% change in commodities price)	(0.0)	(0.0)

Impact on equity

(EUR million)	2024	2023
Shock-up (+25% change in commodities price)	(125.4)	(28.3)
Shock-down (-25% change in commodities price)	134.3	32.6

Market risk – currency risk

It identifies the unexpected future change in exchange rates that could result in higher costs for the Group (transactional risk), or impacts on the consolidated financial statements due to the conversion of assets and liabilities of companies reporting in other currencies (translational risk).

The management of currency risk consists mainly of its acceptance, given the limited exposure the Group has as of the date of approval of this policy. Warning levels and the possible use of derivative financial instruments to hedge risk are in place. The Group also adopts a strategy based on pursuing a balance between assets and liabilities in foreign currencies, thus minimising net exposure, and financing M/L-term investments in local currencies, the profitability and cash flows of which are mainly expressed in that currency.

In the case of non-recurring transactions, it may be necessary to hedge against the variability of the exchange rate between the date of the decision to enter into a financial asset (coinciding with the trading of a derivative instrument) and the actual entering into of that financial asset, when deemed highly probable.

Derivative instruments used

The main types of derivative instruments adopted in the management of financial risks, solely for hedging purposes, are as follows:

Options: a contract whereby one of the parties, on payment of a sum to the other (premium), acquires the right to buy (call option) or sell (put option), at a future date, a certain quantity of financial instruments (underlying asset) at an established price (exercise or strike price).

Forward contracts: contracts for the purchase or sale between two parties of a certain financial instrument (the underlying asset) at a future date and at a price fixed at the time the contract is stipulated; this category also includes futures contracts, which unlike forward contracts are standardised, negotiated in lots and for predetermined maturity dates within regulated markets.

Swap/CfD *(Contract for Difference)*: contract that determines, between two parties, the swap of flows of payments at certain dates. Payments can be expressed in the same currency or in different currencies and their amount is determined in relation to an underlying asset.

The derivatives entered into by ERG and designed to hedge the exposure to financial risks existing at 31 December 2024 are:

Interest Rate derivatives
- Interest Rate Option instruments that make it possible to set upper limits (cap) and lower limits (floor) to interest rate fluctuations relating to loans indexed to a variable rate;
- Interest Rate Swap instruments, including Prehedge instruments, to bring bank loans with fixed and variable rate to the risk profile deemed most appropriate. IRS contracts provide that the counterparties, with reference to a defined notional value and to pre-set maturities, mutually exchange interest flows calculated in relation to fixed rates or to variable rate parameters agreed previously;

Commodity derivatives
- CfDs are used to hedge the risk of electricity price fluctuations; via this instrument it is possible to buy or sell block quantities of electricity by paying on maturity the difference between the price agreed to in the contract and the market price reported in the reference period;
- Futures instruments used to manage the volatility risk of electricity prices; this instrument makes it possible to purchase or sell a certain amount of energy at a certain price in a pre-established future period. The futures used have both monthly and cascading maturities (annual, half-yearly, quarterly, etc.);
- electricity contracts with physical delivery are stipulated on the wholesale energy market and measured at fair value as part of sales transactions with derivative financial instruments as a counter-entry;
- financial or "virtual" Power Purchase Agreements (VPPAs), entered into in order to stabilise the revenue structure with counterparties whereby on delivery dates a payment based on the price defined in the agreement is exchanged for a variable price, without the physical transfer of the underlying electricity.

Foreign exchange derivatives
- outright forwards, which are used to hedge against exchange rate fluctuations between the date of the decision to enter into a financial asset (coinciding with the negotiation of the derivative that is the subject of this HDR) and the actual entering into that financial asset.

Hedge accounting

The Group uses derivative financial instruments to hedge its exposure to interest rate risks and commodity price risk. Furthermore, any derivative embedded in a hybrid contract is separated and measured at fair value, when the derivative contract meets the definition of a derivative and is not strictly related to the host contract.

At the start of the designated hedging relationship, the Group documents the risk management objectives and the strategy in implementing the hedge, as well as the economic relationship between the hedged item and the hedging instrument and it is expected that changes in cash on hand of the hedged element and in the hedging instrument will mutually offset.

When a derivative financial instrument is designated as an instrument to hedge the exposure to the variability of cash flows, the effective portion of the fair value gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve. The effective portion of the fair value gain or loss on the derivative financial instrument that is recognised in other comprehensive income is limited to the cumulative change in the fair value of the hedged instrument (at the present value) from the start of the hedge. The ineffective portion of the fair value gain or loss on the derivative financial instrument is recognised immediately in profit or loss for the year.

In a hedging relationship, the Group designates as a hedging instrument only the fair value change of the spot element of the forward contract as a hedging instrument in a cash flow hedging relationship.

If the hedge ceases to meet the qualifying criteria or the hedging instrument is sold, terminates or is exercised, hedge accounting is discontinued prospectively.

When the cash flow hedge transactions cease being reported, the cumulative gain or loss in the hedging reserve remains in equity until, in the case of a hedge of a transaction that entails the recognition of a non-financial asset or liability, it is included in the cost of the non-financial asset or liability at initial recognition or, in the case of the other cash flow hedges, it is reclassified to profit or loss for the period in the same period or periods in which the hedged expected future cash flows have an effect on profit or loss for the period.

Where cash flow hedges are no longer expected, the amount must be reclassified immediately from the hedging reserve and from the reserve for hedging costs to profit or loss for the period.

A hedging relationship is effective if and only if it meets the following requirements:
- existence of an economic relationship between the hedging instrument and the hedged item;
- the credit risk is not dominant with respect to the changes in value; and
- the hedge ratio is the same one used for risk management purposes, i.e. the hedged quantity of the hedged element and the quantity of the hedging instrument used to cover the hedged item.

The Group carries out the basis adjustment, reclassifying the effective result of the hedge to adjust the initial recognition value of the hedged item, in the case of cash flow hedges of non-financial elements.

However, for all cash flow hedges, including those of transactions involving the recognition of a non-financial asset or liability, the cumulative gain or loss in the hedging reserve was reclassified to profit or loss for the period in the same period or in the same periods in which the hedged expected future cash flows have an effect on profit or loss.

Summary of derivative instruments used

The derivative instruments entered into by ERG, designed to hedge its exposure to commodity prices and interest rate risks, were as follows at 31 December 2024::

					2024	
	Notional value				Fair Value	
(EUR million)	Maturity 1 year	Maturity from 1 year to 5 years	Maturity beyond 5 years	Total Nominal	Assets	Liabilities
Management of interest rate risk						
- Hedging reserve	2	419	53	**474**	**19.7**	**2.0**
(thousands of MWh)						
Management of commodity price risk						
- Hedging reserve	1,250	7,986	9,120	**18,356**	**31.4**	**104.3**
Total derivative instruments					**51.1**	**106.3**
- of which in hedging reserve					***51.1***	***106.3***
- of which not in hedging reserve					***0.0***	***0.0***

With reference to the impact of hedging derivatives on the net comprehensive income, please refer to the **Statement of comprehensive income**.

NOTE 40 - GUARANTEES, COMMITMENTS AND RISKS

Sureties given (EUR 875 million))

These are mainly guarantees issued in favour of third parties, also on behalf of Group companies, guaranteed by the parent ERG S.p.A., for which reference is made to the **Separate Financial Statements.**

Other guarantees and commitments made (EUR 16 million)

The other guarantees and commitments made refer mainly to commitments related to the Group's information systems.

VI. TAXATION

NOTE 41 - INCOME TAXES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Current taxes

Current taxes are recognised based on an estimate of the liability for the year, taking into account the effects of participation in a tax consolidation scheme by most of the Group's companies.
The Group has determined that the interest and penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as they do not meet the definition of income taxes.
The amount of taxes due or to be received, determined on the basis of the tax rates in force or substantially in force at the end of the period, also includes the best estimate of any amount to be paid or received which is subject to factors of uncertainty.

The rate used to calculate current taxes for the Italian companies is the same as the nominal IRES (corporate income tax) rate (24%), increased, where so prescribed, by the IRAP (regional income tax) rate (3.90% - 4.82% - 5.57%).

The rates for foreign companies consolidated on a line-by-line basis are as follows:
France 25%;
Germany 26.6% - 32.2%;
United Kingdom 25%;
Romania 16%;
Poland 19%;
Bulgaria 10% (15% from 1 January 2024 for groups subject to Pillar 2);
Sweden 20.6%;
Spain 25%;
United States (Federal Tax + State Tax) 26.6% - 28.5%.

Global minimum top-up tax

On 22 December 2022, the text of Directive no. 2022/2523/EU was published in the Official Journal of the European Union, which provides for the transposition into EU legislation of the rules on the Global Minimum Tax envisaged by Pillar 2 prepared by OECD as part of Action 1 of the BEPS ("Base Erosion and Profit Shifting") project. The objective of the Directive is to limit harmful tax competition between States, setting the minimum level of effective taxation (Effective Tax Rate – ETR) at 15%, at the aggregate level for each individual State, through the application of a possible supplementary tax (Top-Up Tax – TUT). In Italy, Directive no. 2022/2523/EU was transposed into national law with Italian Legislative Decree no. 209 of 27 December 2023, which entered into force on 29 December 2023.
The Group adopted the document "International Tax Reform - Pillar 2 Model Rules (Amendments to IAS 12)" published on 23 May 2023. The exception provided for by IAS 12 applies retroactively.
The Group falls within the application of the "Global Minimum Tax". In 2024, this regulation had an impact on the tax rate of the subsidiaries in Bulgaria (since the ordinary and effective tax rates are lower than the minimum rate) and Romania (due to permanent tax decreases that brought the effective tax rate to a level lower than the minimum rate). In both cases, the tax was applied at the level of the individual subsidiaries and had an impact on group taxes for 2024 of EUR 0.5 million.

For details on Deferred taxes, reference is made to the comments in the following Notes.

(EUR thousand)	2024	2023	Change
Current income taxes	46,454	42,627	3,828
Previous years taxes	1,632	(2,358)	3,991
Deferred tax assets and liabilities	13,123	30,908	(17,785)
Substitute tax	(27,511)	2,886	(30,397)
TOTAL	**33,700**	**74,063**	**(40,363)**

The items Current income taxes and Deferred tax liabilities include, among others, the effects of the recognition of the substitute tax of 16% on the alignment of the carrying amounts arising from the Siena and Donatello business combinations, which took place in 2022, with their tax basis. The balance of the substitute tax, equal to EUR 35 million, makes it possible to enjoy tax benefits from 2025 generated by the adjustment of the tax depreciation of goodwill subject to the aforementioned alignment. The recognition also had a positive impact on the Consolidated Financial Statements given the recognition of deferred tax assets and the release of deferred taxes, for EUR 64 million, on the various goodwill values subject to the aforementioned alignment at the time of purchase price allocation.
Lastly, it should be noted that deferred tax assets include the positive effect of the tax losses transferred to the US Partner as part of the Tax Equity Partnership agreements for EUR 15 million.

(EUR thousand)	2024		2023	
Profit before taxes	**223,415**		**290,137**	
Operating profit (EBIT)	**252,648**		**304,183**	
Theoretical tax charge (IRES) (1)	**53,620**	**24%**	**69,633**	**24%**
Theoretical tax charge (IRAP)	**12,632**	**5%**	**15,209**	**5%**
Total theoretical tax charge	**66,252**		**84,842**	
Impacts:				
Tax effect on permanent changes	5,199		6,189	
ROL Benefit effect	(6,324)		(1,935)	
Impact of ACE (Aid to Economic Growth)	-		(11,904)	
Different rate effect on foreign companies	562		(10,005)	
Negative taxable effect on IRAP	2,347		3,282	
Tax effects relating to previous years	1,632		(2,302)	
Effect of Substitute taxes	(27,509)		2,887	
Positive taxable effect of US PTC	(2,489)		-	
Global Minimum top-up Tax (Pillar 2)	807		459	
Other reasons	(6,779)		2,548	
Total impacts	**(32,553)**		**(10,780)**	
Total Income taxes	**33,700**		**74,063**	

(1) The theoretical tax charge is determined on the basis of the rate applicable in Italy, it being the country with the largest share of taxable income.

NOTE 42 - CURRENT TAX ASSETS AND LIABILITIES

	31/12/2024		31/12/2023	
(EUR thousand)	Current tax assets	Current tax liabilities	Current tax assets	Current tax liabilities
Italy	6,466	(12,725)	23,405	(8,087)
France	6,570	(295)	3,531	(7,403)
Germany	7,520	(12,066)	2,625	(18,270)
Spain	985	(2,393)	3,860	(4,605)
Poland	560	(369)	715	(334)
Romania	398	(671)	160	(814)
UK	-	(6,745)	-	(704)
Bulgaria	2,512	(124)	424	-
Total	**25,012**	**(35,388)**	**34,721**	**(40,216)**

Current tax assets of EUR 25 million (EUR 35 million at 31 December 2023) mainly refer to advance payments on direct taxes for the year 2024.

Current tax liabilities of EUR 35 million (EUR 40 million at 31 December 2023) mainly refer to tax payables on direct taxes for the year 2024.

NOTE 43 - DEFERRED TAXATION

Relevant information on the accounting standards adopted and recognition and measurement criteria

Pursuant to the accrual basis of accounting, the Consolidated Financial Statements include deferred tax assets and liabilities arising from temporary differences deriving from adjustments made to consolidated companies' financial statements to comply with the Group's accounting policies, as well as from temporary differences between the carrying amounts and related tax bases, and on unused tax losses.

Deferred tax assets are allocated when their future recovery is probable. The recoverability of the temporary differences and of the tax losses is contextualised within the various expiry dates of the tax consolidation agreements.

The quantitative limit of 80% does not apply for tax losses generated in the first three years from the incorporation of the company, provided that they refer to a new productive activity.

Deferred taxes are calculated on the basis of the tax rates expected to be in force in the periods in which the taxable and deductible temporary differences will be reversed.

Deferred tax assets, amounting to EUR 54 million (EUR 41 million at 31 December 2023), are determined by temporary differences relating mainly to amortisation, depreciation and impairment losses and provisions for risks and charges, and the carry-forward of tax losses.

The increase was mainly due to the impact on the consolidated financial statements of the alignment of the carrying amounts arising from the Siena and Donatello Business Combinations in 2022 and their merger in 2023 with their tax basis.
The Group considers it reasonably certain that the deferred tax assets recognised at 31 December 2024 will be recovered.

	31/12/2024		31/12/2023	
(EUR thousand)	Temporary differences	Tax effect	Temporary differences	Tax effect
Deferred tax assets				
Provisions for risks and charges	81,756	19,494	78,098	18,122
Tax losses	287,477	66,384	260,321	61,150
Amortisation, depreciation and impairment of non-current assets	296,919	71,410	268,488	64,430
Other impairment losses	27,955	6,540	12,923	2,933
Other	231,456	57,533	111,738	27,110
Total deferred tax assets before offsetting		**221,361**	**731,568**	**173,745**
Offsettable deferred taxes		**(167,036)**		**(132,348)**
Total deferred tax assets after offsetting		**54,325**		**41,397**

Deferred tax liabilities, amounting to EUR 219 million (EUR 192 million at 31 December 2023) refer in particular to temporary differences generated by Purchase Price Allocations of past and current acquisitions.

	31/12/2024		31/12/2023	
(EUR thousand)	Temporary differences	Tax effect	Temporary differences	Tax effect
Deferred tax liabilities				
Price Purchase Allocation	1,392,594	349,016	1,043,354	253,638
Amortisation and depreciation of non-current assets	93,364	19,735	217,179	45,907
Other	75,081	17,284	107,575	24,764
Total deferred tax liabilities before offsetting	**1,561,039**	**386,036**	**1,368,108**	**324,309**
Offsettable deferred taxes		**(167,036)**		**(132,348)**
Total deferred tax liabilities after offsetting		**219,000**		**191,961**

VII. DISCONTINUED OPERATIONSE

NOTE 44 - NET PROFIT (LOSS) FROM DISCONTINUED OPERATIONS

Relevant information on the accounting standards adopted and recognition and measurement criteria

In the income statement, the entity must indicate a single amount referring to the discontinued operations or to the asset held for sale. This amount will relate to the entire period and not the result from the time the component became a discontinued operation. An entity must present Income Statement figures for previous periods presented in the Consolidated Financial Statements, so that the disclosure refers to all operations discontinued by the end of the most recent reporting year.

Profit (loss) from discontinued operations refers to the result of the Thermoelectric Business in the period from 1 January 2023 until 17 October 2023, the date of finalisation of the sale agreement, net of the capital loss of EUR 81 million. For more details, please refer to the **2023 Annual Report**.

VIII. OTHER NOTES

NOTE 45 - BUSINESS COMBINATIONS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Business combinations are accounted for using the acquisition method.
The consideration transferred is measured at fair value and includes all contingent considerations at the acquisition date. Subsequent changes in the fair value of contingent considerations are recognised in the income statement, in compliance with applicable standards.
Goodwill, recognised at the date of acquisition of control, is equal to the difference between:

- *the consideration transferred, the amount of any non-controlling interest in the acquiree measured in accordance with IFRS 3 (fair value of the pro-rata share of equity attributable to non-controlling interests);*
- *the net of the amounts of the identifiable assets acquired and the liabilities assumed, measured at fair value.*

The costs related to the acquisitions are recognised as expenses in the periods in which they are incurred.
In the case of acquisition of operational (wind or photovoltaic) farms, in order to identify whether the object of the acquisition is a business according to the definition provided by IFRS 3, it is necessary to determine whether substantial processes have been acquired.
As part of this consideration, in the view of the Group's management, Operations & Management (O&M) activities are a critical process for the functioning of the farms, as these could not produce output or maintain the level of production without continuous O&M activities.
In the case of acquisition of projects (e.g. objects that do not yet generate outputs), the Group deems that the conditions for considering these transactions as business combinations are not met.
Consequently, project acquisitions as defined above are treated in the accounts as asset acquisitions.

"Falcon" business combination

On **29 January 2024**, ERG through its direct subsidiary ERG Eolienne France SAS completed the acquisition from QEnergy France SAS of 100% of **CEPE Renouvellement Haut Cabardès SAS**, a company that owns a 73.2-MW wind and solar portfolio in France. In particular, the portfolio of plants subject to the acquisition consists of two photovoltaic farms in operation, totalling 20.4 MW of capacity, one in an advanced stage of construction of approximately 28.8 MW, and a 24-MW wind farm that came into operation at the end of 2023 following a repowering operation. The total estimated output is around 125 GWh annually.
The electricity generated by the photovoltaic system being completed will benefit from a 15-year "pay as produced" Power Purchase Agreement (PPA) with a leading corporate counterparty.
As per the press release of 28 December 2023, the enterprise value of the transaction was approximately EUR 86 million, with an equity value of approximately EUR 17 million.

The transaction is a business combination pursuant to the definition provided by IFRS 3. To this end, it should be noted that the scope of acquisition includes plants, Operation & Maintenance contracts, PPAs and CfDs, and land lease contracts. These contracts represent critical processes for the operation of the farms. The O&M contract, in particular, allow access to an organised workforce that carries out processes that are key to the ability of wind farms to continue producing output.

This document reflects the impacts of the consolidation of the companies acquired as from 1 January 2024.

Determination of the total acquisition price

The acquisition consideration was EUR 6 million for the acquisition of 100% of the share capital of the target companies, including deferred components of the acquisition consideration (call options on third-party shareholders in the companies that own the photovoltaic plants in operation). It should also be noted that a net financial position totalling EUR 86 million was assumed, including the shareholder loan. It should be specified that the acquisition-related costs incurred by the Group amounted to EUR 0.4 million, related to legal fees and due diligence costs incurred in the period 2023. These costs were included in the Services and other operating costs item in the respective period.

Measurement of the assets and liabilities of the business combination at the acquisition date

The acquisition was recognised on a definitive basis; the fair values of the acquired assets were determined on the basis of the best estimate available at the preparation date of these Consolidated Financial Statements and are shown in the table below:

(EUR thousand)	Acquisition figures	Adjustment to the acquisition figures	Assets acquired and liabilities assumed
Authorisations and concessions	-	22,823	22,823
Property, plant and equipment	86,621	(8,097)	78,524
Right-of-use assets	6,658		6,658
Other non-current financial assets	40		40
Deferred tax assets	-	8,798	8,798
Non-current assets	**93,319**	**23,525**	**116,844**
Inventories	143		143
Trade receivables	418		418
Other current assets	4,366	120	4,486
Cash and cash equivalents*	1,098		1,098
Current assets	**6,025**	**120**	**6,145**
TOTAL ASSETS	**99,344**	**23,645**	**122,989**
Equity attributable to the owners of the parent	8,310	(10,788)	(2,479)
Non-controlling interests	-	1,687	1,687
Total Equity	**8,310**	**(9,101)**	**(792)**
Deferred tax liabilities	-	5,765	5,765
Provision for dismantling expenses	2,426	(1,186)	1,241
Other non-current provisions	-	4,146	4,146
Financial liabilities measured at fair value	-	1,556	1,556
Non-current financial liabilities*	65,270	-	65,270
Non-current lease liabilities*	6,449	-	6,449
Other non-current liabilities	-	18,649	18,649
Non-current liabilities	**74,145**	**28,929**	**103,074**
Trade payables	3,259	3,696	6,955
Current financial liabilities*	13,169		13,169
Current lease liabilities*	209		209
Other current liabilities	-	120	120
Current tax liabilities	253		253
Current liabilities	**16,890**	**3,816**	**20,706**
TOTAL EQUITY AND LIABILITIES	**99,344**	**23,645**	**122,989**
***Impact on Net Financial Indebtedness**	**(83,998)**	**(1,556)**	**(85,554)**

The Acquisition figures column shows the opening balances determined on the basis of the accounting records at the date of first-time consolidation (1 January 2024) of the acquirees expressed in accordance with the IFRS:

- **property, plant and equipment:** wind farms and photovoltaic systems under construction, including those recognised at acquisition cost including ancillary costs, costs directly attributable to the asset and adjusted by the related accumulated depreciation and capitalisation of dismantling costs;
- **right-of-use assets:** recognition of the right of use on land according to the provisions of IFRS 16;
- **cash and cash equivalents:** cash on hand held in current accounts;
- **provision for dismantling charges:** provisions for dismantling expenses accounted for as a balancing entry to the increase in the carrying amount of the asset;
- **non-current financial liabilitie**s: medium-long term portion of bank borrowings for project financing and recording of accrued interest;
- **lease liabilities:** recognition of the present value of payments due for the right of use of land;
- **trade payables:** payables to suppliers in connection mainly with the construction of the photovoltaic system;
- **current financial liabilities:** Shareholder loan to ERG Eolienne France SAS.

The following fair values were included in the column **Adjustment to the acquisition figures:**

- **intangible assets:** gain allocated upon recognition of the acquisition; this gain was posted to the item "Authorisations and concessions" taking into account a time horizon of future economic benefits of 40 years for the solar business and 35 years for the wind business;
- **property, plant and equipment:** the item specifically includes the fair value adjustment of certain property, plant and equipment related to the solar business;
- **instruments measured at fair value:** includes the positive fair value of the derivatives hedging the interest rate of the project financing;
- other non-current liabilities: related to the recognition of the estimated fair value at the date of initial recognition of long-term fixed-price energy sales contracts (PPAs and CfDs);
- **deferred tax assets** and **liabilities** related to the allocation referred to above;
- **other non-current provisions:** recognition of charges for contingent liabilities determined at the time of acquisition

Determination of goodwill

The difference between the total acquisition price and the fair value of the acquired assets and liabilities was recognised as goodwill, as illustrated in the following table:

(EUR thousand)	
Acquisition consideration (including deferred components)	5,572
Fair value of the acquired net assets	(792)
Goodwill	**6,364**

Falcon contribution in 2024

The date of first consolidation (1 January 2024) corresponds to the opening date of these Consolidated Financial Statements; therefore, the acquired company fully contributed to the Group's Income Statement during the period with revenue of EUR 5 million, an EBITDA of EUR 3 million, and a profit for the year attributable to the owners of the parent of EUR 2 million. It should be noted that the scope includes a 28.8 MW photovoltaic park in operation since the second half of the year, which did not make a full contribution to the Group's revenue and results during the year.

"Pinnacle" business combination

On **24 April 2024**, ERG through its subsidiary ERG USA Holding, Inc. completed the acquisition from Apex Clean Energy Holdings, LLC – a leading independent US developer of clean energy with which ERG has a strategic partnership – of 75% of Project Pinnacle I, LLC, a company that owns a portfolio consisting of a wind farm and a solar system in the USA, both in operation respectively from 2023 and the second half of 2022, for a total of 317 MW of installed capacity and an estimated production of approximately 1 TWh.
Specifically, the portfolio includes a 224.4-MW onshore wind farm in Iowa, with an estimated annual output of over 800 GWh, and a 92.4-MW photovoltaic system in Illinois, expected to generate over 150 GWh annually, equivalent to a total of 387 kt of CO2 avoided. Both plants are part of the Midcontinent Independent System Operator (MISO), the largest US electricity market in terms of geographical area and second largest in terms of installed capacity. The two plants benefit from Tax Equity agreements with financial counterparties and were debt-free at closing. Revenue is secured by long-term sales contracts (PPAs) signed with leading corporate counterparties.

The transaction is a business combination pursuant to the definition provided by IFRS 3. To this end, it should be noted that the scope of acquisition includes plants, Operation & Maintenance contracts, PPAs, agreements with Tax Equity Partners within the incentive systems in place, and land lease contracts. These contracts represent critical processes for the operation of the farms. The O&M contract, in particular, allow access to an organised workforce that carries out processes that are key to the ability of wind farms to continue producing output.

This document reflects the impacts of the consolidation of the companies acquired as from 1 April 2024.

Determination of the total acquisition price

The acquisition price was EUR 261 million for the acquisition of 75% of the share capital of the acquirees.
It should be noted that the consideration for the acquisition is composed as follows:

- EUR 251 million (approximately USD 268 million) referring to the original consideration net of the adjustments, provided for in the contract, between the Locked Box date and the Closing;
- EUR -6 million referring to the positive effect deriving from the hedging of the exchange rate risk between the Signing of 21 December 2023 and the Closing of 24 April 2024;
- EUR 16 million of deferred consideration regarding the amount to be paid to the counterparty upon the occurrence of certain short-term conditions set forth in the contract. This liquidity was recorded as restricted cash and cash equivalents in the special purpose vehicle for the wind farm. These conditions were met by 31 December 2024 and therefore the amount was paid during the 2024 financial year

Against the consideration paid, a net financial position was assumed consisting mainly of liquid assets for a net total of EUR 10 million.
Finally, it is specified that the acquisition-related costs incurred by the Group totalled EUR 6.1 million, of which EUR 1.6 million incurred in financial year 2023, related to legal fees and due diligence costs. These costs were included in the Services and other operating costs item in the respective periods.

Measurement of the assets and liabilities of the business combination at the acquisition date

(EUR thousand)	Acquisition figures	Adjustment to the acquisition figures	Assets acquired and liabilities assumed
Authorisations and concessions	-	*180,916*	180,916
Other intangible assets	*812*	-	812
Property, plant and equipment	*425,782*	-	425,782
Right-of-use assets	*34,367*	-	34,367
Deferred tax assets	*28,068*	-	28,068
Non-current assets	***489,030***	***180,916***	**669,945**
Trade receivables	*3,211*	-	3,211
Other current assets	*1,866*	-	1,866
Cash and cash equivalents*	*26,563*	-	26,563
Current assets	***31,640***	**-**	**31,640**
TOTAL ASSETS	***520,669***	***180,916***	**701,585**
Equity attributable to the owners of the parent	*172,628*	*54,562*	227,190
Non-controlling interests	-	*75,730*	*75,730*
Total Equity	172,628	130,292	302,921
Deferred tax liabilities	*20,725*	*50,624*	71,348
Provision for dismantling expenses	*6,153*	-	6,153
Instruments measured at fair value	*99,879*	-	99,879
Non-current lease liabilities*	*34,026*	-	34,026
US Tax Partner Liability	*184,871*	-	184,871
Non-current liabilities	*345,653*	*50,624*	396,276
Trade payables	*1,882*	-	1,882
Current financial liabilities*	*29*	-	*29*
Current lease liabilities*	*477*	-	*477*
Current liabilities	**2,388**	**-**	**2,388**
TOTAL EQUITY AND LIABILITIES	***520,669***	***180,916***	**701,585**
***Impact on Net Financial Indebtedness**	***(7,969)***	**-**	**(7,969)**

The **Acquisition figures** column shows the opening balances determined on the basis of the accounting records at the date of first-time consolidation (1 April 2024) of the acquirees expressed in accordance with the IFRS:

- **property, plant and equipment:** wind farms and photovoltaic systems recognised at acquisition cost including ancillary costs, costs directly attributable to the asset and adjusted by the related accumulated depreciation and capitalisation of dismantling costs;
- **right-of-use assets:** recognition of the right of use on land according to the provisions of IFRS 16;
- **cash and cash equivalents:** cash on hand held in the current account as well as cash tied up upon the occurrence of certain short-term conditions stipulated in the contract;
- **provision for dismantling charges:** provisions for dismantling expenses accounted for as a balancing entry to the increase in the carrying amount of the asset;
- **instruments measured at fair value:** includes the negative fair value of the VPPAs acquired;
- **US Tax Partner Liability:** liabilities measured at fair value mainly to the Tax Equity Partner of the wind project as part of the PTC incentive.
- **lease liabilities:** recognition of the present value of payments due for the right of use of land.

The following fair values determined on a provisional basis were included in the column **Adjustment to the acquisition figures**:

- **intangible assets:** gain allocated upon recognition of the acquisition; this gain was posted to the item "Authorisations and concessions" taking into account a time horizon of future economic benefits of 35 years for the photovoltaic system and 35 years for the wind farm;
- **non-controlling interests:** recognition of 25% of the company Project Pinnacle I, LLC to the non-controlling shareholders;
- **deferred tax liabilities:** related to the allocation referred to above

Determination of goodwill

The difference between the total acquisition consideration and the net carrying amount and liabilities acquired is recognised as goodwill as shown in the table below:

(EUR thousand)	
Acquisition price	267,597
Currency hedging	(6,129)
Total Consideration	**261,468**
Fair value of the acquired net assets	227,190
Goodwill	**34,278**

Pinnacle contribution in 2024

From the date of first consolidation (1 April 2024) to the date of these Consolidated Financial Statements, the acquired companies contributed revenue, including income from Production Tax Credits, of EUR 36 million to the Group's income statement, with EBITDA of EUR 32 million and a profit attributable to owners of the parent for the year of EUR 3 million. It should be noted that if the acquisition had taken place on 1 January 2024, the acquired companies would have contributed revenue, including income from Production Tax Credits, of EUR 50 million to the Group's income statement, with an EBITDA of EUR 45 million and a profit for the year of EUR 4 million.

NOTE 46 - NON-RECURRING ITEMS

As required by CONSOB resolution no. 15519 dated 27 July 2006, significant income and expense arising from non-recurring transactions or events that do not occur frequently in the ordinary course of business are presented below. The aforesaid "Non-recurring items" are included among the special items indicated in the **Directors' Report**.

(EUR thousand)		2024		2023
Revenue		-		-
Other income	1)	4,144		-
Purchases		-		
Change in inventories		-		-
Services and other operating costs	2)	(8,482)	6)	(5,215)
Personnel expense		-		-
Amortisation, depreciation and impairment of non-current assets	3)	(14,371)	7)	(2,188)
Net financial income (expense)		-	8)	(5,831)
Net gains (losses) on equity investments	4)	(2,009)	9)	5,393
Income taxes	5)	32,712	10)	(3,298)
Profit (loss) from continuing operations of non-recurring items		**11,994**		**(11,139)**
Profit (loss) from discontinued operations of non-recurring items		-	11)	(42,930)
Profit (loss) of non-recurring items		**11,994**		**(54,096)**
Non-controlling interests		-		-
Profit (loss) of non-recurring items		**11,994**		**(54,096)**

In **2024**:

1. Capital gain from the sale, at market value, of works of art recorded in the fixed assets of the Parent company ERG S.p.A. to a related party.
2. Ancillary charges related to completed, ongoing or failed extraordinary transactions and reversal of provisions for disposed businesses;
3. Mainly charges related to certain Repowering and Revamping projects in Italy already impaired in the previous period;
4. Charges from equity investments mainly refer to a price adjustment on the sale of equity investments related to disposed businesses and to impairment losses of equity investments not consolidated on a line-by-line basis.
5. The item includes the benefit arising from the alignment of the carrying amounts arising from the Siena and Donatello Business Combinations occurred in 2022 and merged in 2023, with their tax basis, as well as the tax effect of the items commented above.

In **2023**:

6. Ancillary charges related to completed, ongoing or failed extraordinary transactions and reversal of provisions for disposed operations;
7. Charges related to certain Repowering and Revamping projects in Italy already impaired in the previous period;
8. Charges related to the early termination of certain project financing of Italian and foreign wind and solar companies, including the related hedging derivatives and the related effects connected with the renegotiation of loans accounted for in accordance with IFRS 9, as part of Liability Management activities;
9. Gains on equity investments mainly refer to price adjustments on sales of equity investments related to discontinued businesses that took place in previous years;
10. The item mainly includes the tax effect of the items commented on above;
11. Profit (loss) from discontinued operations refers to::
    a. the loss, net of related charges, from the sale of the CCGT in the amount of EUR 81 million;
    a. positive items linked to working capital and tax assets for approximately EUR 38 million already envisaged in the Sale Agreement.

NOTE 47 - RELATED PARTIES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Related parties are mainly those that share the same parent with ERG S.p.A., the companies that directly or indirectly, through one or more intermediaries, control, are controlled by, or are subjected to joint control by ERG S.p.A. and those in which ERG S.p.A. has an investment.
The definition of related parties also includes key managers and their close relatives, of ERG S.p.A. and of its subsidiaries. Key managers are those who have the power and the direct or indirect responsibility for planning, managing, and controlling the activities of the parent and they include its Directors.

As required by CONSOB resolution no. 15519 dated 27 July 2006, the amounts of related party positions and transactions are indicated below

The transactions carried out by ERG with related parties pertain mainly to:
- the exchange of goods, the performance of services, the provision and use of financing;
- contributions to non-corporate parties, referred to ERG, that pursue humanitarian, cultural and scientific initiatives. In particular, the Edoardo Garrone Foundation, established as a natural evolution of the engagement of the Garrone and Mondini families in the social and cultural fields, dedicated to the memory of Edoardo Garrone who, in 1938, launched the industrial activity of the ERG Group.

Most of these transactions are exempted from the application of the internal ERG regulation **Procedure for Related Party Transactions**, issued to implement the CONSOB regulation, because they are ordinary transactions concluded at market or standard conditions, or because they are below the threshold of materiality prescribed by the procedure itself.
All transactions were carried out in the interest of the Group and, with the exception of the transactions with entities pursuing humanitarian, cultural and scientific initiatives, are included under ordinary operations. The joint ventures, associates and subsidiaries excluded from the consolidation scope are indicated in the **Note 48 – List of Group companies and transactions of the year** in the section dedicated to the list of companies recognised at cost.

Lastly, it should be noted that in 2024, ERG S.p.A. tacitly renewed the national tax consolidation scheme with the subsidiaries (including indirectly) ERG Eolica Campania S.r.l., Green Vicari S.r.l. and ISAB Energy Solare S.r.l. The renewals are valid for the three-year period 2024-2026 and are subject to tacit renewal.
With reference to the French companies of the Group, in 2024 a single Tax Consolidation was maintained for ERG France Holding S.a.s., and the companies Parc Eolien des Six Chemins S.a.s. and Parc Photovoltaique de la Vallée Brousse S.a.s. were included.
With regard to the Spanish companies of the Group, in 2024 a single Tax Consolidation was maintained under ERG Spain Holdco S.L.U., and the companies Garnacha Solar S.L.U. and ERG Solar Fregenal de la Sierra S.L.U. were included.
Finally, it should be noted that UK tax legislation does not provide for the institution of tax consolidation (strictly speaking), however, the tax loss incurred by one (or more) company within a group can be offset against the taxable income realised by another (or more) company of the same group (so-called Group relief claim). It is worth noting that in 2024, Group relief was implemented between the UK companies within the Group.

Impact of transactions or positions with related parties on the Statement of Financial Position

The most significant transactions with joint ventures, associates and subsidiaries excluded from the scope of consolidation concern current assets, for which reference should be made to the **Additional Information** section of these notes.

For the sake of completeness, the amounts shown below do not take into account the reclassifications required by IFRS 5 and are therefore also inclusive of the amounts indicated in the lines **Assets and Liabilities held for sale**.

The impact of transactions or positions with related parties on the items of the Statement of Financial Position is indicated in the following tables:

31/12/2024

(EUR thousand)	ERG Petroleos	Directors and Statutory Auditors	Key Managers	Other non-consolidated companies	Total	% of total item
Trade receivables	-	-	-	117	117	0%
Other current assets	1,059	-	-	-	1,059	1%
Trade payables	-	-	-	70	70	0%
Other current liabilities	-	857	663	3	1,523	3%
Current financial liabilities	-	-	-	47	47	0%

31/12/2023

(EUR thousand)	Priolo Servizi S.C.p.A.	SQ Renewables S.p.A.	ERG Petroleos	Key Managers	Total	% of total item
Trade receivables	-		-	77	77	0%
Other current assets	1,611		-	-	1,611	0%
Trade payables	-		-	107	107	0%
Other current liabilities	-	682	665	-	1,347	4%

Impact of transactions or positions with related parties on the income statement

The most significant dealings with the joint ventures, associates and subsidiaries excluded from the consolidation scope pertain to:

- other income from the sale at market value of works of art recorded in the non-current assets of the Parent company ERG S.p.A.;
- other costs to Edoardo Garrone Foundation relating to the contribution for 2023;
- costs for services related to remuneration for the position of Chairman held in a Group company by a related party of ERG S.p.A.

The impact of transactions or positions with related parties on the items of the Income Statement is indicated in the following tables:

31/12/2024

(EUR thousand)	San Quirico S.p.A.	Edoardo Garrone Foundation	Directors and Statutory Auditors	Key Managers	Other	Total	% of total item
Revenue	-	-	-	-	20	20	0%
Other income	4.114	-	-	-	114	4.228	8%
Services and other operating costs	(88)	(100)	(7.160)	-	(245)	(7.593)	4%
Personnel expense	-	-	-	(2.943)	-	(2.943)	5%
Financial income	-	-	-	-	(124)	(124)	0%

31/12/2023

(EUR thousand)	Priolo Servizi S.C.p.A. (1)	Edoardo Garrone Foundation	Directors and Statutory Auditors	Key Managers	Other	Total	% of total item
Revenue	13.239	-	-	-	-	13.239	1%
Other income	-	-	-	-	105	105	0%
Services and other operating costs	(5.815)	(100)	(6.525)	-	-	(12.440)	2%
Personnel expense	-	-	-	(2.573)	-	(2.573)	4%

(1) up to the date of disposal of the thermoelectric business

Details of the remuneration of key figures are provided below[9]:

Directors

(EUR thousand)	2024	2023
Short-term benefits	4,761	4,486
Share-based payments	1,825	1,495
Total	**6,586**	**5,981**

Key Managers

(EUR thousand)	2024	2023
Short-term benefits	1,967	1,931
Post-employment benefits	144	135
Share-based payments	976	643
Total	**3,087**	**2,708**

9 The values do not include the emolument for the office of Chairperson held in a Group company by a related party of ERG S.p.A.

Impact of transactions or positions with related parties on cash flows

The impact of related party cash flows is indicated in the following tables:

	2024		
(EUR thousand)	Total	Related parties	% impact
Cash flows from operating activities	503,711	5,790	1%
Cash flows from investing activities	(726,664)	-	0%
Cash flows from financing activities	356,352	-	0%
Cash flows for the year	**133,399**	**5,790**	

	2023		
(EUR thousand)	Total	Related parties	% impact
Cash flows from operating activities	882,524	1,316	0%
Cash flows from investing activities	(316,544)	-	0%
Cash flows from financing activities	(491,223)	-	0%
Cash flows for the year	**74,758**	**1,316**	

NOTE 48 - LIST OF GROUP COMPANIES AND TRANSACTIONS OF THE YEAR

The transactions that took place during the year regarding equity investments are reported below:

- on 2 January 2024, the USA company ERG USA Holding, Inc. was formed, with registered office at 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 and issued share capital of USD 1.00, subscribed and paid-up by ERG Power Generation S.p.A.;
- on 4 March 2024, the change of the company name of two entities under Polish law was resolved as follows: Blachy Pruszynski-Energia sp. z o.o to ERG Wind Słupia sp. z o.o., Hydro Inwestycje sp. z o.o. to ERG Wind Szydłowo sp. z o.o.
- On 23 April 2024, the German companies ERG Wind Beckedorf GmbH & Co. KG and ERG Wind Brunsbüttel GmbH & Co. KG were incorporated, both with registered office in Hamburg, Jungfernstieg 1 and share capital of EUR 5,000 each, fully subscribed and paid-in by ERG Windpark Beteiligungs GmbH;
- on 4 June 2024, the French companies Centrale Photovoltaique des Grandes Bruyères SAS and Solaire ERG 1 SAS were established, both with share capital of EUR 7,500, fully subscribed by ERG Eolienne France SAS;
- on 30 May 2024, ERG Spain Holdco, S.L.U. acquired all the shares of the Spanish company REN BETA I, S.L.U. from RENERGETICA, S.L.U. The company has procedures in place to obtain authorisations for the construction of a photovoltaic system;
- on 18 July 2024, the merger deed was executed, through which the German company ERG Wind Nack GmbH & Co. KG was merged by incorporation into ERG Wind Offenheim GmbH & Co. KG, effective from 22 July 2024. As a result, from the aforementioned date, ERG Wind Nack GmbH & Co. KG was dissolved, and ERG Wind Offenheim GmbH & Co. KG succeeded it in all legal rights and obligations, both assets and liabilities. Additionally, its share capital was increased from EUR 10,000 to EUR 20,000. The accounting and tax effects of the merger take effect on 1 January 2024.
- on 19 August 2024, the German company ERG Wind Offenheim GmbH & Co. changed its company name to ERG Wind Erbes Büdesheim GmbH & Co. KG;
- On 31 October 2024, the merger by incorporation of the French companies Société d'exploitation du Parc Eolien Le Marquay SARL, Société d'exploitation du Parc Eolien de Fond du Moulin SARL, Société d'exploitation du Parc Eolien Les Trente SARL, Société d'exploitation du Parc Eolien le Chemin Vert SARL, and Société d'exploitation du Parc Eolien de Sole de Bellevue SARL into Société d'exploitation du Parc Eolien de Mont Félix SARL (the "Merging company") was completed. Also on 31 October 2024, the Merging company changed its company name to PARCS EOLIENS DE FRUGES SARL. The merger took effect from 31 October 2024, while accounting and tax effects apply as from 1 January 2024;
- on 31 December 2024, the merger by incorporation of the German company Capenergie 3 Wind GmbH into Omniwatt SAS became effective. The accounting and tax effects of the merger take effect on 1January 2024.

The following tables list the companies consolidated on a line-by-line basis, those measured using the equity method, and those measured at fair value, including the transactions detailed above.

List of companies consolidated **on a line-by-line basis**:

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital [1]	Equity [1]
ERG S.p.A.						
ERG Power Generation S.p.A.	Genoa (Itay)	100%	100%	Euro	100,000	3,562,707
ERG Power Generation S.p.A.						
Corni Eolian S.A.	Constanza (Romania)	100%	100%	RON	95,679	249,190
ERG Eolica Adriatica S.r.l.	Genoa (Italy)	100%	100%	EUR	10	75,048
ERG Eolica Campania S.r.l.	Genoa (Italy)	100%	100%	EUR	120	66,897
ERG Eolica Faeto S.r.l.	Genoa (Italy)	100%	100%	EUR	10	7,725
ERG Eolica Fossa del Lupo S.r.l.	Genoa (Italy)	100%	100%	EUR	50	95,835
ERG Eolica Ginestra S.r.l.	Genoa (Italy)	100%	100%	EUR	10	40,502
ERG Eolica San Vincenzo S.r.l.	Genoa (Italy)	100%	100%	EUR	3,500	27,569
ERG Eolica Tirreno S.r.l.	Genoa (Italy)	100%	100%	EUR	10	188
ERG Eolienne France S.a.s. [2]	Paris (France)	100%	100%	EUR	209,551	231,824
ERG UK Holding Ltd [2]	Edinburgh (UK)	100%	100%	GBP	0	16,636
ERG Wind Bulgaria S.p.A. [2]	Genoa (Italy)	100%	100%	EUR	50	21,134
ERG Wind Investments Srl [2]	Genoa (Italy)	100%	100%	EUR	97,046	470,756
ERG Windpark Beteiligungs GmbH [2]	Hamburg (Germany)	100%	100%	EUR	25	(10,193)
ERG Wind Neunte Gmbh	Hamburg (Germany)	100%	100%	EUR	25	117
EW Orneta 2 sp. z o.o. [2]	Warsaw (Poland)	100%	100%	PLN	164,688	200,787
Green Vicari S.r.l.	Genoa (Italy)	100%	100%	EUR	119	14,206
ERG Solar Holding S.r.l. [2]	Genoa (Italy)	100%	100%	EUR	20	121,485
ISAB Energy Solare S.r.l.	Genoa (Italy)	100%	100%	EUR	100	196
Andromeda PV S.r.l.	Genoa (Italy)	100%	79%	EUR	50	70,102
ERG Poland Holding Sp. z.o.o [2]	Warsaw (Poland)	100%	100%	PLN	10	21,342
ERG Sweden Holding AB [2]	Stockholm (Sweden)	100%	100%	SEK	50	88,592
ERG Spain Holco S.L.U. [2]	Madrid (Spain)	100%	100%	EUR	4	89,559
Ginestra S.r.l.	Genoa (Italy)	100%	100%	EUR	20	71,508
Breva Wind S.r.l.	Genoa (Italy)	100%	100%	EUR	7,100	455,369
ERG Sviluppo Italia S.r.l.	Genoa (Italy)	100%	100%	EUR	20	(70)
ERG USA Holding, Inc. [2]	Wilmington, DE (USA)	100%	100%	USD	0	0

(1) Data referring to the latest approved financial statements, unless otherwise indicated.

(2) The companies exercise their right not to prepare the consolidated financial statements in accordance with the applicable local regulations.

	Registered office	Direct investment	Registered office	Currency ('000)	Share Capital [1]	Equity [1]
ERG Eolienne France S.a.s.						
Eoliennes du Vent Solaire S.a.s.	Paris (France)	100%	100%	EUR	37	1,500
Parc Eolien de Lihus S.a.s.	Paris (France)	100%	100%	EUR	1,114	2,497
Parc Eolien de Hetomesnil S.a.s.	Paris (France)	100%	100%	EUR	1,114	2,489
Parc Eolien de la Bruyère S.a.s.	Paris (France)	100%	100%	EUR	1,060	2,889
Parc Eolien du Carreau S.a.s.	Paris (France)	100%	100%	EUR	861	2,428
Parc Eolien les Mardeaux S.a.s.	Paris (France)	100%	100%	EUR	1,097	2,666
ERG Energies Renouvelables S.a.S.	Paris (France)	100%	100%	EUR	500	2,992
Parc Eolien de la vallèe de Torfou S.a.s.	Paris (France)	100%	100%	EUR	8	2,606
Parc Eolien du Melier S.a.r.l.	Paris (France)	100%	100%	EUR	8	185
Parc Eolienne de la Voie Sacree S.a.s.	Paris (France)	100%	100%	EUR	74	3,829
Parc Eolienne d'Epense S.a.s.	Paris (France)	100%	100%	EUR	802	1,190
ERG Wind French Holdings S.a.s.	Paris (France)	100%	100%	EUR	1,410	3,476
ERG Wind France 1 S.a.s.	Paris (France)	100%	100%	EUR	1,097	14,261
WP France 10 S.a.s.	Paris (France)	100%	100%	EUR	6	(525)
WP France 6 S.a.s.	Paris (France)	100%	100%	EUR	6	2,910
ERG France S.a.r.l.	Paris (France)	100%	100%	EUR	2,000	(6,200)
Les Moulins de Fruges SAS	Paris (France)	100%	100%	EUR	42,100	23,412
Ferme Eolienne De Saint Pierre De Maillé 1 S.a.s.	Paris (France)	100%	100%	EUR	5,639	3,660
Parc Eolien de St Riquier 3 S.a.s.	Paris (France)	100%	100%	EUR	37	675
Parc Eolien de St Riquier 4 S.a.s.	Paris (France)	100%	100%	EUR	37	340
Holding Quesnoy 2 S.a.s.	Paris (France)	100%	100%	EUR	2,810	1,375
Holding Chery S.a.s.	Paris (France)	100%	100%	EUR	2,410	800
Omniwatt S.a.s.	Paris (France)	100%	100%	EUR	2,201	(5,223)
Ferme Eolienne de Moquepanier S.a.s.	Paris (France)	100%	100%	EUR	2,519	(4,110)
Ferme Eolienne de Clamecy S.a.s.	Paris (France)	100%	100%	EUR	2,000	2,542
Crampon Puchot Energies S.a.s.	Paris (France)	100%	100%	EUR	1,091	354
Solaires Sisteron S.a.s.	Paris (France)	100%	100%	EUR	334	(1,651)
Solaire Sénezergues S.a.s.	Paris (France)	100%	100%	EUR	0	1,243
Solaire Arpajon-sur-Cere S.a.s.	Paris (France)	100%	100%	EUR	451	(1,509)
Arsac 1 S.a.s.	Paris (France)	100%	100%	EUR	0	(1,397)
Arsac 3 S.a.s.	Paris (France)	100%	100%	EUR	1	(2,018)
Solaire Greoux S.a.s.	Paris (France)	100%	100%	EUR	0	(1,853)
Solaire Salaunes S.a.s.	Paris (France)	100%	100%	EUR	0	(1,661)
C.E.P.E. Renouvellement Haut Cabardès S.a.s.	Paris (Francia)	100%	100%	EUR	12,803	12,748
ERG Energies Renouvelables S.a.S.						
ERG Developpement France S.a.s	Paris (France)	100%	100%	EUR	100	(1,208)
Caen Renewables Energy S.a.s. (en liquidation)	Paris (France)	100%	100%	EUR	0	-
Parc Eolien de la Charente Limousine S.a.r.l.	Paris (France)	100%	100%	EUR	8	(74)
Parc Eolien de la Boeme S.a.r.l.	Paris (France)	100%	100%	EUR	8	(98)
Parc Eolien du Moulin du Bois S.a.r.l.	Paris (France)	100%	100%	EUR	8	(431)
Parc Eolien des Bouchats S.a.r.l.	Paris (France)	100%	100%	EUR	8	(1,110)
Parc Eolien de Saint Maurice la Clouere S.a.r.l.	Paris (France)	100%	100%	EUR	8	(148)
Parc Eolien du Pays a Part S.a.r.l.	Paris (France)	100%	100%	EUR	8	(268)
Parc Eolien de Saint Sulpice S.a.r.l.	Paris (France)	100%	100%	EUR	8	(104)
Parc Eolien du Plateaux de l'Ajoux S.a.r.l.	Paris(Francia)	100%	100%	EUR	8	(51)
Parc Eolien des Terres et Vents de Ravieres S.a.r.l.	Paris (Francia)	100%	100%	EUR	8	(56)
Parc Eolien de Porspoder S.a.r.l.	Paris (Francia)	100%	100%	EUR	8	(73)
ERG Solar Holding S.r.l.						
Calabria Solar S.r.l.	Genoa (Italy)	100%	100%	EUR	10	31,355
ERG Solar Piemonte 3 S.r.l.	Genoa (Italy)	100%	100%	EUR	10	20,001
ERG UK Holding Ltd						
Craiggore Energy Limited	Belfast (UK)	100%	100%	GBP	0	2,095
Creag Riabhach Wind Farm Ltd	Edinburgh (UK)	100%	100%	GBP	50	(3,080)
Evishagaran Windfarm LTD	Belfast (UK)	100%	100%	GBP	0	6,634
Sandy Knowe Wind Farm LTD	London (UK)	100%	100%	GBP	0	(986)
Corlacky Energy LTD	Belfast (UK)	100%	100%	GBP	0	8

(1) Data referring to the latest approved financial statements.

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital [1]	Equity [1]
ERG Wind Bulgaria S.p.A.						
Globo Energy EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,379	11,814
K&S Energy EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,179	8,191
K&S Energy 1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,023	10,655
K&S Energy 2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,051	10,850
Mark 1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,113	11,272
Mark 2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	4,113	11,249
VG-1 EOOD	Sofia (Bulgaria)	100%	100%	BGN	1,520	4,705
VG-2 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,034	9,509
VG-3 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,057	9,686
VG-4 EOOD	Sofia (Bulgaria)	100%	100%	BGN	2,955	11,761
VG-5 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,059	9,951
VG-6 EOOD	Sofia (Bulgaria)	100%	100%	BGN	3,023	9,376
Wind Park Kavarna East EOOD	Sofia (Bulgaria)	100%	100%	BGN	505	7,359
Wind Park Kavarna West EOOD	Sofia (Bulgaria)	100%	100%	BGN	175	7,608
WP Bulgaria 4 EOOD	Sofia (Bulgaria)	100%	100%	BGN	2,157	5,946
ERG Wind France 1 S.a.s.						
Cepe de Montbeliard S.a.s.	Paris (France)	100%	100%	EUR	365	3,900
Cepe de Murat S.a.s.	Paris (France)	100%	100%	EUR	444	3,337
Cepe de Saint Florentin S.a.s.	Paris (France)	100%	100%	EUR	251	1,681
Ferme Eolienne de Teterchen S.a.s.	Paris (France)	100%	100%	EUR	100	2,153
Parc Eolien du Bois de l'Arche S.a.s.	Paris (France)	100%	100%	EUR	100	3,004
Parc Eolien du Bois de Bigot S.a.s.	Paris (France)	100%	100%	EUR	80	1,980
ERG Wind French Holdings S.a.s.						
Parc Eolien de la Chaude Vallee S.a.r.l.	Paris (France)	100%	100%	EUR	8	1,099
Parc Eolien de Morvillers S.a.r.l.	Paris (France)	100%	100%	EUR	8	667
Parc Eolien de Garcelles-Sacqueville S.a.s.	Paris (France)	100%	100%	EUR	1,037	1,009
Parc Eolien du Patis S.a.s.	Paris (France)	100%	100%	EUR	1,164	2,452
Parc Eolien Hauts Moulins S.a.r.l.	Paris (France)	100%	100%	EUR	15	915
Parc Eolien Moulins des Champs S.a.r.l.	Paris (France)	100%	100%	EUR	15	824
Parc Eolien de St Riquier 1 S.a.s.	Paris (France)	100%	100%	EUR	37	692
SAS Société d'Exploitation du Parc Eolien de la Souterraine	Paris (France)	100%	100%	EUR	505	(38)
Parc Eolien de Oyré Saint Sauveur S.a.s.	Paris (France)	100%	100%	EUR	37	211
Société d'Exploitation du Parc Eolien Le Nouvion S.a.s.	Paris (France)	100%	100%	EUR	37	(3,966)
ERG Wind Investments S.r.l.						
ERG Wind Holdings (Italy) S.r.l.	Genoa (Italy)	100%	100%	EUR	212	172,881
ERG Wind MEI 2-14-1 Limited	Londra (UK)	100%	100%	EUR	0	(1,827)
ERG Wind MEI 2-14-2 Limited	Londra (UK)	100%	100%	EUR	0	(625)
ERG Wind Holdings (Italy) S.r.l.						
ERG Wind Energy S.r.l.	Genoa (Italy)	66%	100%	EUR	1,525	335,763
ERG Wind Sardegna S.r.l.	Genoa (Italy)	100%	100%	EUR	77	78,400
ERG Wind Sicilia 6 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	47,117
ERG Wind Sicilia 6 S.r.l.						
ERG Wind 6 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	35,984
ERG Wind Sicilia 3 S.r.l.	Genoa (Italy)	100%	100%	EUR	77	19,661
ERG Wind MEI 2-14-1 Limited						
ERG Wind MEG 1 LLP [2]	London (UK)	80%	100%	EUR	-	13,414
ERG Wind MEG 2 LLP [2]	London (UK)	80%	100%	EUR	-	9,637
ERG Wind MEG 3 LLP [2]	London (UK)	80%	100%	EUR	-	9,801
ERG Wind MEG 4 LLP [2]	London (UK)	80%	100%	EUR	-	7,981

(1) Data referring to the latest approved financial statements.
(2) The remaining 20% is held by ERG Wind MEI 2-14-2

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital (1)	Equity (1)
ERG Windpark Beteiligungs Gmbh						
ERG Wind 117 GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(1,694)
Voltwerk Energy Park 8 Gmbh & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	(3,145)
Voltwerk Windpark Worbzig Gmbh & Co. KG	Hamburg (Germany)	100%	100%	EUR	0	4,815
Voltwerk Windpark Beesenstedt Gmbh & Co. KG	Hamburg (Germany)	100%	100%	EUR	1	7,421
Windpark Cottbuser Halde Gmbh & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(4,711)
Windpark Achmer Vinte GmbH & Co. KG RENDITEFONDS	Hamburg (Germany)	100%	100%	EUR	7,500	10,388
ERG Wind Weselberg GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	14	14,315
Windpark Linda GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	2	2,212
ERG Development Germany GmbH & Co.KG	Hamburg (Germany)	100%	100%	EUR	3	606
UGE Barkow GmbH & und Co. KG UMWELTGERECHTE ENERGIE	Hamburg (Germany)	100%	100%	EUR	1	(667)
UGE Barkow Zwei GmbH & und Co. KG UMWELTGERECHTE ENERGIE	Hamburg (Germany)	100%	100%	EUR	1	(202)
UGE Barkow Drei GmbH & und Co. KG UMWELTGERECHTE ENERGIE	Hamburg (Germany)	100%	100%	EUR	1	19
ERG Germany GmbH	Hamburg (Germany)	100%	100%	EUR	210	(4,961)
ERG Wind Ebersgrun GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	10	(5,363)
ERG Wind Hollige GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	10	(7,368)
ERG Wind Norath GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	10	(5,401)
ERG Wind Erbes Büdesheim GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	10	(6,553)
ERG Windpark Aukrug Gmbh & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(498)
ERG Windpark Reinsdorf GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(12)
ERG Windpark Heyen Gmbh & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(34)
ERG Windpark Bokel Gmbh & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	(102)
ERG Windpark Jeggeleben GmbH & Co. KG	Hamburg (Germany)	100%	100%	EUR	5	5
ERG Wind Erbes Büdesheim GmbH & Co. KG						
Infrastrukturgesellschaft Erbes-Büdesheim GmbH & Co. KG	Hamburg (Germany)	43%	78%	EUR	3	(6)
EW Orneta 2 sp z o.o.						
ERG Wind Słupia sp. z o.o.	Warsaw (PL)	100%	100%	PLN	7,100	89,525
ERG Wind Szydłowo sp. z o.o.	Warsaw (PL)	100%	100%	PLN	42	60,739
Les Moulins de Fruges SAS						
PARCS EOLIENS DE FRUGES SARL	Parigs(France)	100%	100%	EUR	1,891	7,345
Holding Chéry S.A.S.						
Ferme Eolienne De Chery S.a.a.	Paris (France)	100%	100%	EUR	37	675
Holding Quesnoy 2 S.a.s.						
Ferme Eolienne De Quesnoy-Sur-Airaines 2 S.a.s.	Paris (France)	100%	100%	EUR	37	548
ERG Poland Holding						
EW Piotrków Kujawski sp z o.o.	Warsaw(PL)	100%	100%	PLN	5	(6,461)
Laszki Wind sp. z o.o	Warsaw (PL)	100%	100%	PLN	5	6,338
ERG Sweden Holding AB						
Furukraft AB	Stockholm (Sweden	100%	100%	SEK	50	64,531
Omniwatt S.a.s.						
Omnigreen S.a.s.	Paris (France)	100%	100%	EUR	4,759	8,543
Les Eoliennes De Saint Fraigne S.a.s.	Paris (France)	100%	100%	EUR	3,700	4,359
Neuilly Saint Front Energies S.a.s.	Paris (France)	100%	100%	EUR	37	(871)
Monnes Energies S.a.r.l.	Paris (France)	100%	100%	EUR	1	(962)
Saint Congard Energies S.a.s.	Paris (France)	100%	100%	EUR	2	(1,332)
Omnigreen S.a.s.						
Sainte Helene Energies S.a.r.l.	Paris (France)	100%	100%	EUR	1	(3,846)
Iel Exploitation 12 S.a.r.l.	Paris (France)	100%	100%	EUR	1	(1,927)
Reuilly et Diou Energies S.a.r.l.	Paris (France)	100%	100%	EUR	601	2,304
Crampon Puchot Energies Sas						
Wkn Picardie Verte II S.a.s	Paris (France)	100%	100%	EUR	1	(4,980)

(1) Data referring to the latest approved financial statements.

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital [1]	Equity [1]
C.E.P.E. Renouvellement Haut Cabardès S.a.s.						
C.E.P.E DU SOULEILLA S.a.r.l.	Paris (France)	100%	100%	EUR	8	2,847
Chaume-Solar S.a.r.l.	Paris (France)	100%	100%	EUR	60	692
C.P.E.S MAS D'EN RAMIS S.a.s.	Paris (France)	60%	60%	EUR	2,375	2,819
C.P.E.S LA BREDE S.a.s.	Paris (France)	57%	57%	EUR	1,053	1,140
ERG Spain Holco S.L.U.						
ERG Solar Almansa S.L.U.	Madrid (Spain)	100%	100%	EUR	3	25,037
ERG Solar Tabernas S.L.U.	Madrid (Spain)	100%	100%	EUR	3	12,669
ERG Solar Fregenal de la Sierra S.L.U.	Madrid (Spain)	100%	100%	EUR	3,000	2,854
ERG Solar Montiel S.L.U.	Madrid (Spain)	100%	100%	EUR	3	136
ERG Solar El Abuelito S.L.U.	Madrid (Spain)	100%	100%	EUR	3	180
ERG Solar Buenaventura S.L.U.	Madrid (Spain)	100%	100%	EUR	3	227
ERG Hamburg Holding GmbH	Hamburg (Germany)	100%	100%	EUR	25	56,925
ERG Hamburg Holding GmbH						
Garnacha Solar S.L.U.	Madrid (Spain)	100%	100%	EURR	6	(3,478)
ERG USA Holding, Inc.						
Project Pinnacle I, LLC	Wilmington, DE (USA)	75%	75%	USD	0	0
Project Pinnacle I, LLC [2]						
Apex Mulligan Solar Holdings, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0
Mulligan Solar Development, LLC	Wilmington, DE (USA)	100%	75%	USD	5,474	3,566
Mulligan Solar Blocker, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0
Mulligan Solar Holdings II, LLC [3]	Wilmington, DE (USA)	100%	75%	USD	0	0
Mulligan Solar Holdings, LLC	Wilmington, DE (USA)	100%	75%	USD	4,592	4,757
Mulligan Solar, LLC	Wilmington, DE (USA)	100%	75%	USD	102,989	72,303
Great Pathfinder Wind Equity Holdings, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0
Great Pathfinder Intermediate Holdco 3, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0
Great Pathfinder Intermediate Holdco 2, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0
Great Pathfinder Intermediate Holdco 1, LLC	Wilmington, DE (USA)	100%	75%	USD	20,263	18,308
Great Pathfinder Holdings, LLC	Wilmington, DE (USA)	100%	75%	USD	0	0
Great Pathfinder Wind, LLC	Wilmington, DE (USA)	100%	75%	USD	376,613	371,688

(1) Data referring to the latest approved financial statements.

(2) The company Project Pinnacle I, LLC was incorporated in 2024 and holds, through the various equity investments listed, 100% of the operating companies Mulligan Solar, LLC and Great Pathfinder Wind, LLC.

(3) The company Mulligan Solar Holdings II, LLC is 99% owned by Mulligan Solar Development, LLC and 1% owned by Mulligan Solar Blocker, LLC, which in turn is 100% owned by Mulligan Solar Development, LLC.

List of companies recognised using the equity method:

	Registered office	Direct investment	Group's investment	Currency ('000)	Share Capital[1]	Equity[1]	Carrying amount 31.12.2024
Garnacha Solar S.L.U.							
Toro Renovables 400 KV S.L.U. [2]	Madrid (Spain)	23.69%	23.69%	Euro	3	1,802	428
Associates							428

(1) Data referring to the latest approved financial statements.

(2) The company is owned by 10 other shareholders, owners of other photovoltaic projects, with shareholdings ranging from 5.0% to 8.3%.

List of companies measured at cost:

	Registered office	Direct investment	Group's investment	Currency ('000)	Capitale Sociale (1)	Equity(1)	Carrying amount 31.12.2024
ERG S.p.A.							
ERG Petroleos S.A.(2)	Madrid (Spain)	100%	100%	EUR	3,050	(7,180)	-
Società controllate							**-**
ERG Power Generation S.p.A.							
ERG Germany Verwaltungs GmbH(3)	Hamburg (Ger.)	100%	100%	EUR	25	25	25
Eolico Troina S.r.l. in liquidazione(2)	Palermo (Italia)	99%	99%	EUR	20	250	25
Società controllate							**50**
ERG Eolienne France S.a.s.							
Parc Eolien de Saint-Loup sur Cher SARL(3)	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien du Puits Gergil SARL(3)	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien du Plateau de la Perche SARL(3)	Paris (France)	100%	100%	EUR	8	(3)	8
Parc Eolien des Boules SARL(3)	Paris (France)	100%	100%	EUR	8	(3)	8
Ferme Eolienne de la voie Sacree sud SAS(3)	Paris (France)	100%	100%	EUR	10	(72)	10
Francese Parc Eolien Des Grandes Bornes Sas(3)	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien Des Jonquilles Sas(3)	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien De La Pleine De Burel Sas(3)	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de Saint Priest en Murat Sas(3)	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de Vent Communaux Sas(3)	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien de la Foye SAS(3)	Paris (France)	100%	100%	EUR	8	8	8
Parc Photovoltaique de la Vallee de la Doulaye SAS (3)	Paris (France)	100%	100%	EUR	8	8	8
Parc Eolien des Six Chemins S.a.s. (3)	Paris (France)	100%	100%	EUR	8	8	8
Parc Photovoltaique de la Vallee Brousse S.a.s. (3)	Paris (France)	100%	100%	EUR	8	8	8
Central Photovoltaique des Grandes Bruyeres S.a.s. (3)	Paris (France)	100%	100%	EUR	8	8	8
Solaires ERG 1 S.a.s (3)	Paris (France)	100%	100%	EUR	8	8	8
Società controllate							**130**
ERG Wind Park Beteiligungs Gmbh							
ERG Windpark Bischhausen Gmbh & Co. KG(3)	Hamburg (Ger.)	100%	100%	EUR	5	5	5
ERG Wind Brunsbüttel GmbH & Co. KG (3)	Hamburg (Ger.)	100%	100%	EUR	5	5	-
ERG Wind Beckedorf GmbH & Co. KG (3)	Hamburg (Ger.)	100%	100%	EUR	5	5	-
Società controllate							**5**
Voltwerk Windpark Wörbzig GmbH & Co. KG							
Netzbetrieb Windpark Wörbzig GbR (3)	Hamburg (Ger.)	32%	32%	EUR	2	0	-
Società controllate							**-**
ERG Solar Holding S.r.l.							
Fattoria Solare Futurasun S.r.l. (3)	Genoa (Italy)	100%	100%	EUR	10	104	90
Società controllate							**90**
ERG UK Holding Ltd							
High Cairn Wind Farm Limited(3)	Edimburgh (UK)	100%	100%	GBP	0	0	-
Creggan Wind Farm Limited(3)	London (UK)	100%	100%	GBP	0	0	-
Longburn Wind Farm LTD(3)	London (UK)	100%	100%	GBP	0	0	-
Società controllate							**-**
ERG Spain Holco S.L.U.							
REN BETA I, S.L.U. (3)	Madrid (Spain)	100%	100%	EUR	3	44	-
Subsidiaries							**-**

(1)Data referring to the latest approved financial statements.
(2) company in liquidation
(4) Companies measured at cost as they are not yet operational

	Registered office	Direct invest-ment	Group's investment	Currency ('000)	Share Capital (1)	Equity (1)	Carrying amount 31.12.2024
ERG S.p.A.							
CAF Interreg. Dipendenti S.r.l.	Vicenza (Italy)	0.04%	0.06%	EUR	276	1,069	-
Meroil S.A.	Barcellona (Spain)	0.87%	0.87%	EUR	19,077	95,569	310
R.U.P.E. S.p.A.	Genoa (Italy)	4.86%	4.86%	EUR	3,058	2,946	155
Other companies							**465**

(1) Data referring to the latest approved financial statements.

NOTE 49 - ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS APPLIED STARTING ON 1 JANUARY 2024

As from 1 January 2024, the following standards, interpretations and amendments to existing standards, in relation to which no significant effects on these Consolidated Financial Statements are reported, have become applicable.

- Amendments to IFRS 16 "Leases" – Lease liabilities in a sale and leaseback;
- Amendment to IAS 1 "Presentation of financial statements" on the classification of non-current assets and liabilities with covenants;
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" on supplier finance agreements.

NOTE 50 - IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS, PUBLISHED BUT NOT YET ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 2024

Below are the new standards or amendments to the standards, applicable, if approved by the European Union, for annual periods beginning on or after 1 January 2024 and for which earlier application is allowed. However, the Group has decided not to adopt them in advance for the preparation of these Consolidated Financial Statements.

Entry into force	Description	Issue date	Approved
1 January 2025	Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" on lack of exchangeability	15 August 2023	Yes
	Amendments to IFRS 9 and IFRS 7 "Classification and measurement of financial investments"	30 May 2024	No
	Volume 11 of the Project "Annual improvements to IFRS Accounting Standards" on improving the clarity and internal consistency of the adopted accounting standards	18 July 2024	No
1 January 2026	IFRS 18 "Presentation and disclosure on financial statements"	9 April 2024	No
1 January 2027	IFRS 19 "Subsidiaries without public accountability: disclosures"	9 May 2024	No

Any impacts of the aforesaid standards are currently being assessed. At the date of preparation of these Consolidated Financial Statements, no significant impacts have emerged.

NOTE 51 - OTHER INFORMATION

No atypical and/or unusual transactions took place during the year, except for what is highlighted below. Atypical and/or unusual transactions are those transactions that due to their significance/relevance, nature of the counterparties, subject of the transaction, procedures for determining the transfer price and timeframe of the event (proximity to the end of the year) can give rise to doubts with regard to: the correctness/completeness of the information in the Consolidated Financial Statements, conflicts of interest, wealth preservation and the protection of non-controlling interests.
No advances were provided and there are no receivables from directors and statutory auditors of the parent for the performance of their duties also in other companies included in the consolidation scope.

It should be noted that a criminal investigation is underway at the Milan Court Prosecutor's Office concerning the activities carried out by an investigative company (Equalize S.r.l.), which ERG S.p.A. engaged as part of a defensive investigation following a report received in 2023 under its Whistleblowing Guidelines regarding potentially serious events detrimental to the company.
Based on the information available, this investigation would also concern some employees of ERG S.p.A., however, without any involvement of the company itself, which remains, to date, uninvolved in any allegations.
As already stated in the Press Release of 28 October 2024, ERG S.p.A. believes that it has acted in full compliance with the law and its corporate policies in carrying out the aforementioned defensive investigation.
Finally, for the sake of completeness, it should be noted that the National Commission for Companies and the Stock Exchange (CONSOB) sent some information requests in November 2024 regarding the aforementioned investigation. The company promptly and duly responded, and CONSOB has not taken any further action to date.

Disclosure obligations pertaining to Italian Law no. 124/2017 of 4 August 2017

Article 1, paragraphs 125-129 of Italian Law no. 124 of 4 August 2017 introduced the obligation for companies that receive grants from public administrations to publish the amounts received in their Notes to the Separate Financial Statements and in the Consolidated Financial Statements, if these are drawn up. In view of the interpretation difficulties encountered in applying these provisions (Assonime – circular no. 5 of 22 February 2019) the legislator intervened, amending the said regulations several times. More specifically, the legal provisions of Italian Law no. 124/17 were most recently revised by Italian Decree Law no. 34 of 30 April 2019, which set forth urgent economic growth measures to resolve specific crisis situations, converted with Italian Law no. 58 of 28 June 2019, which provided responses to important topics in order to simplify and rationalise the regulations under consideration. The ERG Group has therefore decided to state in the separate financial statements

of the companies belonging to the Group the grants received from public administrations for use by all the companies and that come under the general scheme of the reference system defined by the State (e.g. feed-in premium, energy efficiency certificates, etc.) with the exception of those belonging to the following categories:

- *tax relief;*
- *training grants received from inter-professional funds (such as Fondimpresa), since such funds are a form of partnership governed by private law, financed with the contributions paid by the companies themselves.*

(EUR million)	Revenue 2024	of which feed-in premium	of which guarantees of origin	of which "RES"
Wind Italy	54	41	10	3
Solar Italy	68	67	1	-
Total	**122**	**108**	**11**	**3**

(EUR million)	Receipts 2024	of which feed-in premium	of which guarantees of origin	of which "RES"
Wind Italy	41	33	6	3
Solar Italy	54	54	1	-
Total	**96**	**87**	**7**	**3**

The reference amounts indicated in the tables above are also reported in the Financial Statements of the Group companies concerned. In accordance with the provisions of Article 3-quater of Italian Law no. 12 of 11 February 2019, for any funds received, please refer to the indications contained in the National Register of State Aid under Article 52 of Italian Law no. 234 of 24 December 2012.

Finally it should be noted that with reference to the 2024 financial year, ERG S.p.A. and ERG Power Generation S.p.A. benefited from the contribution relief, recognised by INPS, pursuant to Article 1 paragraphs 161 to 168 of Italian Law no. 178 of 30 December 2020 ("Decontribuzione Sud") for an amount equal to EUR 0.7 million.

Recommendations with regard to information to be provided in the financial reports and in the press releases of the listed companies operating in the field of renewable energies

In accordance with CONSOB Recommendation no. DIE/0061493 of 18 July 2013 with regard to information to be provided in the financial reports and in the press releases of the listed companies operating in the field of renewable energies, the related tables are presented below.

Reconciliation with the carrying amount of Property, Plant and Equipment in the Statement of Financial Position

(EUR thousand)	Carrying amount at 31 December 2024 (EUR thousand)
Plants in operation	3,120,123
Plants that are still non operational	71,297
Other property, plant and equipment	21,017
	3,212,437

Information about the energy generation plants in operation at 31 December 2024

company	Plant	Geographic location	% owned	Installed capacity (MW)	Carrying amount at 31 December 2024 (EUR thousand)
ERG Eolica S. Vincenzo S.r.l.					
ERG Eolica Faeto S.r.l.					
ERG Eolica Ginestra S.r.l.					
Green Vicari S.r.l.	Wind Farm	Italy	100%	541	266,232
ERG Eolica Fossa del Lupo S.r.l.					
ERG Eolica Adriatica					
ERG Eolica Campania					
Gruppo Donatello	Wind Farm	Italy	100%	172	213,374
ERG Eolica Tirreno S.r.l.	Wind Farm	Italy	100%	47	70,866
ERG Wind Investments					
ERG Wind Sardegna					
ERG Wind Sicilia 6					
ERG Wind 4					
ERG Wind 6		Italy	100%		
ERG Wind Sicilia 2					
ERG Wind Sicilia 3					
ERG Wind Sicilia 4	Wind Farm			792	441,816
ERG Wind Sicilia 5					
ERG Wind 2000					
ERG WIND ENERGY					
ERG Wind MEG 1 LLP					
ERG Wind MEG 2 LLP		Germany	100%		
ERG Wind MEG 3 LLP					
ERG Wind MEG 4 LLP					
Eolico Italia+Germania			**100%**	**1,552**	**992,289**
Parc Eolien du Carreau S.a.s.					
Parc Eolien de la Bruyère S.a.s.					
Parc Eolien les Mardeaux S.a.s.	Wind Farm	France	100%	64	10,256
Parc Eolien de Lihus S.a.s.					
Parc Eolien de Hetomesnil S.a.s.					
E. Du Vent Solaire					
ERG Wind France 1					
Ferme Eolienne de Teterchen S.a.s.					
Parc Eolien du Bois de l'Arche S.a.s.					
Parc Eolien du Bois de Bigot S.a.s.	Wind Farm	France	100%	64	17,988
Cepe Pays De Montbeliard S.n.c.					
Cepe de Saint Florentin S.n.c.					
Cepe de Murat S.n.c.					
Parc Eolien de St Riquier 3 SAS					
Parc Eolien de St Riquier 4 SAS					
Parc Eolien de la Chaude Vallee Sarl					
Parc Eolien de Morvilers Sarl					
SEPE Du Nouvion SAS					
Parc Eolien de Garcelles-Sacqueville SAS	Wind Farm	France	100%	125	80,887
Parc Eolien du Patis SAS					
Parc Eolien Hauts Moulins					
Parc Eolien Moulins des Camps (La Chapelle)					
Parc Eolien de St Riquier 1 SAS					
Parc Eolien de la Souterraine					
Parc Eolien de Oyre Saint Sauveur					
Parc Eolienne de la Voie Sacree S.a.s.	Wind Farm	France	100%	16	5,006
Parc Eolienne d'Epense S.a.s.					
WP France 6 S.a.s.					
WP France 10 S.a.s.	Wind Farm	France	100%	7	6,713
Parc Eolien de la valleè de Torfou S.a.r.l.	Wind Farm	France	100%	26	22,707
Parc Eolien du Melier S.a.r.l					

PARCS EOLIENS DE FRUGES SARL	Wind Farm	France	100%	52	24,922
Ferme Eolienne Chery Sas Ferme Eolienne de Quesnoy-sur-Airaines 2 Sas Ferme Eolienne de Saint Pierre de Maillè Sas	Wind Farm	France	100%	38	26,372
Ventoux	Wind Farm	France	100%	41	27,305
Joran	Wind Farm	France	100%	58	63,223
Le Bouchats	Wind Farm	France	100%	18	21,999
Moulin de Bois	Wind Farm	France	100%	32	41,206
St Maurice La Clouere	Wind Farm	France	100%	9	15,668
Souleilla	Wind Farm	France	100%	24	34,925
Eolico Francia			**100%**	**587**	**410,268**
Globo Energy EOOD Mark 1 EOOD Mark 2 EOOD WP Bulgaria 4 EOOD K&S Energy EOOD K&S Energy 1 EOOD K&S Energy 2 EOOD VG-1 EOOD VG-2 EOOD VG-3 EOOD VG-4 EOOD VG-5 EOOD VG-6 EOOD Wind Park Kavana East EOOD Wind Park Kavana West EOOD	Wind Farm	Bulgaria	100%	54	21,090
Eolico Bulgaria			**100%**	**54**	**21,090**
Corni Eolian SA	Wind farm	Romania	100%	70	40,903
Eolico Romania			**100%**	**70**	**40,903**
EW Orneta 2 Z.O.O. Hydro Inwestycje SP.Z.O.O. Blachy Pruszynsky-Energy SP.Z.O.O.	Wind Farm	Poland	100%	82	64,815
Lazski	Wind Farm	Poland	100%	36	57,135
Piotkrow	Wind Farm	Poland	100%	24	39,109
Eolico Polonia			**100%**	**142**	**161,059**
Furukraft	Wind Farm	Sweden	100%	62	70,086
Eolico Svezia			**100%**	**62**	**70,086**
Voltwerk Energy Park 8 Gmbh Voltwerk Windpark Worbzig Gmbh Voltwerk Windpark Beesenstedt Gmbh Windpark Cottbuser Halde Gmbh WP Achmer Vinte Gmbh Epuron Energy Park 117 (Frehne) Gmbh ERG Wind Dobberkau GmbH & Co. KG ERG Wind Weselberg GmbH & Co. KG UGE Barkow GmbH & Co.KG UGE Barkow Zwei GmbH & Co.KG UGE Barkow Drei GmbH & Co.KG	Wind Farm	Germany	100%	130 34	54,616 41,553
Windpark Linda GmbH & Co. KG	Wind Farm	Germany	100%	22	25,661
Ventoux	Wind Farm	Germany	100%	55	46,297
Eolico Germania (senza MEG)			**100%**	**241**	**168,128**
Evishagaran	Wind Farm	UK	100%	47	63,175
Craiggore	Wind Farm	UK	100%	25	38,650
Sandy Knowe	Wind Farm	UK	100%	50	132,864
Creag Riabach	Wind Farm	UK	100%	127	114,271
Eolico UK			**100%**	**249**	**348,960**
Great Pathfinder Wind	Wind Farm	USA		224	365,052
Eolico USA			**100%**	**224**	**365,052**
Eolico			**100%**	**3,182**	**2,577,834**

ForVei Group	Photovoltaic system	Italy	100%	89	111,636
Isab Energy Solare (S.r.l.)	Photovoltaic system	Italy	100%	1	1,235
Andromeda PV S.r.l.	Photovoltaic system	Italy	100%	51	17,490
Ginestra S.r.l.	Photovoltaic system	Italy	100%	34	27,359
Solar Italy			**100%**	**175**	**157,721**
Ventoux	Photovoltaic system	France	100%	57	35,516
Joran	Photovoltaic system	France	100%	22	15,235
Falcon Solar	Photovoltaic system	France	100%	49	41,087
Solar France			**100%**	**128**	**91,838**
Valencia	Photovoltaic system o	Spain	100%	92	63,920
Fregenal de la Sierra	Photovoltaic system	Spain	100%	25	18,163
Garnacha	Photovoltaic system	Spain	100%	149	112,822
Solar Spain			**100%**	**266**	**194,905**
Mulligan Solar	Photovoltaic system	USA	100%	92	97,826
Solar USA			**100%**	**92**	**97,826**
Solar			**100%**	**662**	**542,290**
TOTAL			**100%**	**3,845**	**3,120,123**

company	Plant	Associated financial debt				
		Carrying amount of financial liability	Type	Disbursement/ Maturity		Hedge
C.E.P.E. RENOUVELLEMENT HAUT CABARDÈS S.A.S.	Wind Farm	61,714	Project financing	2024	2046	Fixed rate loan
Wind France		**61,714**				
Windpark Linda GmbH & Co. KG	Wind Farm	16,714	Project financing	2018	2038	Fixed rate loan
Wind Germany (without MEG)		**16,714**				
Wind		**78,428**				
Andromeda PV S.r.l.	Photovoltaic system	65,186	Project Financing	2010	2028	Fixed rate loan
Solar Italia		**65,186**				
Solar		**65,186**				
TOTAL		**143,614**				

Information about the energy generation plants not yet in operation at 31 December 2024

Name of plant/ Groups of plants	Geographic location	Owner company	Group	% owned	Maximum installed capacity expected (MW)	Progress of the project	Carrying amount at 31 December 2024 (EUR thousand)
Picardie I	France	Parc Éolien du Pays à Part	Epuron	100%	18	Authorised and under construction	22,700
Reinsdorf	Germany	ERG Windpark Reinsdorf	Impax	100%	6	Authorised and under construction	9,031
Corlacky	UK	Corlacky	n/a	100%	47	Authorised and under construction	39,567
Wind					**158**		**71,297**
Plants that are still non operational					**158**		**71,297**

With regard to the commitments and guarantees provided to the lenders of the plants per the above tables, please refer to the details provided in **Note 39 – Disclosure on financial risks**.

NOTE 52 - AUDIT FEES

Based on Article 149-duodecies of the Issuers' Regulation, the 2024 costs relating to the services performed by the independent auditors KPMG S.p.A., the main auditor of the ERG Group, and by the companies belonging to its related network, are shown below.
The preparation of the table is in line with the "Procedure for audit engagements in the companies of the ERG Group and monitoring of additional services".
Audit services comprise the complete audit of the separate and consolidated financial statements and the audit of the reporting package of the parent for the purposes of the preparation of the Consolidated Financial Statements of the ultimate parent and the review of the Condensed Interim Consolidated Financial Statements.
Non-audit services refer mainly to:

1. Parent:
   - comfort letter required for on the placement of the 2024-2030 Green Bond as part of the "Euro Medium Term Note Programme" for EUR 40 thousand;
   - check of the compliance of the separate/unbundled annual accounts for EUR 17 thousand;
   - agreed-upon procedures on the quarterly data of the subsidiaries for EUR 106 thousand;
   - check and signing of tax returns for EUR 4 thousand;
   - assurance of conformity of the Consolidated Sustainability Statement for EUR 90 thousand;
   - assurance of the Green Bond Report for EUR 10 thousand.
2. Subsidiaries:
   - check of the compliance of the separate annual accounts (unbundling) for EUR 30 thousand;
   - check and signing of tax returns for EUR 19 thousand;
   - agreed-uppon procedures on bank covenants for EUR 5 thousand.

Type of service	Party that performed the service	Recipient	2024 remuneration (thousands of Euro)
(thousands of Euro)			
Statutory audit	Auditor of the parent	parent	329
	Auditor of the parent	subsidiaries	834
	Network of the parent's auditor	subsidiaries	271
Total audit services			**1,434**
Non-audit services	Auditor of the parent	parent	267
	Auditor of the parent	subsidiaries	54
Total non-audit services			**322**
Total			**1,756**

NOTE 53 - SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Date	Geographical segment	Sector	Significant event
16 January 2025	UK & Nordics	Wind	ERG, through its subsidiary ERG UK Holding Ltd, has today acquired the entire share capital of BayWa r.e AG from BayWa r.e. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in South Lanarkshire, Scotland.

There are no significant events to report that may have an impact on the statement of financial position at 31 December 2024.

NOTE 54 - PUBLICATION DATE OF THE CONSOLIDATED FINANCIAL STATEMENTS

On 11 March 2025, the Board of Directors of ERG S.p.A. authorised the publication of the Consolidated Financial Statements together with the reports of the Supervisory Bodies in compliance with the deadlines prescribed by current laws and regulations.te.

Genoa, 11 March 2025

on behalf of the Board of Directors
The Chairman

Edoardo Garrone

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS, PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 DATED 14 MAY 1999, AS AMENDED

1. The undersigned Paolo Luigi Merli, Chief Executive Officer of ERG S.p.A., and Michele Pedemonte, Manager responsible for preparing the financial reports of ERG S.p.A., taking into account the provisions set out in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, state that the administrative and accounting procedures for the preparation of the Consolidated Financial Statements:
   - were adequate given the ERG Group's characteristics and
   - were effectively applied in the period between 1 January 2024 and 31 December 2024.

2. In this regard, the following is pointed out:
   - the suitability of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements of the ERG Group at 31 December 2024 was verified by the assessment of the system of internal control over Financial Reporting. This assessment was carried out with reference to the criteria established in the "Internal Control – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   - the assessment of the System of Internal Control over Financial Reporting did not uncover any significant aspects.

3. It is furthermore stated that:
   - the Consolidated Financial Statements of the ERG Group:
     - were prepared in accordance with the applicable International Accounting Standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, dated 19 July 2002;
     - match the underlying accounting books and records;
     - are suitable to give a true and fair view of the financial position and results of operations of the issuer and of the group of companies included in its consolidation scope;
   - the Directors' Report comprises a reliable analysis of the performance and of the result of operations, as well as of the situation of the issuer and of the group of companies included in the consolidation scope, together with a description of the main risks and uncertainties to which they are exposed.

Genoa, 11 March 2025

Chief Executive Officer

Paolo Luigi Merli

The Manager responsible
for preparing the company's
financial reportsi

Michele Pedemonte

INDEPENDENT AUDITORS' REPORT

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Revisione e organizzazione contabile
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(The accompanying translated consolidated financial statements of the ERG Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
ERG S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the ERG Group (the "group"), which comprise the statement of financial position as at 31 December 2024, the income statement and statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the ERG Group as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of ERG S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Limited, società di diritto inglese.

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20124 Milano MI ITALIA

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. 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.

Recoverability of goodwill, authorisations and concessions, property, plant and equipment and right-of-use assets

Notes to the consolidated financial statements: Use of estimates - Risks and uncertainties and Note 22 - Impairment testing

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2024 include goodwill of €454 million, authorisations and concessions of €1,108 million, property, plant and equipment of €2,994 million and right-of-use assets of €218 million. Goodwill is allocated to the various groups of cash-generating units ("CGUs") in line with the group's organisational and operating structure, i.e., according to the country/technology matrix. Under the procedure approved by the parent's board of directors on 25 February 2025, the recoverable amount of authorisations and concessions, property, plant and equipment and right-of-use assets is estimated whenever there is an indicator of impairment (a triggering event). Moreover, based on the above procedure, the group tests goodwill for impairment annually and, in any case, whenever there are triggering events, by comparing the carrying amounts of the groups of CGUs, including goodwill, to the related recoverable amounts. The recoverable amount is estimated based on value in use or, if value in use is lower than the carrying amount, at fair value. The recoverable amount is calculated using the discounted cash flow model by discounting the groups of CGUs' expected cash flows. Operating cash flows are estimated on the basis of the following: • the forecasts set out in the update to the business plan that the parent's directors examined on 11 March 2025; • for the years subsequent to the plan period, the projections prepared on the basis of macroeconomic and energy scenario simulations, assuming a steady production trend. The group measured the fair value using a range of values, defining a minimum and a maximum threshold by resorting, where possible, to objective market inputs	Our audit procedures, which also involved our own specialists, included: • updating our understanding of the process adopted to prepare the impairment test and the forecasts set out in the business plan and assessing the design and implementation of relevant controls; • checking any discrepancies between the previous year forecast and actual figures, in order to check the accuracy of the estimation process; • analysing the reasonableness of i) the key assumptions used by the directors to determine the operating cash flows and related discount rates and ii) the valuation models adopted; • checking the sensitivity analysis prepared by group management in relation to the key assumptions used for impairment testing; • assessing the appropriateness of the disclosures provided in the notes about impairment testing.

Key audit matter	Audit procedures addressing the key audit matter
or third-party valuations. It then made reference to the average value. As a result of its impairment tests, the group has not recognised any impairment losses. Impairment testing is complex and entails a high level of judgement, especially in relation to: • the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for past years and the projected growth rates. In this context, the key assumptions are those about the expected energy prices, the availability of renewable resources and the evolution of the regulatory framework; • the financial parameters used to calculate the discount rate. For the above reasons and due to the materiality of the relevant captions, we believe that the recoverability of the carrying amount of goodwill, authorisations and concessions, property plant and equipment and right-of-use assets is a key audit matter.	

Measurement of the provision for disposed business and other current and non-current provisions

Notes to the consolidated financial statements: Use of estimates - Risks and uncertainties, Note 26 - Provision for disposed business and Note 27 - Other provisions

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2024 include the provision for disposed business and other current and non-current provisions of €82.3 million, €29.4 million and €36.5 million, respectively. With the support of the relevant internal departments and their legal and tax advisors, the directors estimated provision for disposed businesses, which chiefly relates to the estimated environmental, legal and tax liabilities relating to the "Oil" coastal refining and integrated downstream businesses, whose disposal was completed on 10 January 2018 with the sale of the investment in TotalErg S.p.A.. Again with the support of the relevant internal departments and their legal and tax advisors, the directors also estimated the other current and non-current provisions, which mainly relate to the estimated liabilities on existing and potential disputes in relation to local taxes and of the liabilities on legal disputes with institutional counterparties. Measuring these provisions is a complex activity, with a high degree of subjectivity, and entails directors' estimates about the outcome of the disputes and	Our audit procedures, which also involved our own tax specialists, included: • updating our understanding of the process for the measurement of the effect of legal disputes and assessing the design and implementation of controls and procedures; • analysing the discrepancies between past years' estimates of the effect of legal disputes and actual figures resulting from their subsequent settlement, in order to check the accuracy of the estimation process; • sending written requests for information to the advisors assisting the group and to the internal legal department about the assessment of the risk of losing pending disputes and the quantification of the related liability; • for the main disputes subject to estimate, updating the analysis of the assumptions used to determine their effect through discussions with the relevant

Key audit matter	Audit procedures addressing the key audit matter
litigation of an environmental, legal and tax nature, in some cases dating back in time, the risk of losing, the timing for their settlement and the related effects on the consolidated financial statements. For the above reasons, we believe that the measurement of the provision for disposed business and other current and non-current provisions is a key audit matter.	internal departments and analysis of the supporting documentation; • for the main disputes subject to estimate, discussing assumptions or scenarios alternative to those used to calculate the effect of legal disputes and the reasons for their rejection with the relevant internal departments; • analysing the events after the reporting date that provide information useful for an assessment of the provisions; • assessing the appropriateness of the disclosures provided in the notes about the provision for disposed business and other current and non-current provisions.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian 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 for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' 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 auditors' 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 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 the 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 ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;

- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the 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 auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate 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;
- obtain 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 communicate with those charged with governance, identified at the appropriate level 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 also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 23 April 2018, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2018 to 31 December 2026.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2024 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2024 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2024 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the consolidated financial statements;
- express an opinion on the consistency of the directors' report, excluding the section that includes the consolidated sustainability statement, and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;
- issue a statement of any material misstatements in the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the group's consolidated financial statements at 31 December 2024.

Moreover, in our opinion, excluding the section which includes the consolidated sustainability statement, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Our opinion on compliance with the applicable law does not extend to the section of the directors' report which includes the consolidated sustainability statement. Our conclusion on the compliance of this section with the legislation governing its preparation and with the disclosure requirements of article 8 of Regulation (EU) 2020/852 is included in the assurance report prepared in accordance with article 14-bis of Legislative decree no. 39/10.

Genoa, 25 March 2025

KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit

Separate Financial Statements

STATEMENT OF FINANCIAL POSITION(1)

(EUR)	Notes	31/12/2024	of which with related parties	31/12/2023	of which with related parties
Intangible assets	1	2,523,477		2,528,606	
Property, plant and equipment	2	6,639,842		8,096,611	
Right-of-use assets	3	1,771,418		2,016,962	
Equity investments	4	2,634,132,283		2,633,735,644	
Non-current financial assets measured at fair value	16	12,251,162		17,046,313	
Deferred tax assets	5	8,367,277		8,407,380	
Other non-current assets	6	6,428,475		1,997,108	
Non-current assets		**2,672,113,934**		**2,673,828,623**	
Trade receivables	7	6,899,843	*6,826,245*	3,461,045	*2,131,315*
Other current assets	8	22,250,754	*70,523*	27,545,985	*59,565*
Current tax assets	9	24,226,096	*23,388,346*	25,076,817	*21,334,356*
Current financial assets measured at fair value	16	7,380,836	-	30,769,579	-
Other current financial assets	16	449,794,839	*1,138,597*	240,959,047	*1,625,458*
Cash and cash equivalents	16	515,252,395		415,897,305	
Current assets		**1,025,804,763**		**743,709,780**	
TOTAL ASSETS		**3,697,918,697**		**3,417,538,403**	
Share capital	10	15,032,000		15,032,000	
Other reserves	10	718,404,084		842,146,521	
Retained earnings	10	-		41,910,428	
Profit for the year	10	27,469,297		27,764,716	
Equity		**760,905,381**		**926,853,665**	
Employee benefits	11	1,112,561		1,593,185	
Deferred tax liabilities	5	8,073,016		9,339,507	
Provision for disposed businesses	12	79,861,307		76,574,988	
Other non-current provisions	13	511,758		753,879	
Other non-current financial liabilities	16	2,011,713,207		1,924,052,285	
Non-current lease liabilities	16	1,105,442		1,355,885	
Non-current liabilities		**2,102,377,291**		**2,013,669,728**	
Other current provisions	13	358,754		499,292	
Trade payables	15	9,839,378	*275,836*	12,526,837	*24,400*
Other current financial liabilities	16	800,368,968	*98,316,150*	442,508,887	*294,829,894*
Current lease liabilities	16	690,653		673,160	
Other current liabilities	17	11,085,976	*1,489,164*	7,367,236	*1,336,000*
Current tax liabilities	18	12,292,297	*12,292,297*	13,439,597	*13,439,597*
Current liabilities		**834,636,025**		**477,015,010**	
TOTAL EQUITY AND LIABILITIES		**3,697,918,697**		**3,417,538,403**	

(1) The notes commenting on individual items are an integral part of these separate financial statements.

INCOME STATEMENT(1)

(EUR)	Notes	2024	of which with related parties	2023	of which with related parties
Revenue	20	38,652,271	*37,220,929*	35,404,186	*35,104,528*
Other income	21	6,218,809	*4,827,838*	2,085,205	*453,579*
Purchases	22	(240,213)		(172,521)	
Services and other costs	23	(35,403,627)	*(7,024,379)*	(28,749,144)	*(6,331,200)*
Personnel expense	24	(26,670,554)	*(2,943,474)*	(23,600,513)	*(2,573,177)*
EBITDA (Gross operating profit)		**(17,443,314)**		**(15,032,787)**	
Amortisation of Intangible assets	25	(1,847,633)		(1,801,383)	
Depreciation of property, plant and equipment and right-of-use assets	25	(1,459,840)		(1,470,991)	
OPERATING PROFIT		**(20,750,787)**		**(18,305,161)**	
Financial income		45,449,435	*63,202*	30,827,455	*495,231*
Financial expense		(61,770,710)	*(3,284,340)*	(43,338,480)	*(4,625,429)*
NET FINANCIAL EXPENSE	26	**(16,321,275)**		**(12,511,025)**	
Net gains on equity investments		59,403,145		53,017,703	
NET GAINS ON EQUITY INVESTMENTS	27	**59,403,145**		**53,017,703**	
PROFIT BEFORE TAXES		**22,331,083**		**22,201,517**	
Income taxes	28	5,138,214		5,563,199	
PROFIT FOR THE YEAR		**27,469,297**		**27,764,716**	

(1) The notes commenting on individual items are an integral part of these separate financial statements.

STATEMENT OF COMPREHENSIVE INCOME(1)

(EUR)	Notes	2024	2023
PROFIT FOR THE YEAR		**27,469,297**	**27,764,716**
Changes that will not be reclassified to profit or loss			
Actuarial losses	11	33,232	(7,747)
Related tax	11	(7,976)	1,859
Total		**25,256**	**(5,888)**
Changes that will be reclassified to profit or loss			
Cash flow hedges – effective portion of the fair value change	10	(5,274,084)	(24,619,960)
Related tax	10	1,265,780	5,908,790
Total		**(4,008,304)**	**(18,711,170)**
Other comprehensive expense net of the tax effect		**(3,983,048)**	**(18,717,057)**
Comprehensive income for the year		**23,486,249**	**9,047,659**

(1) The notes commenting on individual items are an integral part of these separate financial statements.

STATEMENT OF CASH FLOWS (1)

(EUR)	Notes	31/12/2024	of which with related parties	31/12/2023	of which with related parties
CASH FLOWS FROM OPERATING ACTIVITIES (A)					
Profit for the year		27,469,297		27,764,716	
Adjustments for:					
- Income taxes		(5,138,214)		(5,564,252)	
- Amortisation, depreciation and impairment of non-current assets	25	3,307,473		3,272,374	
- Accruals to provisions	12 13	4,604,808		1,123,291	
- Capital gains/losses from realisation of non-current assets		(4,056,225)	(4,056,225)	(5,092)	
- Dividend income		(60,039,953)	*(60,039,953)*	(50,000,000)	*(50,000,000)*
- Interest income		(40,151,391)	*(63,195)*	(26,055,962)	*(494,953)*
- Interest expense		56,459,491	3,284,340	39,392,926	4,625,429
- Changes in stock option plan and allocation of treasury shares to employees		4,366,668	*4,366,668*	2,678,333	*2,678,333*
- Changes in fair value of hedging derivatives (ineffective portion)		(8,962,464)		(9,024,886)	
- Changes to post-employment benefits	11	(455,368)		(5,270)	
Other non-monetary changes		2,657,416		1,917,530	
		(19,938,463)		**(14,506,291)**	
Change in other current assets and liabilities:					
- Change in trade receivables	7	(3,438,798)	*(4,694,931)*	7,233,986	*8,245,049*
- Change in trade payables	15	(2,687,459)	*251,436*	3,712,001	*(485,784)*
- Net change in other assets/liabilities	6,8,14,17	4,582,604	*127,175*	(2,684,658)	*4,168,497*
Dividends received		60,039,953	*60,039,953*	50,000,000	*50,000,000*
Use of provisions		(1,064,791)		(1,497,808)	
Taxes collected from national tax consolidation scheme		4,869,811		2,553,742	
		62,301,320		**59,317,264**	
CASH FLOWS FROM OPERATING ACTIVITIES (A)		**42,362,857**		**44,810,972**	
CASH FLOWS FROM USED IN INVESTING ACTIVITIES (B):					
Acquisition of intangible assets	1	(1,865,410)		(1,967,858)	
Acquisition of property, plant and equipment	2	(464,968)		(318,140)	
Acquisition of equity investments	4			(184,541)	
Disposals of property, plant and equipment	2	5,325,287	*5,325,287*	58,285	
Price adjustment from disposal of equity investment		-		3,173,961	
Capital injection ERG Power Generation	4	-	-	-	-
Investment in securities	16	(435,000,000)		(235,000,000)	
Securities collection		261,534,600		100,000,000	
Change in loans to subsidiaries			-		-
Repayment of loans from subsidiaries		-	-	-	-
Interest collected		30,337,891		27,450,003	*5,617,243*
Other changes in current financial assets		-		-	
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B):		**(140,132,599)**		**(106,788,290)**	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C):					
New loans	16	90,000,000		330,000,000	
Green Bond Issue	16	500,000,000		-	
Repayment of loans	16			(250,000,000)	
Changes in other current financial liabilities	16	(151,862,655)	*(196,513,744)*	358,690,324	*269,986,991*
Interest paid		(45,185,481)	*(1,341,089)*	(29,339,818)	*4,193,854*
Fees on revolving		(1,254,167)		(1,891,058)	
Decrease in lease liabilities	16	(771,665)		(781,688)	
Dividends paid		(146,488,526)	*(94,000,000)*	(149,537,920)	*(94,000,000)*
Share buy-back	10	(47,312,675)		(61,362,216)	
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C):		**197,124,832**		**195,777,624**	
NET CASH FLOWS FOR THE YEAR (A+B+C)		**99,355,090**		**133,800,306**	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16	**415,897,305**		**282,096,999**	
NET CASH FLOWS FOR THE YEAR		99,355,090		133,800,306	
OPENING CASH AND CASH EQUIVALENTS	16	**515,252,395**		**415,897,305**	
RECLASSIFICATION OF ASSETS/LIABILITIES HELD FOR SALE					
CLOSING CASH AND CASH EQUIVALENTS	16	**515,252,395**		**415,897,305**	

(1) The notes commenting on individual items are an integral part of these separate financial statements.

STATEMENT OF CHANGES IN EQUITY(1)

(EUR)	Notes	Share capital	Reserve for other comprehensive income		Treasury shares in portfolio	Reserves	Profit (loss) for the year	Total Equity
			Hedging reserve	Reserve for defined benefit plans				
BALANCE AT 31/12/2022		15,032,000	48,192,350	(221,089)	(5,377,545)	1,056,784,104	11,617,989	1,126,027,809
Allocation of 2022 profit		-				11,617,989	(11,617,989)	-
Share-based payments with equity-linked instruments	10					2,678,333		2,678,333
Share buy-back	10				(61,362,216)			(61,362,216)
Distribution of dividends	10	-				(149,537,920)	-	(149,537,920)
Other changes								-
Profit for the year 2023	10	-				-	27,764,716	**27,764,716**
Change in comprehensive income	10	-	(18,711,170)	(5,888)		-	-	**(18,717,058)**
Comprehensive income		-	**(18,711,170)**	**(5,888)**		-	**27,764,716**	**9,047,659**
BALANCE AT 31/12/2023		15,032,000	29,481,181	(226,977)	(66,739,761)	921,542,506	27,764,716	926,853,665

(EUR)	Notes	Share capital	Reserve for other comprehensive income		Treasury shares in portfolio	Reserves	Profit (loss) for the year	Total Equity
			Hedging reserve	Reserve for defined benefit plans				
BALANCE AT 31/12/2023		15,032,000	29,481,181	(226,977)	(66,739,761)	921,542,506	27,764,716	926,853,665
Allocation of 2023 profit		-				27,764,716	(27,764,716)	-
Share-based payments with equity-linked instruments	10					4,366,668		4,366,668
Share buy-back	10				(47,312,675)			(47,312,675)
Assignment of treasury shares	10				16,113,850	(16,113,850)		-
Distribution of dividends	10	-				(146,488,526)	-	(146,488,526)
Other changes								-
Profit for the year 2024	10	-				-	27,469,297	27,469,297
Change in comprehensive income	10	-	(4,008,304)	25,256		-	-	(3,983,048)
Comprehensive income		-	**(4,008,304)**	**25,256**		-	**27,469,297**	**23,486,249**
BALANCE AT 31/12/2024		15,032,000	25,472,877	(201,721)	(97,938,585)	791,071,514	27,469,297	760,905,381

(1) The notes commenting on individual items are an integral part of these separate financial statements.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

INTRODUCTION

ERG S.p.A. is the entity that prepares the financial statements and has its registered office in via De Marini 1 (WTC Tower), Genoa, Italy.
ERG S.p.A., a company listed on the Stock Exchange since 1997, operates, also through its investees, as a major independent operator in the generation of electricity from renewable sources, wind and solar in Italy, France, Germany, Spain, the United Kingdom, Poland, Romania, Bulgaria, Sweden and the United States of America.

On 11 March 2025, the Board of Directors of ERG S.p.A. authorised the publication of the Separate Financial Statements together with the reports of the Supervisory Bodies in compliance with the deadlines prescribed by current laws and regulations.

ERG S.p.A. provides strategic guidance to the Group, is directly responsible for business development processes and ensures the management of all business support processes.

The Shareholders' Meeting called to approve the Separate Financial Statements is entitled to request changes to them.

BASIS OF PREPARATION

These Separate Financial Statements, expressed in Euro (functional currency of the parent ERG S.p.A. and reporting currency), were prepared:

- in compliance with the International Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union ("EU-IFRS") as well as in compliance with the provisions issued in implementation of Article 9 of Italian Legislative Decree no. 38 of 28 February 2005;
- on a going concern basis and therefore assuming that the company will be able to meet the mandatory repayment conditions of the credit facilities granted by the banks and the bond issues as indicated in **Note 31 – Financial instruments**.

The Separate Financial Statements at 31 December 2024 were audited by the independent auditors KPMG S.p.A. in accordance with the statutory audit engagement for the years from 2018 to 2026, conferred upon it pursuant to Italian Legislative Decree no. 39/2010 by the Shareholders in their meeting of 23 April 2018.

The amounts shown in the accompanying notes to the separate financial statements, unless otherwise specified, are expressed in thousands of Euro.

The accounting standards and measurement criteria are presented in each note to which they refer.
The changes in the application of the accounting standards, where relevant, are described in the following paragraphs.

BASIS OF PRESENTATION

These Separate Financial Statements consist of:

- the **primary financial statements**, with the following characteristics:
  - the **Statement of Financial Position** shows the assets and liabilities according to their maturity, separating current and non-current items. Current assets are those held to be realised, sold or consumed in the normal operating cycle of the company or in the 12 months after year end; current liabilities are those expected to be extinguished within the normal operating cycle of the company or in the 12 months after year end. Assets classified as held for sale and liabilities included in a disposal group classified as held for sale are clearly distinguished;
  - the **Income Statement** includes an analysis of items by nature, which is deemed more representative than presenting them by function, with separate presentation of the profit or loss from discontinued operations. The form chosen is in fact consistent with internal reporting and management procedures;
  - the **Statement of Comprehensive Income** shows the revenue and cost components (including reclassification adjustments) that are not recognised in profit (loss) for the year in application of the EU-IFRS standards;
  - the structure of the **Statement of Cash Flows** is based on the indirect method, with the indication of the cash flows from operating, investing and financing activities;
  - the **Statement of Changes in Equity**, with separate disclosure of the result for the year and any revenue, income, cost and expense not transferred to the income statement, but charged directly to consolidated equity on the basis of the EU-IFRS standards.
- the **Notes**.

USE OF ESTIMATES – RISKS AND UNCERTAINTIES

Preparation of financial statements and notes pursuant to the EU-IFRS requires ERG S.p.A. directors to make estimates and assumptions that affect the carrying amounts of the assets and liabilities recognised in the financial statements and disclosures relating to contingent assets and liabilities. Available information and subjective evaluations were used to obtain these estimates.

By their very nature, estimates and assumptions used may vary from year to year, and it therefore cannot be excluded that in subsequent years

the current carrying amounts may differ as a result of the change in the subjective assessments used.
The main estimates requiring the use of subjective valuations, aside from those pertaining to fair value measurements as outlined in the specific paragraph, were used, among other things, for:

- impairment testing on the equity investment in ERG Power Generation S.p.A., with particular reference to the process of identifying and monitoring trigger events and the main assumptions for determining the recoverable amounts, including the identification of macroeconomic variables such as inflation and discount rates, also considering the current climate of geopolitical uncertainty and the energy scenario;
- the measurement of provisions and contingent liabilities related to civil, administrative and tax disputes; in particular, the valuation processes are based on complex elements that by their nature imply reliance on the Directors' judgement, also taking into account the elements acquired by external consultants, and involve both determining the degree of likelihood of the occurrence of conditions that may entail a cash outlay and hence classification among liabilities or among contingent liabilities, and quantifying the related amount (**Note 12 – Provision for Disposed Businesses**, **Note 13 – Other provisions**). In particular, with reference to the Provision for Disposed Businesses the most complex elements are connected with the measurement process and procedures related to the risks tied mainly to events dating back in time and pertaining to environmental, legal and tax matters tied to the divested "Oil" Coastal Refining and of integrated Downstream businesses;
- loss allowances and impairment of assets (**Note 7 – Trade receivables**);
- deferred tax assets, recognised on the basis of the Group's future taxability of profits as forecast by business plans as well as of the expected settlement and renewal of tax consolidation schemes (**Note 5 – Deferred taxation**).

Fair value measurements

Some standards and disclosure obligations require the company to measure the fair value of financial and non-financial assets and liabilities.
In relation to the fair value measurement, the company has its own structure of appraisers, responsible in general for all significant fair value measurements, including Level 3 measurements (if present).
Non-observable input data and valuation adjustments are regularly subjected to reappraisal.
When information provided by third parties, such as broker quotes or pricing services, is used to determine fair value, the team of appraisers assesses and documents the evidence obtained from third parties to support the fact that such measurements comply with the provisions of the EU-IFRS, including the level of fair value hierarchy in which the related measurement has to be classified.
The significant aspects relating to the measurement are communicated to the Control, Risk and Sustainability Committee of the Group.
In measuring the fair value of an asset or a liability, the company uses, insofar as it is possible, observable market data. Fair values are categorised in various hierarchical levels according to the input data used in the measurement techniques, as illustrated below.
– Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets.
– Level 2: inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly (prices) and indirectly (derived from prices).
– Level 3: unobservable inputs for the asset or liability.
If the input data used to measure the fair value of an asset or of a liability are categorised within different levels of the fair value hierarchy, 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.
The company recognises the transfers between the various levels of the fair value hierarchy given the event or the change in the circumstances that determined the transfer in which the transfer took place.
Additional information on the assumptions to determine fair value is provided in the following notes:

- **Note 23 – Services and other costs** and **Note 24 – Personnel expense;**
- **Note 31 – Financial instruments**

Estimates and assumptions are revised periodically and the effects of each change are reflected in the Income Statement in the period in which the change took place.

IMPAIRMENT TESTS ON EQUITY INVESTMENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Impairment of non-financial assets (impairment test)

At least once a year, the company measures the recoverable amount of non-financial assets, including equity investments, to determine whether there are indications that they may be impaired (examination of triggering events). If such an indication exists, the company estimates the recoverable amount of the asset to determine the amount of the impairment loss.
The recoverable amount of an asset is the higher of its fair value less costs to sell, and its value in use, determined as the present value of expected future cash flows.
An asset is impaired when its carrying amount exceeds its recoverable amount. When an impairment loss recognised in prior periods for an asset other than goodwill subsequently no longer exists or may have decreased, the carrying amount of the asset or the cash-generating unit is increased up to the new estimated recoverable amount without exceeding the amount that would have been determined had no impairment loss been recognised.

ERG Power Generation S.p.A.

In these Separate Financial Statements, the carrying amount of the equity investment in ERG Power Generation S.p.A. is equal to EUR 2,634 million (EUR 2,633 million at 31 December 2023). Please see **Note 4 – Equity investments for further details**.

For the purposes of the 2017 Separate Financial Statements the company had tested the carrying amount of the equity investment that showed that the recoverable amount is significantly higher than its carrying amount.
For the purposes of the 2018 to 2023 Separate Financial Statements, the Group checked the presence of impairment indicators, and did not identify the need to perform the impairment test.

For the purposes of the 2024 Separate Financial Statements, the Group checked the presence of impairment indicators.
In particular, the following were examined:

- changes in the enterprise value of the CGU Groups belonging, directly and indirectly, to ERG Power Generation S.p.A.;
- the distribution of dividends during 2024, amounting to EUR 60 million, by ERG Power Generation S.p.A. to ERG S.p.A.;
- the stock market capitalisation of ERG S.p.A. at 31 December 2024 amounting to EUR 3.0 billion (EUR 4.3 billion at 31 December 2023). It is noted in this regard that the fair market value of ERG Power Generation S.p.A. can be derived from that of ERG S.p.A. net of the costs of the corporate structure and of net cash and cash equivalents of ERG S.p.A.

company management deems the assumptions used to identify and verify the indicators to be reasonable and, on the basis of the aforementioned assumptions, no need to determine the recoverable amount has emerged.

ANALYSIS OF THE STATEMENT OF FINANCIAL POSITION

NOTE 1 – INTANGIBLE ASSETS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Other intangible assets refer mainly to software licences.
Intangible assets are recognised at purchase cost, including all related ancillary charges.
Other intangible assets are amortised over a maximum period of 5 years.

(EUR thousand)	Other intangible assets	Assets under development	Total
Historical cost	44,402	724	45,126
Amortisation and impairment losses	(42,755)	-	(42,755)
BALANCE AT 31/12/2022	**1,646**	**724**	**2,371**
Changes for the year:			
Acquisitions	1,513	454	1,968
Capitalisations/reclassifications	633	(642)	(8)
Disposals and divestments (cost)	(9,680)	-	(9,680)
Disposals and divestments (provision)	9,680		9,680
Amortisation	(1,801)	-	(1,801)
Other changes	-	-	-
Historical cost	36,869	537	37,405
Amortisation and impairment losses	(34,877)	-	(34,877)
BALANCE AT 31/12/2023	**1,992**	**537**	**2,529**
Changes for the year:			
Acquisitions	1,231	634	1,865
Capitalisations/reclassifications	484	(507)	(23)
Disposals and divestments (cost)	(4,219)	-	(4,219)
Disposals and divestments (provision)	4,219		4,219
Amortisation	(1,848)	-	(1,848)
Other changes	-	-	-
Historical cost	34,365	664	35,029
Amortisation and impairment losses	(32,505)	-	(32,505)
BALANCE AT 31/12/2024	**1,860**	**664**	**2,523**

"Other intangible assets" consist mainly of software applications and advisory services provided in the implementation phase thereof.
The increase is due mainly to the investments for the year related to new software and improvements on existing ones.

NOTE 2 – PROPERTY, PLANT AND EQUIPMENT

Relevant information on the accounting standards adopted and recognition and measurement criteria

Property, plant and equipment are recognised at acquisition, inclusive of capitalised financial expense, or production cost less accumulated depreciation and impairment losses.
If an item of property, plant and equipment comprises various parts having different useful lives, these parts are recognised separately (significant components).
The profit or loss generated by the sale of an item of property, plant and equipment is recognised in profit or loss for the year. Expansion, modernisation and transformation costs and maintenance costs are capitalised only if they increase the future economic benefits of the asset to which they refer.
Capitalised costs are allocated to the income statement via depreciation.
Depreciation is calculated on a straight-line basis over the asset's estimated useful life. When the asset consists of several significant parts having different useful lives, each part is depreciated separately. The depreciable amount is the asset's historical cost less the expected residual value, if material and reliably measurable.
Land is not depreciated, even if acquired together with a building. Freely transferable assets are depreciated over the estimated life of the asset or the concession term, whichever is shorter.

The depreciation rates applied are as follows:
- *Industrial buildings – 2.75%-5.5%*
- *Commercial buildings – 2.5%*

- *General plant – 10%*
- *Furniture and furnishings – 12%*
- *Electronic machines – 20%*
- *Equipment – 25%*
- *Vehicles – 25%*
- *Incremental expenses – 8-25%*

(EUR thousand)	Land and buildings	Plant and equipment	Other assets	Assets under construction	Total
Historical cost	**17,315**	**926**	**11,849**	**15**	**30,105**
Depreciation and impairment losses	(11,513)	(642)	(9,454)	-	(21,609)
Balance at 31/12/2022	**5,802**	**285**	**2,395**	**15**	**8,496**
Changes in the year					
Acquisitions	-	13	229	76	318
Capitalisations	-	-	-	-	-
Reclassifications	-	-	23	(15)	9
Disposals and divestments (cost)	-	(60)	(1,045)	-	(1,105)
Disposals and divestments (provision)	-	55	1,045	-	1,099
Other changes	-	-			-
Depreciation	(296)	(58)	(367)	-	(720)
Historical cost	**17,315**	**879**	**11,056**	**76**	**29,326**
Depreciation and impairment losses	(11,809)	(644)	(8,776)	-	(21,230)
BALANCE AT 31/12/2023	**5,506**	**235**	**2,280**	**76**	**8,097**
Changes in the year					
Acquisitions	-	3	360	102	465
Capitalisations	-	-	-	-	-
Reclassifications	-	-	45	(23)	23
Disposals and divestments (cost)	-	(1)	(1,894)	-	(1,895)
Disposals and divestments (provision)	-	1	625	-	626
Other changes	-	-			-
Depreciation	(296)	(54)	(325)	-	(676)
					-
Historical cost	**17,315**	**881**	**9,567**	**156**	**27,919**
Depreciation and impairment losses	(12,106)	(698)	(8,476)	-	(21,905)
BALANCE AT 31/12/2024	**5,210**	**183**	**1,091**	**156**	**6,640**

The item "Land and buildings" includes land on the Priolo Gargallo site. "Other assets" consist mainly of equipment, furniture and furnishings and works of art. With regard to disposals, the main change in 2024 is attributable to the historical cost (EUR 1.2 million) of the Works of Art sold at market values to a related party.

NOTE 3 – RIGHT-OF-USE ASSETS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Leases

The company's leases, as per the IFRS 16 definition, relate to property, equipment and vehicle fleet. Leased assets are recorded in the Separate Financial Statements with the recognition of an asset representing the right to use the underlying asset and a liability representing the obligation to make lease payments.

Financial liabilities are discounted using the interest rate implicit in the lease. Where this rate cannot readily be determined, the company uses the incremental borrowing rate (determined as the sum of the Group's credit spread and the forward curve based on Eurozone swap rates).

Main assumptions – lease evaluation

The Group uses subjective assessments to determine whether a contract contains a lease. The company analysed all lease agreements, defining the lease term, which is the non-cancellable period of the lease.

The company's leases have an average term of 4 years, with the inclusion for some leases of a renewable option exercisable at the end of the binding period.

In relation to the renewal options, the company estimated the term of the related lease agreement taking into account the reasonable certainty that the option will be exercised.

Specifically, for land and buildings, this assessment considered the specific facts and circumstances of each asset. With regard to the other categories of assets, mainly corporate cars and equipment, the company generally deemed it improbable that extension or early termination clauses would be exercised in view of the practices usually followed by the Group.

(EUR thousand)	Land and buildings	Other assets	Total
Historical cost	**3,115**	**2,288**	**5,403**
Depreciation and impairment losses	(2,114)	(1,337)	(3,451)
BALANCE AT 31/12/2022	**1,001**	**951**	**1,952**
Changes in the year			
Acquisitions of right-of-use assets	46	812	858
Capitalisations	-	-	-
Reclassifications	-	-	-
Disposals and divestments of right-of-use assets (cost)	-	(368)	(368)
Disposals and divestments of right-of-use assets (provision)	-	326	326
Other changes	-	-	-
Depreciation of right-of-use assets	(187)	(564)	(751)
Historical cost	**3,161**	**2,732**	**5,892**
Depreciation and impairment losses	(2,301)	(1,574)	(3,875)
BALANCE AT 31/12/2023	**860**	**1,157**	**2,017**
Changes in the year			
Acquisitions of right-of-use assets	34	505	539
Capitalisations	-	-	-
Reclassifications	-	-	-
Disposals and divestments of right-of-use assets (cost)	-	-	-
Disposals and divestments of right-of-use assets (provision)	-	-	-
Other changes	-	-	-
Depreciation of right-of-use assets	(194)	(590)	(784)
			-
Historical cost	**3,195**	**3,236**	**6,431**
Depreciation and impairment losses	(2,495)	(2,165)	(4,660)
BALANCE AT 31/12/2024	**700**	**1,071**	**1,771**

NOTE 4 – EQUITY INVESTMENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

"Subsidiaries" are all the companies over which ERG S.p.A. has control. Control is obtained when the company is exposed or is entitled to the variable returns deriving from its relationship with the investee and has the capability, by exercising its power over the investee, to influence its returns. Such power is defined as the current capability to direct the significant activities of the investee by virtue of existing substantive rights.

Equity investments in companies are initially measured at acquisition cost. The cost is subsequently adjusted for any impairment losses, which are subsequently reversed if the assumptions that caused them no longer hold true; the reversal may not exceed the original cost. Additional information on the impairment test is provided in the section Impairment test on equity investments.

If the portion of the loss pertaining to ERG S.p.A. exceeds the carrying amount of the equity investments and it is obligated to fulfil legal or constructive obligations of the investee or otherwise to cover its losses, any amount above the carrying amount is recognised in a liability provision within the provisions for risks and charges. In case of transfer, without economic substance, of an equity investment in a company under joint control, any difference between the price received and the carrying amount of the equity investment is recognised under equity.

	Equity investments		
(EUR thousand)	Subsidiaries	Other companies	Total
BALANCE AT 31/12/2022	**2,603,086**	**465**	**2,603,551**
Changes in the year:			
Acquisitions/share capital increases/revaluations	30,000	-	30,000
Disposals and divestments	-	-	-
Other changes	185	-	185
BALANCE AT 31/12/2023	**2,633,270**	**465**	**2,633,736**
Changes in the year:			
Acquisitions/share capital increases/revaluations		-	-
Disposals and divestments	-	-	-
Other changes	409	(12)	397
BALANCE AT 31/12/2024	**2,633,679**	**453**	**2,634,132**

In order to further strengthen the equity/financial structure of the subsidiary ERG Power Generation S.p.A., in 2023 the company decided to waive part of the amount due deriving from the existing line of credit, amounting to EUR 30 million, and to convert it into a capital injection in favour of ERG Power Generation S.p.A.

"Other changes" relate primarily to the effect, on subsidiaries, of the introduction of the 2024-2026 Long-Term Incentive Plan in accordance with **IFRS 2 – Share-Based Payment Transactions**, as described more in detail in the "Treasury shares" section.

The list of equity investments is below with the data provided in compliance with Article 126 of CONSOB Resolution no. 11971 as amended.

(EUR thousand)	Registered office	Share capital	%	Equity [1]	Our stake in the equity [1]	Carrying amount
Subsidiaries						
ERG Power Generation S.p.A.	Genoa	100,000	100%	3,588,711	3,588,711	2,633,679
ERG Petroleos S.A.	Madrid (Spin)	3,050	100%	(7,805)	(7,805)	-
Total Subsidiaries						**2,633,679**
Other companies						
CAF Interregionale Dipendenti S.r.l.[2]	Vicenza	276	0%	1,063	0	0
Meroil S.A.[2]	Barcellona (Spain)	19,077	1%	102,246	890	310
R.U.P.E. S.p.A.[2]	Genoa	3,058	5%	2,946	143	143
Total Other companies						**453**
TOTAL EQUITY INVESTMENTS						**2,634,132**

(1) data referring to the last financial statements approved at the date of the Board of Directors meeting for other companies and associated.
(2) data referring to the financial statements at 31/12/2023.

It should also be recalled that in view of the deficit of ERG Petroleos S.A. in liquidation, a provision for risks on equity investments of approximately EUR 7.8 million has been recognised, of which EUR 625 thousand allocated in 2024. This provision is used to cover the loan asset due from the subsidiary in order to reflect its recoverable amount at the end of the liquidation. The provision is therefore zero at 31 December 2024.

For the measurement of the equity investment in ERG Power Generation S.p.A., please refer to the **Impairment tests on equity investments** section.

NOTE 5 – DEFERRED TAXATION

Deferred tax assets

Relevant information on the accounting standards adopted and recognition and measurement criteria

Pursuant to the accruals basis of accounting, the Separate Financial Statements include deferred tax assets and liabilities on the temporary differences arising between the carrying amounts and related tax bases, and on unused tax losses.
Deferred tax assets are allocated when their future recovery is probable. The recoverability of the temporary differences and of the tax losses is contextualised within the various expiry dates of the tax consolidation agreements. The quantitative limit of 80% does not apply for tax losses generated in the first three years from the incorporation of the company, provided that they refer to a new productive activity.
Deferred taxes are calculated on the basis of the tax rates that are expected to apply to the years in which the taxable temporary differences will reverse.
The company considers it reasonably certain that the deferred tax assets recognised at 31 December 2024 will be recovered.

	31/12/2024		31/12/2023	
(EUR thousand)	Temporary differences	Tax effect	Temporary differences	Tax effect
Provisions for risk and charges	32,060	7,694	32,462	7,791
Loss allowance	1,610	386	1,610	386
Other temporary differences	1,193	286	958	230
Total Deferred tax assets		**8,367**		**8,407**

Deferred tax assets express the IRES related to income components that will become deductible in the coming years. Maintenance of the deferred tax assets in the financial statements for the year ended on 31 December 2024 is supported by reasonable elements of certainty regarding their recoverability in the years in which they are expected to be repaid. This assumption is based on the Group's expected taxable income, by virtue of ERG's adoption of the tax consolidation scheme.

The rate used to calculate deferred tax assets is the same as the nominal IRES rate of 24%.
Deferred tax assets at 31 December 2024, amounting to EUR 8.4 million (EUR 8.4 million at 31 December 2023), are mainly allocated to provisions for risks and charges. The amount is in line with the amount at 31 December 2023.

Deferred tax liabilities

	31/12/2024		31/12/2023	
(EUR thousand)	Temporary differences	Tax effect	Temporary differences	Tax effect
Derivatives	33,517	8,044	38,791	9,310
Other deferred tax liabilities	121	29	87	21
Unrealised exchange gains	-	-	36	9
Total deferred tax liabilities		**8,073**		**9,340**

"Deferred tax liabilities" are recognised on taxable temporary differences between the carrying amount of recognised assets and liabilities and their corresponding tax base.

The rate used to calculate deferred taxes is the same as the nominal IRES rate (24%).

Deferred tax liabilities at 31 December 2024 amounted to EUR 8.1 million (EUR 9.3 million at 31 December 2023). The decrease compared to the previous year is essentially due to the movement of interest rate hedging derivatives (EUR -5.9 million). The remaining deferred tax liabilities are attributable to the tax impact of the adjustment to post-employment benefits as a result of IAS 19.

NOTE 6 – OTHER NON-CURRENT ASSETS

Other non-current assets amounted to EUR 6,428 thousand and include EUR 1,530 thousand relating to bank fees paid in advance in the period from 2022 to 2024 on the revolving credit line, EUR 406 thousand mainly relating to VAT receivables, which remain unchanged compared to 31 December 2023, the item also includes medium/long-term receivables from others equal to EUR 41 thousand, which mainly include security deposits on lease contracts payable and, finally, EUR 4,450 thousand relating to the amount paid in 2018 by the company ERG S.p.A. to the tax authorities as a provisional collection during legal proceedings in relation to the legal dispute concerning the notice of correction and payment of registration tax on the sale of the ISAB Energy S.r.l. business unit. For more details, see the section below:

Notice of adjustment and settlement of registration tax for the sale of the ISAB Energy S.r.l. business unit

With regard to the sale of the business unit consisting mainly of the "IGCC" thermoelectric power plant which took place pursuant to the deed dated 30 June 2014 by ISAB Energy S.r.l. to ISAB S.r.l., on 6 July 2016, the provincial division of the Italian Revenue Agency at Syracuse – Noto office (hereinafter the "Agency") served to ERG S.p.A. as the merging entity on December 2015 of the seller ISAB Energy S.r.l., sent a notice amending the amounts declared for settlement of the registration tax. This same notice was served on 28 June 2016 to ISAB S.r.l. in its capacity as the jointly and severally liable seller. Essentially, the Agency demanded the rectification of the amount declared by the parties in terms of the registration tax in relation to each of the components of the business unit that was sold and proceeded to redetermine the value of (just) the real estate component consisting of the IGCC plant, measured at approximately EUR 7 million (net of accompanying liabilities of approximately EUR 7 million), and the carrying amount thereof at 30 June 2014 at approximately EUR 432 million, without assessing whether the future results of the business unit that was sold would justify the aforementioned value. The Agency therefore assessed the overall market value of the business unit that was sold at approximately EUR 442 million, instead of the consideration of approximately EUR 25 million declared by the parties, a consideration that is nevertheless higher than the overall market value for the business unit of approximately EUR 13 million, pursuant to a sworn appraisal report by a third party appraiser appointed by ISAB Energy. Based on these assumptions, the Agency assessed a higher registration tax of approximately EUR 37 million, imposing a fine equal to the higher registration tax that was assessed plus interest. It should be noted that the value of the dispute, taking into account interest accrued and accruing at 31 December 2024 is approximately EUR 87 million. As already mentioned, it should be noted that the Agency merely expressed a different estimate of "only" the property, plant and equipment component (IGCC plant) of the business unit, and not the business unit overall, in manifest violation of the regulations contained in the Consolidated Registration Tax Law. In particular, based on the adjustment, the Agency identified only the carrying amount of the IGCC plant, completely disregarding its profitability (whether positive or negative) as part of the business unit in which the plant is expected to be used. Therefore, the Agency disregarded the assumption and appraisal criteria that led the appraiser to determine the purchase price at approximately EUR 13 million, and particularly the lack of cash flows following the termination of the CIP 6 Agreement, and did not consider at all the ascertained negative future profitability of the sold business unit, or the relative badwill (as fully described in the sworn appraisal report, which is already in the hands of the Agency). As the company believes that it is able to formulate valid arguments in its defence, with the assistance of its own tax consultants, it has submitted an appeal to the competent Provincial Tax Commission and applications for both administrative and judicial suspension of the provisional tax demanded in the course of the proceedings (the amount of the provisional tax is equal to approximately EUR 13 million). On 10 August 2016, the Syracuse Provincial Tax Commission ordered the judicial suspension of the provisional tax demanded. The relevant hearing was held on 15 November 2016 before the Syracuse Provincial Tax Commission. On 16 May 2017, the Syracuse Provincial Tax Commission annulled the contested act, but re-determined the value of the divested business for the purposes of registration tax to be approximately EUR 71 million (compared to the approximately EUR 25 million declared for the purposes of registration tax). The legal firm following the litigation confirmed the invalidity of the alleged tax as reformulated by the Syracuse Provincial Tax Commission and the subsequent existence of reasonable expectations of its complete rebuttal at

the higher court levels. On 17 July 2017, ERG S.p.A. appealed to the competent Regional Tax Commission, requesting the suspension of the effects of the first instance ruling. On 9 September 2017, the Regional Tax Commission rejected the application for suspension referred to above. On 13 October 2017, the Provincial Division of the Italian Revenue Agency at Syracuse issued a specific payment order for higher registration tax of EUR 5.1 million, fines of EUR 5.1 million and interest at 10 October 2017 of EUR 0.6 million. An appeal was filed against the aforementioned payment order and, at the same time, an application was made for judicial suspension of the tax collection. On 23 November 2017, the Syracuse Provincial Tax Commission ordered the judicial suspension of the tax collection and fixed the relevant hearing for 15 January 2018. The merit hearing was held on that date, and on 24 January 2018 the Syracuse Regional Tax Commission (sub-office) ordered the appointment of Sebastiano Truglio from Catania as the court-appointed expert. On 7 March 2018, the Syracuse Provincial Tax Commission repaid approximately EUR 2 million of tax due with fines and interest totalling approximately EUR 4.5 million. Following the decision, a new order was issued by the Italian Revenue Agency. On 11 May 2018, the company appealed against this decision and applied for judicial suspension of the tax collection. The Chairman of the Syracuse Regional Tax Commission set the date for the hearing for the judicial suspension of the tax collection for 17 July 2018; given that the deadline for the payment of the requested amounts with the aforementioned payment order was 15 June 2018 (therefore prior to the hearing for the judicial suspension of the tax collection), ERG S.p.A. was forced to pay approximately EUR 4.5 million (provisional tax demanded in the course of the proceedings). This amount would have had to be repaid by the Italian Revenue Agency in the event of it losing the first level proceeding and it was recorded among the receivables claimed by the company from the Tax Authority.
On 6 May 2019, the court-appointed expert Sebastiano Truglio from Catania transmitted to the parties the draft appraisal report, which presents a negative value of the business sold, hence a lower value than that declared by the company. On 12 June 2019, the court-appointed expert filed his appraisal report with the Syracuse Regional Tax Commission and duly addressed the observations presented by the Italian Revenue Agency. The appeal before the Syracuse Regional Tax Commission took place on 10 February 2020. On 29 July 2020, the ruling of the Syracuse Provincial Tax Commission was filed, which – disregarding the findings of the appraisal carried out by the court-appointed expert – upheld the appeals filed by the Provincial Division of the Italian Revenue Agency at Syracuse against the first instance ruling of the Provincial Tax Commission of Syracuse and determined the market value of the company at:

- asset value of EUR 367 million (value determined by the court-appointed expert)

+

- value of commercial goodwill to be determined on the basis of the profitability percentage (the ratio between business income and revenue) applied to the average revenue of the three-year period preceding the transfer of the business, multiplied by two (pursuant to the repealed Article 2, paragraph four, Italian Presidential Decree no. 460/96).

Following the analysis carried out jointly with the tax consultants in charge of the defence, since there were clear profiles of illegality, an appeal was lodged with the Court of Cassation on 7 October 2020 against the ruling of the Syracuse Regional Tax Commission.
The hearing was held on 29 September 2024 and on **17 January 2025** the sentence of the Court of Cassation was published, affirming the following principle of law: "the valuation of business goodwill, for the purposes of determining the taxable base for registration tax, must also take into account, in this case, the negative goodwill. In such cases, the criterion set out in Article 2, paragraph 4, of Italian Legislative Decree no. 460/1996 cannot be applied, as it is based on standard industry studies or the assumption of positive average profitability derived from past financial years. Such a method, even with the reduced multiplier provided therein, is incapable of reflecting a reliable market value for the business in situations where negative goodwill is ascertained at the time of transfer". The ruling upholds the appeal filed by the company, overturns the contested judgment with regard to the method used by the judges of second instance to determine the value of goodwill, and remands the case to the Second-Tier Tax Court of Justice of Sicily – Siracusa branch in a different composition. The court is tasked with assessing and determining, in accordance with the established legal principle, the value of the ascertained negative goodwill and, consequently, the fair market value of the business at the time of the deed (calculated as the company's asset value minus the negative goodwill).
Considering the Ruling of the Court of Cassation, the qualification of '**remote risk**' is confirmed. On 14 December 2020, the Regional Tax Commission ordered the suspension of collection subject to the deposit within 60 days of a surety policy in favour of the Italian Revenue Agency for an amount of EUR 73 million. The policy was filed with the Italian Revenue Agency on 9 February 2021. Following the publication of the Court of Cassation ruling, which overturned the second-tier judgment of the Tax Court of Siracusa, the surety bond provided in favour of the Italian Revenue Agency (amounting to EUR 73 million) is no longer in effect. The company will request the resumption of the tax litigation before the Second-Tier Tax Court of Sicily – Siracusa Division against the original tax assessment notice. In this proceeding, the company will also seek a new suspension of the enforcement of the act. Consistent with qualifying the risk as remote, the Directors confirm the recognition (and the relative value) of the company's tax asset (approximately EUR 4.5 million paid to the tax authorities for provisional tax demanded in the course of the proceedings) and have not allocated any provision for risks.

NOTE 7 – TRADE RECEIVABLES

Initial recognition takes place at fair value, subsequently they are measured using the amortised cost criterion.
Trade receivables and other receivables and assets deriving from contracts with customers are subject to impairment testing in accordance with the provisions of IFRS 9 on expected credit losses.
Receivables can be summarised as follows:

Expected credit losses (ECL) are an estimate of losses weighted on the basis of the probability of default of the counterparty.
For customers, the company individually assesses the time frame and the amount of the impairment on the basis of the actual expectation of recovery.

(EUR thousand)	31/12/2024	31/12/2023
Receivables from Group companies	6,826	2,131
Receivables from customers	1,523	2,780
Loss allowance	(1,450)	(1,450)
Total	**6,900**	**3,461**

"Receivables from customers" essentially include trade receivables amounting to EUR 1,523 thousand.

The item includes in particular prior year trade receivables that derive mainly from dealings with customers in the energy, thermoelectric and petroleum sectors originally due to the companies merged into ERG S.p.A. in previous years. There are receivables related to prior Refining items (EUR 110 thousand) and receivables relating to the retail electricity selling business sold in 2012 (EUR 1,413 thousand), covered by the loss allowance. The decrease compared to 31 December 2023 is related to the collection of the receivable recorded in the financial statements for the sale of CIC certificates.

"Receivables from Group companies" includes all receivables from subsidiaries. More specifically, receivables from subsidiaries mainly include chargebacks to subsidiaries for around EUR 6,826 thousand. The increase compared to 31 December 2023 mainly refers to the transfer to the subholdings of the expenses related to the acquisitions of equity investments finalised in 2024, specifically EUR 5,889 thousand for the acquisition in the United States of America and EUR 411 thousand for the acquisition in France.

Lastly, the company assesses the existence of objective evidence of impairment on individual basis. The impairment tests are checked by the Credit Committee, which meets periodically to analyse the situation of past due trade receivables and any critical issues related to their collection.
The loss allowance is deemed to be sufficient to address the risk of potential non-collectability of past due trade receivables.

There were no provisions or utilisations of the allowance in 2024.

(EUR thousand)	31/12/2024	31/12/2023
Receivables from third parties not past due and intragroup receivables	**8,275**	**4,563**
Past due receivables from third parties:		
within 30 days	-	-
within 60 days	-	-
within 90 days	-	-
after 90 days	74	348
Total	**8.349**	**4,911**

NOTE 8 – OTHER CURRENT ASSETS

(EUR thousand)	31/12/2024	31/12/2023
Other assets	12,081	11,936
Tax assets	10,099	15,550
Other amounts due from Group companies	71	60
Total	**22,251**	**27,546**

Tax assets relate mainly to other amounts due from the tax authorities (EUR 10,099 thousand) referred to requests for IRES and IRAP reimbursement and payments of taxes made provisionally, pending final adjudication, and advances on energy excise duties for electricity and gas.

The item "Other assets" mainly includes accruals, prepayments and other amounts and is in line with previous years.

NOTE 9 – CURRENT TAX ASSETS

(EUR thousand)	31/12/2024	31/12/2023
Current tax assets	24,226	25,077
Total	**24,226**	**25,077**

The item "Current tax assets" essentially includes IRES receivables due from subsidiaries as a result of their participation in the tax consolidation scheme.
For further details, please refer to **Note 28 – Income taxes**.

NOTE 10 – EQUITY

Share capital

The fully paid-in share capital at 31 December 2024 consisted of 150,320,000 shares with a par value of EUR 0.10 each for a total of EUR 15,032,000 (unchanged since 31 December 2023).

At 31 December 2024, SQ Renewables S.p.A. owns 94,000,000 shares, equal to 62.533%, unchanged compared to 31 December 2023. The shareholding structure of ERG S.p.A. is shown below:

	No. of shares	%
Share capital	**150.320.000**	**100%**
SQ Renewables S.p.A.	94.000.000	63%
ERG S.p.A. (treasury shares)	4.366.145	3%
Others lower than 3%	51.953.855	34%
Total	**150.320.000**	**100%**

Treasury shares

Relevant information on the accounting standards adopted and recognition and measurement criteria

Treasury shares are presented as a reduction in equity.
In case of buy-back of shares recognised in equity, the consideration paid, including the costs that can be directly attributed to the transaction are recognised as a reduction in equity. The shares thus bought back are classified as treasury shares and recognised in the reserve for treasury shares. The consideration received from the subsequent sale or re-issue of treasury shares is recognised as an increase in equity. Any positive or negative difference deriving from the transaction is recognised in the share premium reserve. In accordance with IAS 32, treasury shares were presented as a reduction in equity, through the use of the share premium reserve.
The original cost of treasury shares, impairment losses, and gains and losses deriving from any subsequent sales are presented as changes in equity.

On 23 April 2024, pursuant to Article 2357 of the Italian Civil Code, the Ordinary Shareholders' Meeting authorised the Board of Directors, subject to revocation, for the period still remaining, of the previous authorisation resolved by the Shareholders in the meeting on 26 April 2023, for a period of 18 months effective from 23 April 2024, to purchase treasury shares up to a revolving maximum (i.e. the maximum amount of treasury shares held from time to time in the portfolio) of 15,032,000 ordinary ERG shares with a par value of EUR 0.10 each, at a unit price, including ancillary purchase charges, not lower than 30% below and not higher than 10% above the closing price of the share on the day immediately preceding each individual transaction. This is in order to optimise the capital structure with a view to maximising the creation of value for shareholders, also in relation to the available liquidity and, nonetheless, for any other purposes allowed by the applicable legislative and regulatory provisions in force. The purchase must be carried out through the use of distributable profits and available reserves resulting from the last approved Financial Statements, in compliance with Article 132 of the Consolidated Finance Act and in the manner set forth in Article 144-bis, paragraph 1, letter b) of the Issuers' Regulation, i.e. "on regulated markets or multilateral trading facilities in accordance with the operating procedures established in the organisational and management regulations of the markets themselves, which do not allow the direct matching of trading proposals for purchase with predetermined trading proposals for sale". The Shareholders authorised the Board of Directors, pursuant to Article 2357-ter of the Italian Civil Code, upon annulment, for the period still remaining, of the previous authorisation resolved by the Shareholders' Meeting on 26 April 2023, for 18 months as from 23 April 2024, to also sell, all at once or in several steps, and with any procedures deemed appropriate in relation to the purposes, which the disposal is attempting to achieve, treasury shares at a unit price no lower than 10% below the closing price of the share on the day immediately preceding each individual disposal.
It should be noted that on 12 October 2023, the Board of Directors of ERG S.p.A. had resolved to start the share buy-back programme, which ended on 12 February 2024 in compliance with the resolution passed by the Shareholders' Meeting on 26 April 2023. On 14 November 2024, the Board of Directors of ERG S.p.A. approved the launch of a new share buy-back programme. This initiative is intended as an investment strategy aimed at maximising value creation for the company and its shareholders, with a maximum duration of three months from the date of the resolution. The maximum quantity of Shares that can be purchased in implementation of the Programme is 1,200,000 (e.g. a total of 0.798% of the share capital), with a maximum outlay of EUR 22,600,000, without prejudice to any other limitation possibly deriving from legislative or regulatory provisions.
In the period from 2 January 2024 to 14 February 2024, ERG S.p.A. purchased 1,353,720 ordinary shares on the Euronext Milan market, for a total amount of EUR 36,502,618. In the period from 18 November 2024 to 31 December 2024, it purchased 534,671 ordinary shares on the Euronext Milan market for a total amount of EUR 10,810,056. At 31 December 2024, considering the shares already in the portfolio, ERG S.p.A. holds 4,366,145 treasury shares, equal to 2.9046% of it's share capital.
Information on the purchase of treasury shares is updated weekly on the company's website (www.erg.eu) in the "Media/Press Releases" section.

Period	Number of shares purchased	Average price per share (Euro)	Aggregate number of shares purchased
2023-2024 Programme			
October 2023	480,000	23,14	480,000
November 2023	947,636	24,85	1,427,636
December 2023	976,644	27,25	2,404,280
TOTAL AT 31/12/2023	**2,404,280**	**25,48**	**2,404,280**
January 2024	796,938	27,15	3,201,218
February 2024	556,782	26,59	3,758,000
TOTAL AT 12/02/2024	**3,758,000**	**26,00**	**3,758,000**
2024-2025 Programme	160,000	20,04	160,000
November 2024	374,671	20,25	534,671
TOTAL AT 31/12/2024	**534,671**	**20,18**	**534,671**

The following table shows the change in the number of treasury shares and shares outstanding:

Number of shares	Treasury shares	Shares outstanding
BALANCE AT 31/12/2023	3,186,360	147,133,640
Purchase of ordinary shares	1,888,391	(1,888,391)
Share-based payments with equity-linked instruments (LTI 2021-2023)	(708,606)	708,606
BALANCE AT 31/12/2024	**4,366,145**	**145,953,855**

The change in the number of treasury shares in 2024 was determined by the execution of the share buy-back programme and by the allocation of treasury shares to beneficiaries of the Long-Term Incentive Plan (2021-2023 LTI System).
Treasury shares in portfolio are shown in Equity under the item "treasury shares in portfolio" with a negative sign for an amount at 31 December 2024 equal to 97,938,585 (66,739,761 at 31 December 2023).
For the record, changes prior to 31 December 2023 are provided below:

- repurchase of treasury shares in 2006 for EUR 11,210 thousand;
- repurchase of treasury shares in 2008 for EUR 14,779 thousand;
- repurchase of treasury shares in 2012 for EUR 25,672 thousand;
- sale of treasury shares in 2016 for EUR 41,343 thousand as part of an exchange of ERG Renew S.p.A. shares held by the non-controlling investor for ordinary ERG S.p.A. shares;
- free allocation of 80 ERG treasury shares to each employee of the Italian companies of the ERG Group, finalised on 14 January 2019 for the figure of EUR 365 thousand;
- allocation of 668 thousand ERG treasury shares to the beneficiaries of the long-term incentive plan (2018-2021 LTI System) for a value of EUR 4,593 thousand at the average purchase price of EUR 6.88 with transfer settlement date on 6 May 2021.
- repurchase of treasury shares in 2023 for EUR 61,362 thousand;ro;

Reserves

(EUR thousand)	31/12/2024	31/12/2023
Share premium reserve	74,543	74,543
Legal reserve	3,236	3,236
FTA reserve and retained earnings	-	41,910
Hedging reserve	25,473	29,481
Treasury shares in portfolio	(97,939)	(66,740)
Other reserves	713,091	801,626
Total	**718,404**	**884,057**

- The "**Share premium reserve**" consists of the share premium paid by the shareholders for the subscription of the shares relating to the share capital increases carried out on 14 October 1997, 2 July and 5 August 2002.
- The "**FTA reserve and retained earnings**" consisted of the adjustments made to the ERG S.p.A. Separate Financial Statements at the transition date (mainly because of the reversal of dividends recognised on an accruals basis at the end of the year) and of retained earnings. In 2018, the effects deriving from transition to IFRS 9 were recorded for a total amount of EUR 3,317 thousand, net of the tax effect. It should be noted that in 2024 the reserve was distributed;

- The "**Hedging reserve**" at 31 December 2024 is positive by EUR 25,473 thousand and reflects the effect of hedging derivatives on current financing;
- "**Other reserves**" comprise mainly:
  - **The goodwill generated by the 2015 merger of ISAB Energy into ERG S.p.A.** amounting to EUR 261,132 thousand at 31 December 2023. During 2024, part of this reserve was used for the distribution of profits. At 31 December 2024, the residual amount was EUR 184,319 thousand
  - The **monetary revaluation reserve**, which as from 2015 includes the reconstitution of the monetary realignment reserve of the former ISAB Energy S.r.l. as per Italian Law no. 266/05 for an amount of EUR 28,709 thousand. This reserve may be distributed to the Shareholders, in which case it will contribute to form the taxable profit of the company, or it may be used to cover losses, in which case the company may not distribute dividends, without first having reconstituted its amount. The company did not recognise deferred tax liabilities on these reserves because it does not expect any utilisations that may generate taxation;
  - **The goodwill generated by the 2010 merger of ERG Raffinerie Mediterranee S.p.A. and ERG Power & Gas S.p.A. into ERG S.p.A.**, equal to EUR 446 million, had been partly allocated in the "2010 merger goodwill" reserve (EUR 251 million) and partly to reconstitute the specific equity reserves (EUR 195 million) subject to tax on distribution.

The main changes to "Other Reserves" in the year are listed below:
- increase of the reserve related to the 2024-2026 Long-Term Incentive Plan in accordance with **IFRS 2 – Share-Based Payment** as described more in detail in **Note 23 – Services and other costs** for a total amount of EUR 4,367 thousand;
- change in the post-employment benefit valuation reserve for an amount of EUR 25 thousand.

The following table lists the equity items and indicates for each the possible destination and any tax constraints.

(EUR thousand)	Amount	Possibile utilisation	Portion available and distributable	Portion subject to tax on distribution
Share capital	15,032	-	-	15,032
Share premium reserve	74,543	A B C	74,543	
Legal reserve	3,236	B	-	
Hedging reserve	25,473	-	-	
Treasury shares in portfolio	(97,939)	-	-	
Other reserves	713,091	A B C	713,091	254,851
Profit for the year	27,469		27,469	
Total	**760,905**		**815,103**	**269,883**
non-distributable portion, cancellation of treasury shares			**(97,939)**	
TOTAL	**760,905**		**717,165**	**269,883**

Key
A – for share capital increase
B – for loss coverage
C – for distribution to shareholders

As a result of the off-balance sheet deductions already made in accordance with the previously applicable Article 109, paragraph 4 subsection b) of the Italian Consolidated Income Tax Act, subject to transitional application (including those carried out by the merged companies) in the case of distribution of profits for the year and/or reserves, the amount of equity reserves and of the retained earnings for the year must not decrease below the total residual amount of the negative components deducted off the statement of financial position, which, net of the provisions for deferred tax liabilities, is estimated at EUR 10.4 million. In this case, the amount of the reserves and/or profit for the year that impacts on the minimum level will contribute to form the taxable profit of the company.

Dividends

The dividends paid by ERG S.p.A. in 2024 (EUR 146.5 million) and in 2023 (EUR 149.5 million), as resolved upon approval of the Financial Statements for the previous years, correspond to EUR 1 per share for both years.

Proposal of the Board of Directors of 11 March 2025

Dear shareholders, in relation to the results achieved, we invite you to resolve upon the following:
- to approve the Separate Financial Statements of your company for the year ended 31 December 2024, which show a profit of EUR 27,469,296.82;
- to resolve to pay to the Shareholders a dividend of EUR 1,00 per share. The dividend will be payable for each share with dividend rights outstanding at the ex-dividend date, excluding the company's own shares, in accordance with Article 2357-ter of the Italian Civil Code, via the profit for the year and "Other reserves";
- to approve the payment of the dividend as from 21 May 2025, with an ex-dividend date as from 19 May 2025 and record date of 20 May 2025.

Supplementary information on capital

The objectives identified by the company for capital management are to safeguard corporate viability, to create stakeholder value and to

support company development. In particular, the company pursues the maintenance of an adequate level of capitalisation that allows it to produce a satisfactory economic return for the shareholders and to assure access to external financing sources,
also through the achievement of an adequate rating. In this context, the company manages its own capital structure and makes adjustments to it, if changes in the economic conditions so require. There were no substantial changes to the objectives, to the policies or to the processes in 2024.

NOTE 11 – EMPLOYEE BENEFITS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Employee benefits include the estimated liability relating to the benefits payable to employees when they terminate their employment.

Short-term benefits for employees

Short-term benefits for employees are recognised as a cost at the time at which the service that gives rise to such benefits is performed. The Group recognises a liability for the amount expected to be paid when there is a present, legal or constructive obligation to make these payments as a consequence of past events and it is possible to make a reliable estimate of the obligation.

Post-employment benefits

These are provided through:

- *defined contribution plans: contributions paid to independent institutions that deal with their administrative and financial management are recognised as a cost in profit/(loss) over the period in which the employees work;*
- *defined benefit plans: the sum of future obligations under these plans is based on actuarial assumptions using the projected unit credit method. The calculation is carried out by an independent actuary. This calculation is based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as specific economic conditions. The discount rates are determined, at the measurement date, with reference to the yield of investment grade corporate bonds in the relevant geographical area (or of government bonds in countries where there is no representative market for these corporate bonds).*

Below is a schematic representation of the cases pertaining to the classification of post-employment benefits for IAS 19 purposes based on the main types of post-employment benefits in the light of the introduction of Italian Law no. 296 of 27 December 2006.

Types of Post-employment benefits	Personnel employed in 2006*	IAS 19 classification
Post-employment benefits vested up to 31 December 2006**	> 50 employees	Defined benefit plan
	< 50 employees	Defined benefit plan
Post-employment benefits accrued since 1 January 2007**	> 50 employees	Defined contribution plan
	< 50 employees	Defined benefit plan

* for newly incorporated companies, the number taken as a reference relates to the first year of business.

** Without prejudice to the options to allocate the post-employment benefits to supplemental pension plans.

Termination benefits

The termination benefits are recognised as a cost when the Group has committed without possibility of withdrawal to offer said benefits or, if prior, when the Group recognises the restructuring costs. Benefits entirely due beyond twelve months from the reporting date are discounted. Please refer to note 24 for further information on employee benefits.

(EUR thousand)	31/12/2024	31/12/2023
Opening balance	**1,593**	**1,593**
Increases	71	55
Actuarial revaluation	(33)	8
Other changes	(519)	(62)
Closing balance	**1,113**	**1,593**

The item includes the estimate of the liabilities, determined on the basis of actuarial techniques, relating to the post-employment benefits to be paid to employees upon termination of their employment.
The change shown in the table does not include the portion of post-employment benefits accrued and transferred to the INPS Treasury fund.

The main assumptions used in determining the actuarial value of the liability relating to post-employment benefits are shown below. The discount rate was determined on the basis of a panel of AA-rated corporate securities with at least 10-year maturity.

	2024	2023
Discount rate	3.4%	3.2%
Inflation rate	2.0%	2.5%
Average turnover rate	3.0%	3.0%
Average rate of salary increase	1.5%	1.5%
Average age	47	46

The following table shows the impact on the liability as a result of a +/-0.5% change in the discount rate.

EUR thousand	2024	2023
+0.5% change in discount rate: lower liability	(23)	(19)
-0.5% change in discount rate: higher liability	25	21

There are no particular risks to which the plan exposes the entity, nor any other significant risk concentration.

There are no significant contributions to the Plan because they relate almost exclusively to the revaluation of the residual value of the post-employment benefits allocated until 31 December 2006 (the defined benefit plans relate almost exclusively to the post-employment benefits provided by Article 2120 of the Italian Civil Code).

NOTE 12 – PROVISION FOR DISPOSED BUSINESSES

Relevant information on the accounting standards adopted and recognition and measurement criteria

The amounts recorded in the Provision for Disposed Businesses for existing obligations or for risks relating to previous industrial activities at the date of the Separate Financial Statements are measured on the basis of the best estimate of the financial outlay that will be necessary to fulfil the obligation. Changes in estimates are reflected in the income statement in the period in which the change occurs.

(EUR thousand)	31/12/2024	Increases	Decreases	Reclassifications	31/12/2023
Provision for disposed businesses	79,861	3,968	(682)		76,575
Total	**79,861**	**3,968**	**(682)**	**-**	**76,575**

The "**Provision for disposed businesses**" primarily includes tax, environmental or legal provisions mainly deriving from the Group's transactions before 2018, the year in which the Group completed its industrial transformation process, initiated in previous years, which led to its definitive exit from OIL businesses.

This process comprised two fundamental steps:

- the sale of the last interest held in ISAB S.r.l., on 30 December 2013, which marked the exit from the **Coastal Refining** business;
- the sale of the Group's interest in TotalErg S.p.A., on 10 January 2018, which determined the exit from the **Integrated Downstream** business.

As part of the Group's restructuring process mentioned above, the **hydroelectric business** was sold on 3 January 2022, followed by the sale of the **thermoelectric business** on 17 October 2023, for which an allocation of EUR 0.8 million has been recorded.

Although the ERG Group is no longer an active operator in the oil sector, there are still some liabilities related to its previous industrial activity that have not yet been fully defined. The main issues underlying the most significant provisions, amounting to EUR 76.1 million, and relating to the coastal refining business are summarised below:

- regarding the ongoing dispute between ERG Raffinerie Mediterranee (now ERG S.p.A.) and the Italian Tax Authorities over the application of **harbour duties** for embarkation and disembarkation rights at the Santa Panagia jetty, on 6 April 2011 the Syracuse Provincial Tax Commission partially upheld the company's appeal and ruled that harbour duties through 2006 are not due, finding them to be due from 2007 onwards. The first level ruling was challenged within the deadline by the Customs Agency and by ERG with appeal relative to the period subsequent to 2006. The appeal decision, issued by the Regional Tax Commission and filed on 27 May 2013, amended the first level decision unfavourably for ERG. Following a thorough evaluation of the reasons for the appeal decision, the company decided to appeal before the Court of Cassation, deeming its own arguments to be well grounded (in particular with regard to the notion of "harbour" in accordance with Italian Law no. 84/94 and to the alleged novating or retroactive validity of Article 1, paragraph 986 of the 2007 Italian Budget Law). On 4 November 2013, the Syracuse Regional Tax Commission allowed the request to suspend the effectiveness of the appeal decision, requiring the issue of a first demand insurance guarantee in favour of the Customs Agency. In the court order issued on 30 September 2019, the Court of Cassation ruled favourably on the appeal filed by the company and, consequently, rejected – overturning – the contested decision by the Regional Tax Commission. The proceedings were therefore continued within the terms prescribed by law before the Regional Tax Commission so that the latter – which has changed in composition since the previous hearing – may once again examine the merits of the case. A date for the hearing is still pending. From 2007, the relevant taxes were recognised in the income statement on an accrual basis;
- with reference to **environmental risk**, with regard to the South Site the likelihood of exposure to contingent liabilities is deemed remote, as the risk has already been limited by the settlement reached with the Italian Ministry of the Environment in August 2011 and registered by the Court of Auditors on 20 December 2011, and by the Settlement Agreement stipulated on 30 December 2013 between ERG S.p.A. and Lukoil. With regard to the North Site, depending on the double guarantee scheme deriving both from the agreement executed with ENI (previous owner of the site), and the agreement executed with Lukoil (new owner), the risk is as follows:
  i. for potential environmental damage prior to 1 October 2002, ENI is liable indefinitely;
  ii. with reference to potential damages relating to the period after 1 October 2002, ERG will only be liable – without time limitations – for potential damages linked to events known at the time of signing the contract with Lukoil and expressly identified therein ("Known Environmental Matters"), it being understood that, up to an amount of EUR 33.4 million, the expenses related to the compensation of such damages will be shared between ERG and Lukoil (51% and 49%), while beyond this amount ERG will bear the entire amount of the any additional charges.

  On 9 September 2017, the Italian Ministry for the Environment warned some of the companies of the Priolo site, including ERG Power S.r.l. and ERG Power Generation S.p.A., to clean up the Augusta Harbour. The request is unlawful and has therefore been contested before the Administrative Courts (the hearing for the presentation of the arguments has yet to be set).

  On 30 October 2020 and thereafter on 11 June 2021 and on 30 May 2022, ERG Power S.r.l. and ERG Power Generation S.p.A. served notice of three further appeals for additional reasons, for the cancellation, respectively of (i) protocol no. 0064419 of 14 August 2020 in which the Italian Ministry of Environment and Protection of Land and the Sea called a preliminary conference of services to evaluate the report

prepared in January 2020 by Ispra and IAS-CNR, regarding the "Site of national interest of Priolo Rada di Augusta", (ii) the decree of the Italian Ministry of Ecological Transition, General Management and Environmental Remediation protocol no. 50 of 15 April 2021, in which the Ministry approved the Ispra and IAS-CNR report, deeming the document a suitable basis on which to draft a remediation plan in the Augusta Harbour; and (iii) protocol no. 42114 of 1 April 2022 with which the Ministry of Ecological Transition – Directorate General for the Sustainable Use of Soil and Water Resources, forwarded the intervention plan for the definition of sediment intervention values in the Augusta Harbour (Priolo SIN), drawn up by ISPRA. These actions were challenged because the Ministry's new initiative was undertaken on the basis of the same (erroneous) assumptions that were underlying the 2017 warning notice, which had already been challenged by ERG Power S.r.l. and ERG Power Generation S.p.A. In its ruling published on 27 December 2023, the Administrative Judge dismissed the aforesaid appeals, stating that the contested actions are of an intra-procedural nature and, as such, are not capable of producing – in an immediate and direct manner – effects on the legal sphere of the appellants and are therefore not independently contestable. The companies will therefore be able to legitimately challenge the final acts of the proceedings that would impose on them obligations to clean up the Augusta Harbour. The appellants are currently assessing any appeal against the aforementioned ruling.
ERG S.p.A. is not party to the proceedings, but the environmental topics relating to the Augusta Harbour arise in the context of the environmental guarantees present in the various contracts with ENI and Lukoil;

With reference to the exit of the integrated downstream business, the Provision for disposed businesses includes allocations of EUR 2.9 million, illustrated below:

- with reference to the sale of **TotalErg** and in particular to the guarantees connected to the buyer on prior contingent liabilities (retained matters and other prior contingent liabilities), the best estimate of the expense was computed on the basis of the information available to management and taking into account the large number of underlying elements and all possible outcomes of the related topics.

The provision for the 2024 financial year includes EUR 0.9 million for monetary adjustments of the underlying risks, and also includes EUR 3.1 million for possible charges arising from claims relating to the trading activities of the former Refining business, carried out in previous years.

NOTE 13 – OTHER PROVISIONS

Relevant information on the accounting standards adopted and recognition and measurement criteria

The amounts recorded under Other provisions against obligations existing at the reporting date are measured on the basis of the best estimate of the financial outlay that will be necessary to fulfil the obligation. Changes in estimates are reflected in the income statement in the period in which the change occurs.

The other categories of provisions reflect the measurement of probable liabilities related to some pending disputes for which it was possible to make a reliable estimate of the corresponding expected obligation. For these provisions, no discounting was applied because of the uncertainty about the utilisation times.

Other non-current provisions

(EUR thousand)	31/12/2024	Increases	Decreases	Reclassifications	31/12/2023
Other non-current provisions	512		(242)	-	754
TOTAL	**512**	**-**	**(242)**	**-**	**754**

The amount of the provisions for non-current liabilities and charges is equal to EUR 512 thousand (EUR 754 thousand at 31 December 2023). The item refers entirely to the Reorganisation provision.

Other current provisions

(EUR thousand)	31/12/2024	IFRS 9 transition	Increases	Decreases	Reclassifications	31/12/2023
Provision for legal risks	44					44
Other provisions	315		-	(141)		455
TOTAL	**359**		**-**	**(141)**	**-**	**499**

The amount of the provisions for current liabilities and charges at 31 December 2024 is deemed sufficient to address any future risks and charges.

The increase in "Other provisions" refers mainly to:

- Commitments for donations. Specifically, these include:
  - Provision for donations: EUR 141 thousand was used to support interventions in favour of the local community;
- Provision for guarantees in application of IFRS 9 relating to the commitments made to the subsidiaries of the Group.

Finally, it should be noted that the "Provision to cover losses of investees" referring to the equity investment in ERG Petroleos S.A. was increased at the end of 2024 by EUR 625 thousand to cover the losses for the deficit of that company. The provision was therefore reclassified to cover the loan asset from the subsidiary in order to disclose its recoverable amount at the end of the liquidation.

NOTE 14 – CONTINGENT LIABILITIES AND DISPUTES

ERG is a party in civil, administrative and tax proceedings and legal actions connected with the normal course of its operations.
Significant contingent liabilities, represented by the following, are disclosed in the notes to the separate financial statements:

- possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon occurrence of one or more uncertain future events not wholly within the company's control;
- present obligations arising from past events the amount of which cannot be reliably estimated, or for which it is probable that settlement will not be onerous.

For the purposes of these Separate Financial Statements, there are no obligations falling within the definition described above.

NOTE 15 – TRADE PAYABLES

Relevant information on the accounting standards adopted and recognition and measurement criteria

These are liabilities deriving from commercial transactions and are payable within the next year.
These mainly refer to payables for services and investments.
Initial recognition takes place at fair value, subsequently they are measured using the amortised cost criterion.
The company proceeds with the derecognition when the obligation has been fulfilled, cancelled or expired; for further details, see the comments on financial assets and liabilities in ***Note 16 – Net Financial Position.***

(EUR thousand)	31/12/2024	31/12/2023
Payables to suppliers	9,564	12,502
Payables to Group companies	276	24
Total	**9,839**	**12,527**

Payables to suppliers derive from commercial dealings with national and foreign suppliers payable within the next year.
Trade payables include payables pertaining to OIL supplies from previous years and to other payables for third party services and consultancy work.
Payables to Group companies include mainly payables for services and consultancy work.

NOTE 16 – NET FINANCIAL INDEBTEDNESS

Relevant information on the accounting standards adopted and recognition and measurement criteria

For the purposes of defining the net financial position from the Financial Statements at 31 December 2021, reference is made to the matters indicated on the subject in CONSOB Warning Notice no. 5/21 of 29 April 2021. The comparative data at 31 December 2020 have been restated to provide a better representation in accordance with the provisions of the above-mentioned CONSOB Warning Notice.
In detail, the net financial position is broken down as follows:
A. Cash
B. Cash equivalents
C. Other current financial assets
D. Liquidity (A) + (B) + (C)
E. Current financial liabilities
F. Current portion of non-current financial liabilities
G. Current financial indebtedness (E) + (F)
H. Net current financial indebtedness (G) - (D)
I. Non-current financial liabilities
J. Debt instruments
K. Trade payables and other current liabilities
L. Non-current financial indebtedness (I) + (J) + (K)
M. Net financial indebtedness (H) + (L)

Financial assets and Financial liabilities

All financial assets and liabilities are initially recognised on the trading date, i.e. when the Group becomes a contractual party to the financial instrument. Financial instruments are initially measured at fair value plus or minus, in the case of financial assets or liabilities not at FVTPL, transaction costs directly attributable to the acquisition or to the issue of the financial instrument. Subsequently, their valuation and classification is based on the analysis of contractual cash flows and on the business model adopted by the Group for the management of these instruments. They can therefore be measured and classified as follows:

- ***Amortised cost****. They mainly include instruments such as financial receivables and other loans granted by the Group. The amortised cost is decreased by impairment loss. Interest, determined using the effective interest method, exchange gains and losses and impairment losses are recognised in profit or loss for the year as are any gains or losses on derecognition.*
- *Fair value through profit or loss for the year (FVTPL) These instruments are recognised at fair value even after initial recognition and changes in fair value are recognised in profit or loss for the year. They include equity investments and derivative instruments not classified by the Group as hedging instruments.*
- *Fair value through other comprehensive income (FVOCI). These instruments are recognised at fair value even after initial recognition. They mainly include debt securities, equities and derivative instruments classified by the Group as hedging instruments. Interest income calculated in accordance with the effective interest method, exchange gains and losses and impairment losses are recognised in profit or loss for the year; other net gains and losses are recognised in the Statement of Comprehensive Income. When the financial asset is derecognised, the gains or losses previously recognised in the Statement of Comprehensive Income are reclassified to the income statement.*

Financial assets and liabilities measured at amortised cost using the effective interest method or at FVTPL. Any changes to financial liabilities measured at FVTPL, including interest expense, are recognised in profit/(loss) for the year. In the case of financial liabilities subsequently measured at amortised cost, interest expense and exchange gains/(losses) are recognised in profit/(loss) for the year, as well as any gains or losses deriving from derecognition.
Financial assets and liabilities measured at amortised cost include loans, trade payables and other financial liabilities; those measured at FVTPL include derivative financial instruments. When a financial liability is derecognised, the difference between the carrying amount of the

extinguished financial liability and the price paid (including the assets not represented by cash transferred or the assumed liabilities) is recognised in the profit or loss for the year.
*Please refer to **Note 31 – Financial instruments** for further details.*

(EUR thousand)	31/12/2024	31/12/2023	Δ
A. Cash	*185,243*	*240,897*	(55,654)
B. Cash equivalents	*330,009*	*175,000*	155,009
C. Other current financial assets	*449,795*	*240,959*	208,836
D. Liquidity (A+B+C)	**965,047**	**656,856**	**308,191**
E. Current financial liabilities	*(179,000)*	*(135,690)*	(43,310)
E. Current financial liabilities – Instruments measured at fair value	-	-	-
E. Current financial liabilities - with companies belonging to the group	*(98,316)*	*(294,830)*	196,514
F. Current portion of Debt instruments	*(517,035)*	*(6,970)*	(510,065)
F. Current portion of non-current financial liabilities – loans, borrowings	*(6,018)*	*(5,019)*	(999)
F. Current portion of non-current financial liabilities – current lease liabilities	*(691)*	*(673)*	(17)
G. Current financial indebtedness (E+F)	**(801,060)**	**(443,182)**	**(357,878)**
			-
H. Net current financial indebtedness (G-D)	**163,988**	**213,674**	**(49,687)**
I. Non-current financial liabilities	*(419,041)*	*(329,073)*	(89,968)
I. Non-current financial liabilities – Non-current lease liabilities	*(1,105)*	*(1,356)*	250
J. Debt instruments	*(1,592,672)*	*(1,594,979)*	2,307
K. Trade payables and other liabilities (instruments measured at fair value)	-	-	-
K. Trade payables and other liabilities	-	-	-
L. Non-current financial indebtedness (I+J+K)	**(2,012,819)**	**(1,925,408)**	**(87,410)**
M. Net financial indebtedness (H+L)	**(1,848,831)**	**(1,711,734)**	**(137,097)**

The net financial indebtedness, in line with the details provided on the topic in CONSOB Warning Notice no. 5/21 of 29 April 2021 and in the recent ESMA guidelines, is equal to EUR 1,849 million, up EUR 137 million compared to 31 December 2023.

Financial Strategy and Sustainable Finance

The ERG Group's financing strategy is increasingly oriented towards green and sustainable instruments, in line with its development model.

The ERG Group's financing strategy is focused on green and sustainable corporate finance instruments, in line with its development model. Confirming the Group's strong commitment to sustainable finance, in June 2024, ERG S.p.A. updated its Green Bond Framework, which was rated by the Second Party Opinion issued by Moody's Ratings, an independent external advisor, which gave it the highest rating in terms of contribution to sustainability and alignment with principles. The Second Party Opinion specifically certified the compliance of ERG S.p.A.'s Framework with the four pillars of the International Capital Market Association Green Bond Principles 2021 (including Appendix I from June 2022) and with the criteria of the EU Taxonomy. Lastly, the Framework is consistent with the 2024-2026 Business Plan.

At 31 December 2024, the sources of Sustainable Finance, equal to EUR 2,520 million out of a total of financial sources equal to a nominal amount of EUR 2,520 million (EUR 1,930 million at 31 December 2023 out of a total of financial sources equal to a nominal amount of EUR 1,930 million), include:

- Green Bonds, for a total of EUR 2,100 million (up compared to 31 December 2023 following the issue in July 2024 of a new Green Bond for an amount of EUR 500 million), intended for the financing and refinancing of the construction and/or acquisition of wind and solar projects, as well as storage, in accordance with the recent Green Bond Framework;

(EUR)

Type of loan	ISIN	Coupon	Issue date	Expiry date	Issue price	Gross yield to maturity	Rating	Nominal amount	Carrying amount
Green Bond	XS1981060624	1.875%	11-apr-19	11-apr-25	99.67%	1.93%	Fitch: BBB-	500,000,000	506,561,972
Green Bond	XS2229434852	0.500%	11-set-20	11-set-27	99.21%	0.62%	Fitch: BBB-	500,000,000	498,202,666
Green Bond	XS2229434852	0.500%	23-dic-20	11-set-27	101.10%	0.33%	Fitch: BBB-	100,000,000	100,399,586
Green Bond	XS2386650274	0.875%	15-set-21	15-set-31	99.75%	0.90%	Fitch: BBB-	500,000,000	498,780,843
Green Bond	XS2853679053	4.130%	03-lug-24	03-lug-30	99.52%	4.22%	Fitch: BBB-	500,000,000	505,762,345
								2,100,000,000	**2,109,707,411**

The liability for bonds is presented net of commissions and other borrowing costs for an amount of EUR 9.5 million. These costs were recognised in the 2024 financial expense using the amortised cost method in the amount of EUR 2.3 million.
The carrying amount of the financial liability includes approximately EUR 19.2 million of interest accrued in the year.

- Non-current senior unsecured Sustainability-Linked loans, totalling EUR 420 million (nominal amount of EUR 330 million at 31 December 2023), which provide for a bonus mechanism linked to the achievement of ESG targets. At 31 December 2024, these targets have been achieved.

EUR

Disbursement	Type of loan	Maturity	Rate	Nominal amount	Carrying amount
2023	Sustainability bilaterallinked loans	23/03/2028	IRS : Euribor 6M + Spread	130,000,000	131,605,101
2023	Sustainability bilaterallinked loans	15/02/2028	IRS : Euribor 6M + Spread	100,000,000	100,792,550
2023	Sustainability bilaterallinked loans	02/05/2028	IRS : Euribor 6M + Spread	100,000,000	100,376,533
2024	Sustainability bilaterallinked loans	31/03/2029	IRS : Euribor 6M + Spread	90,000,000	90,565,104
				420,000,000	**423,339,289**

The loans shown above are recognised net of ancillary charges recosgnised using the amortised cost method (EUR 1.3 million) and including interest accrued for the year (EUR 4.7 million) calculated without taking into account interest rate hedging transactions. The loans indicated above are subject to interest rate hedges for 100% of the notional.

In addition to the above drawn financial sources, ERG S.p.A. has an ESG-linked Revolving Credit Facility in place, with a three-year term and the possibility of extension for a further two years. The margin applied to the facility is subject to an adjustment mechanism based on the achievement of ESG targets. At 31 December 2024, these targets have been achieved. This facility, amounting to EUR 600 million, was fully available at 31 December 2024. It should be noted that the above-mentioned Facility was subject to an amendment concerning, among other things, the restoration of the original three-year duration together with two annual extension options, and the improvement of commercial terms & conditions.

It should be noted that in December 2024, the Group signed a green corporate term loan with the European Investment Bank (EIB) for the development of renewable energy in Italy, France and Germany. This loan for EUR 243 million has a multi-year availability period and had not been used at 31 December 2024. The loan will contribute to the green finance objectives that the Group pursues, in line with the 2024-28 ESG plan.

Cash and cash equivalents

Relevant information on the accounting standards adopted and recognition and measurement criteria

Cash and cash equivalents are presented at their nominal amount. In accordance with IAS 7, the definition of cash equivalents comprises cash on hand and bank/postal deposits repayable on demand, together with short-term investments that are convertible to a known amount of cash. It also includes short-term investments whose reimbursement value is predetermined at the date of initial purchase/recognition.

The item, equal to EUR 515,252 thousand at 31 December 2024 (EUR 415,897 thousand at 31 December 2023) consists of cash generated by company activities, deposited on a short-term basis at the banks with which the Group works.
In line with CONSOB provisions, in the Net Financial Indebtedness table this item is included in the item "A Cash" and "B Cash equivalents".

For an analysis of the increase in cash and cash equivalents, please refer to the **Statement of Cash Flows**.

Current and non-current financial assets measured at fair value

Current financial assets measured at fair value

This item, equal to EUR 7,381 thousand at 31 December 2024 (EUR 30,770 thousand at 31 December 2023), includes receivables for derivatives hedging interest rate risk. The decrease is mainly attributable to the collection in 2024 for the closure of the Pre-hedge derivatives linked to the issue of the loan.
In line with CONSOB provisions, this item is not included in the Net Financial Indebtedness table.

Non-current financial assets measured at fair value

This item, equal to EUR 12,251 thousand at 31 December 2024 (EUR 17,046 thousand at 31 December 2023), includes amounts due for derivatives hedging interest rate risk.

The following is an overall breakdown of current and non-current financial assets measured at fair value at 31 December 2024.

Issuing bank	Contract	Maturity	Fair value receivable
(EUR thousand)			31/12/2024
Unicredit	IRS	23/03/2028	2,286
Unicredit	IRS	30/04/2028	3,338
Barclays	IRS	15/02/2028	272
Barclays	IRS	15/02/2028	6,098
Credit Agricole	IRS	15/02/2028	1,203
Credit Agricole	IRS	23/03/2028	4,712
Credit Agricole	IRS	30/04/2028	298
Credit Agricole	IRS	29/03/2029	1,425
Total			**19,632**

In line with CONSOB provisions, this item is not included in the Net Financial indebtedness table.

Other current financial assets i

Other current financial assets

This item, equal to EUR 449,795 thousand at 31 December 2024 (EUR 240,959 thousand at 31 December 2023), mainly consists of the current portion relating to the use of liquidity (EUR 435 million). The significant increase in 2024 was mainly due to accrued bank interest income of approximately EUR 9,765 thousand and increased short-term cash investments of EUR 200,000 thousand.

In line with CONSOB provisions, in the Net Financial indebtedness table this item is included in the item "C Other current financial assets".

Other current and non-current financial liabilities

Relevant information on the accounting standards adopted and recognition and measurement criteria

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. The costs directly related to obtaining or issuing the liability are deducted from the carrying amount of the liability. These costs are then amortised over the life of the liability, using the effective interest rate method. The liability for bonds is presented net of commissions and other borrowing costs.

Some financial liabilities measured at amortised cost, mainly loans and borrowings, are hedged. This mainly refers to loans whose future cash flows are exposed to interest rate risk. For the measurement of these hedging instruments, please refer to ***Note 31 – Financial instruments****.*

Other current financial liabilities

This item amounted to EUR 800,369 thousand at 31 December 2024 (EUR 442,509 thousand at 31 December 2023).
The item mainly includes:

- current positions referred to current accounts of credit lines for EUR 179,000 thousand;
- the current portion of liabilities for bonds issued, which includes the accrued interest on outstanding bonds and the current portion of the relative amortised cost for an amount equal to EUR 517.035 thousand;
- liabilities to the subsidiary ERG Power Generation S.p.A. for the cash pooling relationship for EUR 92,281 thousand and EUR 3,092 thousand for the payable for interest accrued in the period in question.
- liabilities to ERG France Holding S.a.S. for the cash pooling relationship for EUR 2,360 thousand and EUR 140 thousand for the payable for interest accrued in the period in question.
- liabilities to ERG Spain Holdco for the cash pooling relationship for EUR 390 thousand and EUR 53 thousand for the payable for interest accrued in the period in question.

In line with CONSOB provisions, in the Net Financial indebtedness table this item is under the item "E. Current financial liabilities" for current credit lines (EUR 179,000 thousand), under the item "F. Current portion of Debt instruments" for the amount of EUR 517,035 thousand, under the item "E. Current financial liabilities - with companies belonging to the group" for the amount of EUR 98,316, and under the item "F. Current portion of non-current financial debt – loans, borrowings" for the residual amount of EUR 6,018 thousand.
The increase in the year is mainly attributable to the bond maturing in April 2025, which was reclassified as short-term during 2024.

Other non-current financial liabilities

This item amounted to EUR 2,011,713 thousand at 31 December 2024 (EUR 1,924,052 thousand at 31 December 2023).

In line with CONSOB provisions, in the Net Financial indebtedness table this item is included in the item "J. Debt instruments" for the part relating to bonds (EUR 1,592,672 thousand) and the item "I. Non-current financial liabilities" for the part relating to corporate loans (EUR 419,041 thousand).

Current and non-current lease liabilities

Financial liabilities arising as a result of the application of IFRS 16 totalled EUR 1,796 thousand, EUR 1,105 thousand of which non-current and EUR 691 thousand current.

These liabilities refer to the present value of payments due and not paid at the lease inception date plus implicit interest accrued on these liabilities and less payments made during the period.

In line with CONSOB provisions, in the Net Financial indebtedness table these items are included in the item "F. Current portion of non-current financial liabilities – current lease liabilities" and in the item "I. Non-current financial liabilities – Non-current lease liabilities".

NOTE 17 – OTHER CURRENT LIABILITIES

(EUR thousand)	31/12/2024	31/12/2023
Tax liabilities	4,112	821
Employees	3,726	3,422
Pension and social security institutions	2,156	1,966
Other current liabilities	1,092	1,158
TOTAL	**11,086**	**7,367**

"Tax liabilities" relate mainly to employee IRPEF deductions for approximately EUR 800 thousand and the VAT payable to the tax authorities for approximately EUR 3,270 thousand.
"Employees" refer to the accruals for the year not yet paid and include holidays, unused time off "in lieu", productivity bonus and bonuses tied to the Management Compensation Plan. "Pension and social security institutions" pertain to accrued contributions on wages and salaries for the month of December 2024.

NOTE 18 – CURRENT TAX LIABILITIES

(EUR thousand)	31/12/2024	31/12/2023
Current tax liabilities	12,292	13,440
TOTAL	**12,292**	**13,440**

"Current tax liabilities" include other current liabilities to subsidiaries for IRES (EUR 12,292 thousand) that have generated deductible amounts within the scope of the "Tax Consolidation Scheme".

NOTE 19 – GUARANTEES, COMMITMENTS AND RISKS

(EUR thousand)	31/12/2024	31/12/2023
Sureties provided by ERG for group companies in favour of third parties	471,071	416,539
Sureties provided by banks/insurance companies for group companies in favour of third parties	326,166	352,128
Sureties provided by ERG in favour of third parties	43,911	37,460
Our commitment to third parties	12,192	10,539
Total	**853.340**	**816,666**

It should be noted that ERG S.p.A. issued Parent company Guarantees for Group companies in favour of third parties relating mainly to power purchase and sale agreements, Group VAT and to guarantee VAT refunds requested by certain subsidiaries for approximately EUR 471 million. Sureties provided by banks/insurance companies for Group companies amount to approximately EUR 326 million.

Sureties provided in favour of third parties relate to B2G Sicily S.r.l. (formerly Erg Power S.r.l.) sold by the ERG Group in 2023, for which mainly sureties for Group VAT are still outstanding.

Commitments to third parties consist mainly of commitments for the management of information systems, in particular pertaining to software, hardware and support.

INCOME STATEMENT ANALYSIS

NOTE 20 – REVENUE

Relevant information on the accounting standards adopted and recognition and measurement criteria

The company recognises the sale of a good or the performance of a service based on the value that exactly reflects the portion of the price attributable to each revenue component, with reference to the price paid by the customer who expects to receive that good produced or that service rendered.

The most innovative aspect of IFRS 15 pertains to the fact that an entity must recognise the sale of a good or the performance of a service based on a value that exactly reflects the part of a price attributable to each revenue component, with reference to the price paid by the customer who expects to receive that good produced or that service rendered.

The methodological approach that should entail this type of recognition comprises five fundamental steps:

1. *Identifying the contract with a customer: in general, a contract exists when the agreements reached with a customer are such as to generate obligations that must be fulfilled by the parties involved;*
2. *Identifying the performance obligations in the contract: an entity shall recognise revenue individually for each good or service as a separate obligation if these assets or services are distinct from each other. The criteria to define whether a good or service can be considered distinct are i) the customer can benefit from the good or service both individually and in combination with other resources and the goods are available and ii) the good or service can be separated from other obligations or promises that are not dependent or connected to other contractual elements;*
3. *Determining the transaction price: understood as the amount, which the entity expects to receive as a result of the sale of the goods or of the services rendered to customers;*
4. *Allocating the transaction price to the performance obligation(s): the price must be allocated to each distinct good or service. This allocation is based on the stand-alone selling price;*
5. *Recognising the revenue only when the performance obligation is satisfied.*

Gross operating profit and Operating profit (loss)

Gross operating profit and operating profit (loss) are determined by the operating activities of the company that generate continuing revenue and by the other income and costs related to the operating activities. The gross operating profit does not include net financial expense, the company's share of the profit of equity-accounted investees, income taxes and depreciation, amortisation and impairment losses on intangible assets, property, plant and equipment and right-of-use assets. The operating profit (loss) is equal to the gross operating profit less amortisation, depreciation and impairment losses on intangible assets, property, plant and equipment, and right-of-use assets.

Revenue from services amounting to EUR 38.7 million (EUR 35.4 million in 2023) refers mainly to charges for services provided to subsidiaries. The structure of the service agreements is based on the allocation of a part of the costs incurred by the company and on the application of a single weighted driver for the allocation of all the costs identified. The margin of the company is ensured by the application of a mark-up deemed suitable to ensure adequate profitability..

NOTE 21 – OTHER INCOME

(EUR thousand)	2024	2023
Other revenue	5,394	1,484
Other income from Group companies	683	454
Reimbursement of expenses	141	147
Total	**6,219**	**2,085**

"Other income from Group companies" pertains essentially to other reimbursements and charges to Group companies, tied to various consultancy services and special projects.

The increase in the "Other revenue" item refers to the capital gain from the sale of artworks to a related party, carried out at market prices, completed during 2024.

NOTE 22 – PURCHASES

(EUR thousand)	2024	2023
Purchases	240	173
Total	**240**	**173**

NOTE 23 - SERVICES AND OTHER COSTS

(EUR thousand)	2024	2023
Services	25,136	21,648
Accruals for risks and charges	3,968	975
Rental, lease and hire expenses	3,568	3,197
Other operating costs	1,655	1,847
Taxes and duties	1,077	1,082
TOTAL	**35,404**	**28,749**

Costs for services are broken down as follows:

(EUR thousand)	2024	2023
IT services	7,248	4,622
Directors' and Statutory Auditors' remuneration	6,756	6,151
Consultancy	3,511	2,973
Other services	2,436	2,649
Personnel services	2,375	2,457
Utilities and consumption	1,585	1,481
Insurance	944	980
Advertising and promotions	282	335
TOTAL	**25,136**	**21,648**

The item includes mainly costs for consultancy, remuneration to Directors and Statutory Auditors.
"Other services" include the services performed by other Group companies, EDP services from third parties, services for personnel, and other services performed.
The item "Directors' and Statutory Auditors' remuneration" includes also the portion of the cost pertaining to the 2024-2026 Long-Term Incentive Plan. In accordance with IFRS 2 – Share-Based Payment transactions, following the implementation of the aforementioned Incentive Plan with reference to the Directors, the portion of the cost accrued was recognised under costs for services. For further details, please refer to **Note 24 – Personnel expense**.

NOTE 24 – PERSONNEL EXPENSE

Relevant information on the accounting standards adopted and recognition and measurement criteria

The company has transactions in place with share-based payments settled with equity instruments as part of the remuneration and incentive policy for certain employees (known as the 2024-2026 LTI Plan). Pursuant to IFRS 2, the company recognises the services rendered by employees throughout the period of time in which the conditions of continued service and the achievement of certain objectives must be met (vesting period) by recognising their value in the income statement under the item "Personnel expenses" and a corresponding increase in a specific item of shareholders' equity, based on the fair value of the equity instruments (ERG S.p.A. shares) recognised at the inception date.

The overall cost recorded is subsequently subject to adjustment at each reference date of the financial statements until the vesting date to reflect the best available estimate of the number of equity instruments for which it is expected that the conditions of continued service and the achievement of certain objectives other than the so-called 'market conditions' will be met at the end of the vesting period.

(EUR thousand)	2024	2023
Wages and salaries	20,288	17,788
Social security expenses	4,976	4,059
Post-employment benefits	708	1,108
Other costs	700	646
TOTAL	**26,671**	**23,601**

It should be noted that, in accordance with **IFRS 2 – Share-Based Payment**, following implementation of the 2024-2026 Long-Term Incentive Plan, with reference to employees, the cost of these instruments accruing in 2024 was recognised under "Personnel expense".

Share-based payment transactions

On 23 April 2024, the Shareholders' Meeting of ERG S.p.A. approved the 2024-2026 Long-Term Incentive Plan, according to the conditions provided for in the relevant Information Document.

The Plan calls for the assignment of a predefined number of ERG S.p.A. Shares, free of charge (hereafter, "Performance shares"), at the end of a three-year vesting period, subject to the attainment of a minimum predetermined economic performance (non-market condition). The performance parameter approved by the Board of Directors refers to the cumulative 2024-2026 Group EBITDA of the Business Plan. According to the Regulation, this operating condition may be changed in light of changes in the consolidation scope or other significant events.

At the end of the vesting period, 30% of the Shares allocated will be subject to an additional lock-up period of twelve months, which will conclude in 2028, during which said shares are subject to the non-transferability constraint. The shares assigned represent the conditional rights that are the subject of the Plan, free of charge and non-transferable inter vivos, each of which gives the Beneficiaries the right to be assigned free of charge 1 (one) share according to the terms and conditions contained in the Regulations.

The Plan provides that the Shares assigned will only vest – thus becoming Shares Allocated – subject to the occurrence of the Minimum Economic Performance Condition as ascertained by the Board of Directors upon approval of the company's financial statements at 31 December 2026.

Upon achievement of the Minimum Economic Performance Condition, the number of Shares that can be allocated will depend on the results achieved with respect to the objectives: 60% ERG Share, 20% Growth and 20% Sustainability. The incentive strategy for each objective can be summarised as follows:

ERG share objective: the shares that can be allocated may vary by interpolation from a minimum of 60% up to a maximum of 220% of the shares assigned based on the final price, i.e. the ERG share price calculated as the average of the official stock exchange price in the period between 16 November 2026 and 15 February 2027.

Sustainability Objective: the shares that can be allocated may vary from a minimum of 0% up to a maximum of 40% of the shares assigned according to the following scheme: 0% (sub-threshold performance), 10% (threshold performance), 20% (target performance), 40% (performance cap). For intermediate scenarios between the performance threshold and the target performance, and between the target performance and the performance cap, the number of Shares that can be allocated is determined on the basis of linear Interpolation.

Growth Objective: the shares that can be allocated may vary from a minimum of 0% up to a maximum of 40% of the shares assigned according to the following scheme: 0% (sub-threshold performance), 10% (threshold performance), 20% (target performance), 40% (performance cap). For intermediate scenarios between the performance threshold and the target performance, and between the target performance and the performance cap, the number of Shares that can be allocated is determined on the basis of linear Interpolation. Within the framework of the information document approved by the shareholders' meeting, the Board of Directors in its meeting of 15 May 2024 defined the regulations of the Plan and determined the objectives of the Plan in the different performance scenarios. The estimate of the fair value, which is independent of the non-market activation conditions (achievement of the Target EBITDA, Growth Objective and Sustainability Objective) as defined by IFRS 2, was carried out by applying the Monte Carlo method, thus identifying a range of values and taking their average value into consideration.

The assessment exercise was carried out formulating the following assumptions:

- *Volatility (21%): median of historical volatility at 180 days of the panel of ERG share comparables;*
- *Dividend Yield: estimated on the basis of the dividends forecast in the plan for the three-year time period 2024-2026, i.e. EUR 1 per share, as a percentage of share price;*
- *Distribution of growth and sustainability targets were appropriately modelled by a lognormal distribution;*
- *Time to maturity: in accordance with the provisions of the regulation of the financial instrument, the derivative was assumed to have a duration of three years.*

In application of the above, the overall fair value of the incentive plan was identified as approximately EUR 13.1 million, a value deemed appropriate also in light of the sensitivities performed on the main inputs of the measurement model. This amount refers for 42% to the Directors and for the remainder to Group employees. The fair value of the Plan is recognised on an accruals basis in 2024.

The cost for post-employment benefits pertains mainly to the portion of benefits relating to defined contribution plans. The cost also includes the contributions paid to defined contribution plans in favour of key managers, for the details of which please see the Related Parties section.

"Other personnel expense" include additional post-employment benefits.

The following table shows the breakdown of the ERG S.p.A. personnel (average headcount during the year).

	2024	2023
Senior Managers	26	24
Middle management	113	105
White-collar workers	87	87
Total	**226**	**215**

At 31 December 2024, the company had a total of 226 employees.

NOTE 25 – AMORTISATION AND DEPRECIATION OF INTANGIBLE ASSETS, PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Other intangible assets are amortised over a maximum period of 5 years. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful life.

(EUR thousand)	2024	2023
Amortisation of intangible assets	1,848	1,801
Depreciation of right-of-use assets	784	751
Depreciation of property, plant and equipment	676	720
TOTAL	**3,307**	**3,272**

Note that the effect deriving from the application of IFRS 16 on the amortisation and depreciation for the year on leased assets amounts to approximately EUR 0.8 million.

NOTE 26 – NET FINANCIAL INCOME (EXPENSE)

	2024			2023		
(EUR thousand)	Financial income	Financial expense	Net	Financial income	Financial expense	Net
Bank interest income (expense) on current accounts	24,786	(35)	24,752	18,045	-	18,045
Financial income (expense) interest rate derivatives – differential	15,079	(3,032)	12,047	7,516	(1,450)	6,066
Interest expense on loans/bond issues to third parties		(48,841)	(48,841)	-	(31,423)	(31,423)
RCF – fees	-	(1,910)	(1,910)	-	(1,891)	(1,891)
Liquidity management/Cost of debt	**39,865**	**(53,818)**	**(13,953)**	**25,561**	**(34,764)**	**(9,203)**
Other interest income (expense)	286	(3,297)	(3,011)	495	(4,629)	(4,134)
Change in fair value	5,203	(1,578)	3,625	4,615	(615)	4,000
Amortised cost on loans and bond issues	92	(2,740)	(2,648)	91	(2,437)	(2,346)
IFRS 9 Income (expense)	-	(229)	(229)	60	(861)	(801)
Interest income (expense) on lease liabilities	-	(39)	(39)	0	(29)	(29)
Exchange gains (losses)	3	(69)	(66)	5	(2)	3
Other income/(expense)	**5,584**	**(7,952)**	**(2,368)**	**5,266**	**(8,574)**	**(3,308)**
Total	**45,449**	**(61,771)**	**(16,321)**	**30,827**	**(43,338)**	**(12,511)**

The amount of **bank interest income** pertains to the use of liquidity available in deposit and current accounts. The increase is essentially attributable to an increase in the liquidity invested in the period compared to 2023. In fact, the sharp rise in interest rates has also made it possible to invest with significant returns and to remunerate the Group's liquidity, including that generated by the bond issue, carried out in view of the April 2025 maturity.
With reference to **interest expense on bank borrowings and bond issues**, the change in interest expense is mainly due to the increase in interest rates compared to the comparative period, as well as to the new debt instrument issued in July 2024. This change is effectively hedged under the item Financial income (expenses) on interest rate derivatives – differential.
With reference to **RCF – fees**, these refer to the cost for maintaining the line during 2024.
Other interest income mainly includes interest from subsidiaries and financial income from the purchase, at a discount, of tax credits offset during the year against social security payables (EUR 222 thousand). The decrease in other interest expense is attributable to the decrease in the indebtedness relating to the cash pooling relationship with the subsidiaries.
The **change in fair value** includes the effects of derivative instruments hedging the current interest rate fluctuation risk.
The item **Amortised cost on loans and bond issues** includes the adjustment to the effective interest rate of loans and bond issues.
The item **IFRS 9 Income (expense)** includes the adjustment of expected losses on liquidity and guarantees.

NOTE 27 – NET GAINS (LOSSES) ON EQUITY INVESTMENTS

(EUR thousand)	2024	2023
Dividends and other income from subsidiaries	60,000	50,000
Dividends and other income from other companies	40	-
Price adjustments on equity investments	-	3,174
Impairment and capital losses from equity investments	(637)	(156)
TOTAL	**59,403**	**53,018**

"Dividends and other income from subsidiaries" refers to the dividends distributed by ERG Power Generation S.p.A.

In 2023, the item "Price adjustments on equity investments" included the positive effect deriving from the collection of a price adjustment relating to the sale of an equity investment in previous years for an amount of EUR 3,174 thousand.

"Impairment and capital losses from equity investments" includes mainly the adjustment of the provisions for charges on equity investments for EUR 625 thousand relating to ERG Petroleos S.A., in view of its deficit, as discussed in more detail in the note on Equity Investments.

NOTE 28 – INCOME TAXES

Relevant information on the accounting standards adopted and recognition and measurement criteria

The tax expense for the year comprises deferred tax assets and liabilities recognised in the profit or loss for the year, with the exception of items recognised directly in equity or other comprehensive income.
The company determined that the interest and the penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets because they do not match the definition of income taxes.

Current taxes

Current taxes are accrued based on the estimated tax expense for the year, also taking into account the effects relating to the participation of most Group companies in the tax consolidation scheme.
On 22 December 2022, the text of Directive no. 2022/2523/EU was published in the Official Journal of the European Union, which provides for the transposition into EU legislation of the rules on the Global Minimum Tax envisaged by Pillar 2 prepared by OECD as part of Action 1 of the BEPS ("Base Erosion and Profit Shifting") project. This Directive was transposed into Italian law by Italian Legislative Decree no. 209 of 27 December 2023, which entered into force on 29 December 2023. The objective is to limit harmful tax competition between countries, setting the minimum level of effective tax at the aggregate level for each individual country at 15% as from 2024. The ERG Group falls within the scope of application of the regulation. The 'Global Minimum Tax' regulation, for 2024, had no impact on the average effective tax rate of the company ERG S.p.A.

(EUR thousand)	2024	2023
Benefit from tax consolidation	(5,124)	(5,745)
Deferred IRES	(9)	(2)
Previous year taxes	(43)	(168)
Changes in deferred tax assets	37	351
TOTAL	**(5,138)**	**(5,563)**

Income taxes, positive in the amount of EUR 5,138 thousand, express the net effect between the remuneration of the tax loss and non-deductible interest expense transferred to the tax consolidation scheme for the 2024 tax year (EUR 5,124 thousand) and the change in the deferred tax assets and liabilities recognised for IRES purposes.
The change in deferred tax assets is mostly determined by uses in the year and relates solely to IRES. IRAP deferred tax assets have not been allocated since no positive IRAP taxable bases are expected in the coming years.
The statement of financial position entries deriving from the tax consolidation scheme are summarised below:

(EUR thousand)	31/12/2024	31/12/2023
Due from Group companies (to tax liabilities)	23,388	21,334
Due to Group companies (to tax assets)	(12,292)	(13,440)
Credit (debt) position of ERG SPA	(11,934)	(11,637)
TOTAL	**(838)**	**(3,743)**

Reconciliation between effective and theoretical tax expense

The reconciliation between effective and theoretical tax expense is provided below.

(EUR thousand)

IRES	Taxable Amount	Tax
Profit before taxes	22,331	
Theoretical taxation (24%)		5,359
temporary differences taxable in subsequent years		
Total	-	
temporary differences deductible in subsequent years		
allocation to provisions	1,089	
directors' remuneration not paid during the year	650	
other increases	36	
total temporary differences deductible in subsequent years	**1,775**	**426**
reversal of temporary differences from previous years		
release of provisions taxed in previous years	(782)	
return of exchange rate differences taxed in previous years	(36)	
remuneration of directors of previous years paid during the year	(550)	
other decreases	(595)	
total reversal of temporary differences from previous years	**(1,963)**	**(471)**
differences that will not be reversed in subsequent years		
dividend income collected during the year	(57,038)	
costs for motor vehicles	309	
non-deductible interest expense	12,695	
contingent liabilities	348	
impairment losses on equity investments	635	
other increases	6,137	
other decreases	(228)	
differences that will not be reversed in subsequent years	**(37,142)**	**(8,914)**
consolidation adjustments		
use of tax losses from previous years		
income from consolidation for the transfer of interest expense to the consolidated company	(6,347)	
total consolidation adjustments	**(6,347)**	**(1,523)**
IRES taxable/current IRES	**(21,346)**	**(5,124)**

The difference between the amount of the permanent tax changes recorded in 2024 (EUR -37,142 thousand) and those of 2023 (EUR -40,774 thousand) is related to the increase in dividends distributed by subsidiary companies (with a taxable effect equal to EUR -9,500 thousand) partially offset by higher non-deductible interest expense (for an amount equal to EUR 4,837 thousand), higher provisions without advance tax payments (for a total of EUR 3,100 thousand) and other higher non-deductible costs/lower tax-exempt revenue for a total of EUR 5,195 thousand.

NOTE 29 – NON-RECURRING ITEMS

As required by CONSOB resolution no. 15519 dated 27 July 2006, significant income and expense arising from non-recurring transactions or events that do not occur frequently in the ordinary course of business are presented below. Also pursuant to the aforementioned CONSOB resolution, the amounts related to the positions and transactions with related parties are indicated separately in **Note 30 – Related parties**.

(EUR thousand)		2024	of which related parties		2023	of which related parties
Revenue from sales and services		-			-	
Other income	1)	(4,144)	(4,144)		-	
Total revenue – special items		**(4,144)**			**-**	
Purchases		-			-	
Change in inventories		-			-	
Services and other costs	2)	8,328	-	1)	4,359	-
Personnel expense		-	-		-	-
Gross operating profit – special items		**4,184**			**4,359**	
Amortisation, depreciation and impairment of non-current assets						
Operating profit – special items		**4,184**			**4,359**	
Net financial income (expense)		-		2)	861	
Net gains on (losses) equity investments	3)	(625)	(625)	3)	3,212	156
Profit from ordinary operations		**3,559**			**8,432**	
Income taxes	4)	(1,033)		4)	(1,048)	
Profit from continuing operations of special items		**2,526**			**7,384**	
Profit (loss) from discontinued operations of special items		**-**			**-**	
Profit generated by special items		**2,526**			**7,384**	
Non-controlling interests		-			-	
Profit generated by special items attributable to the owners of the parent		**2,526**			**7,384**	

In **2024**

1) other revenue refers to the capital gain from the sale of artworks to a related party, carried out at market prices, completed during 2024;
2) services and other operating costs refer to costs related to the provision for disposed businesses, charges relating to unsuccessful projects and costs relating to M&A;
3) net gains (losses) on equity investments relate to the increase in the loss allowance relative to Petroleos, in liquidation
4) income taxes refer to the tax effect of the items discussed above.

In **2023**

1) services and other operating costs refer to costs related to the provision for disposed businesses, charges relating to unsuccessful projects and costs relating to M&A;
2) net financial income (expense) includes the impacts of IFRS 9 deriving from past refinancing;
3) net gains (losses) on equity investments relate to the increase in the loss allowance relative to Petroleos, in liquidation, and to the earnout on the sale of the shareholding in Total Erg;
4) income taxes refer to the tax effect of the items discussed above.

NOTE 30 – RELATED PARTIES

Relevant information on the accounting standards adopted and recognition and measurement criteria

Related parties are mainly those that share the same parent with ERG S.p.A., the companies that directly or indirectly, through one or more intermediaries, control, are controlled by, or are subjected to joint control by ERG S.p.A. and those in which ERG S.p.A. has an investment.
The definition of related parties also includes key managers and their close relatives, of ERG S.p.A. and of its subsidiaries. Key managers are those who have the power and the direct or indirect responsibility for planning, managing, and controlling the activities of the parent and they include its Directors.

As required by CONSOB resolution 15519 dated 27 July 2006, the amounts of related party positions and transactions are indicated below.
The transactions carried out by ERG S.p.A. with related parties pertain mainly to:

- the performance of services, the provision and use of financing;
- contributions to non-corporate parties, referred to ERG, that pursue humanitarian, cultural and scientific initiatives. In particular, the Edoardo Garrone Foundation, established as a natural evolution of the engagement of the Garrone and Mondini families in the social and cultural fields, dedicated to the memory of Edoardo Garrone who, in 1938, launched the industrial activity of the ERG Group.

Most of these transactions are exempted from the application of the internal ERG regulation **Related party transactions policy and procedures**, issued to implement the CONSOB regulation, because they are ordinary transactions concluded at market or standard conditions, or because they are below the threshold of materiality prescribed by the procedure itself.
All transactions were carried out in the interest of the Group and, with the exception of the transactions with entities pursuing humanitarian, cultural and scientific initiatives, are included under ordinary operations. The amount paid to the **Edoardo Garrone Foundation** as a contribution for 2024 amounted to EUR 100 thousand.

It should be noted that during 2024, works of art were sold at market prices by the company ERG S.p.A. to the related party San Quirico S.p.A.

It should be noted that during 2024 the companies Green Vicari, Isab Energy Solare and ERG Eolica Campania tacitly renewed their membership of the National Consolidated Tax Scheme of ERG S.p.A.
The group of companies already belonging to this scheme has therefore remained unchanged for the 2024 tax year.

With regard to the terms of the contractual arrangements that could provide for the parent or its subsidiaries to provide financial support to a consolidated structured entity, please refer to **Note 19 – Guarantees, commitments and risks**.

Impact of transactions or positions with related parties on the Statement of Financial Position

The most significant dealings with joint ventures, associates and subsidiaries pertain to:

- loan assets with ERG Petroleos S.A. within the scope of the related loan agreement.

The impact of transactions or positions with related parties on the statement of financial position is indicated in the following table (amounts in EUR thousand):

2024 – Statement of Financial Position – Assets

	Trade receivables	Other current assets	Current tax assets	Current financial assets/Current financial assets measured at fair value
ERG Power Generation S.p.A.	25			
ERG Eolica San Vincenzo S.r.l.			2,338	
ERG Eolica Faeto S.r.l.			852	
ERG Eolica Ginestra S.r.l.			686	
ERG Eolica Tirreno S.r.l.			443	
Parc Eolien de la Bruyére S.a.s.	0			
Parc Eolien les Mardeaux S.a.s.	0			
Parc Eolien de Lihus S.a.s.	0			
Green Vicari S.r.l.			905	
ERG Eolica Fossa del Lupo S.r.l.			5,554	
ERG Eolica Adriatica S.r.l.			4,387	
ERG Eolica Campania S.p.A.			3,552	
ERG Germany GMBH	0			
ERG France Sarl	13	72		
Corni Eolian	16			
ERG Petroleos				1,139
ERG France Holding S.a.s	411			0
Epuron Sas	2			
ERG UK Holding (GBP)	8	(9)		
ERG Spain HoldCo	40	7		
Breva			4,672	
ERG Sviluppo Italia	10			
ERG USA Holding Inc	6,178			
Mulligan Solar	9			
Great Pathfinder Wind	114			
Total	**6,826**	**71**	**23,388**	**1,139**
% of total item	*98.93%*	*0.32%*	*96.54%*	*0.25%*

2024 – Statement of Financial Position – Liabilities

	Trade payables	Current financial liabilities	Current tax liabilities	Other current liabilities
ERG Power Generation S.p.A.	276	95,373	6,710	
ERG France Holding S.a.s		2,500	-	-
ANDROMEDA PV S.r.l.			1,806	
ERG Sviluppo Italia S.r.l.			14	
Fattoria Solare Futurasun Srl			3	
ERG Wind Bulgaria S.p.a.			13	
Ginestra Srl			3,738	
ISAB ENERGY SOLARE SRL			8	
ERG Spain HoldCo		443		
Directors and statutory auditors				826
Key Managers				663
Total	**276**	**98,316**	**12,292**	**1,489**
% of total item	*2.80%*	*12.28%*	*100.00%*	*13.43%*

Impact of transactions or positions with related parties on the income statement

The impact of related party transactions on income statement items is indicated in the following table (amounts in EUR thousand):

2024 – Income Statement – Income

	Ricavi della gestione caratteristica	Altri ricavi e proventi	Proventi finanziari
ERG Power Generation S.p.A.	36,959	21	
ERG Germany GMBH		-	
ERG France Sarl		298	
ERG France Holding S.a.s			0
ISAB Energy Solare		36	
ERG Petroleos			63
Andromeda S.r.l.	8		
ERG Spain HoldCo		39	
ERG Sviluppo Italia	10		
ERG USA Holding Inc		290	
Mulligan Solar	17		
Great Pathfinder Wind	227		
San Quirico S.p.A.		4,144	
Total	**37,221**	**4,828**	**63**
% of total item	*96.30%*	*77.63%*	*0.14%*

2024 – Income Statement – Expenses

	Purchases	Services and other costs	Personnel expense	Financial expense
ERG Power Generation S.p.A.		80		3,092
ERG France Holding S.a.s				140
ERG Spain HoldCo				53
Edoardo Garrone Foundation		100		
San Quirico S.p.A.		88		
Directors and statutory auditors		6,756		
Key Managers			2,943	
Total	**-**	**7,024**	**2,943**	**3,284**
% of total item	*0.00%*	*19.84%*	*11.04%*	*5.32%*

Details of the remuneration of figures with strategic responsibilities are provided below (amounts in EUR thousand):

Directors

(EUR thousand)	2024	2023
Benefits in the short term	4,761	4,486
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	1,825	1,495
Total	**6,586**	**5,981**

Key Managers

(EUR thousand)	2024	2023
Benefits in the short term	1,967	1,931
Post-employment benefits	144	135
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	976	643
Total	**3,087**	**2,708**

NOTE 31 – FINANCIAL INSTRUMENTS

Relevant information on the accounting standards adopted and recognition and measurement criteria

Derivative financial instruments

Derivative financial instruments, including embedded derivatives, subject to separation from the main contract, are assets and liabilities recognised at fair value.

Existing forward transactions and derivative instruments are classified as follows:

1. ***derivative instruments that can be defined as hedges pursuant to IFRS 9:** this includes (i) cash flow hedges (CFH) on interest rates, exchange rates and commodities and (ii) fair value hedges (FVH) on commodities (price and exchange rate);*
2. ***forward transactions and derivative instruments that cannot be defined as hedges pursuant to IFRS 9, 9**, meeting the requirements of compliance with the company policies for the management of risk on exchange rates and energy commodities.*

The Group carries out the basis adjustment, reclassifying the effective result of the hedge to adjust the initial recognition value of the hedged item, in the case of cash flow hedges of non-financial elements. For all cash flow hedges, including those of transactions involving the recognition of a non-financial asset or liability, the cumulative gain or loss in the hedging reserve was reclassified to profit or loss for the year in the same year or in the same years in which the hedged expected future cash flows have an effect on profit or loss.

Fair value hierarchy according to IFRS 13

In measuring the fair value of an asset or a liability, the Group uses, insofar as it is possible, observable market data. Fair values are categorised in various hierarchical levels according to the input data used in the measurement techniques, as illustrated below.

- *Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets.*
- *Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (prices) and indirectly (derived from prices).*
- *Level 3: unobservable inputs for the asset or liability.*

The company recognises the transfers between the various levels of the fair value hierarchy of the event or of the change in the circumstances that determined the transfer in which the transfer took place.

Estimates and assumptions are revised periodically and the effects of each change are reflected in the Income Statement in the period in which the change took place.

The following table shows, for each financial asset and liability, the carrying amount and the fair value. Information on the fair value of financial assets and liabilities not measured at fair value are excluded, when the carrying amount represents a reasonable approximation of fair value.

31/12/2024

(EUR thousand)	Fair value – Hedging instruments	FVTPL instruments	FVOCI instruments	Financial assets measured at amortised cost	Financial liabilities	Total Carrying Amount	Fair value
Equity investments	-	453	-	-	-	453	453
Derivative instruments	19,632	-	-	-	-	19,632	19,632
Current financial assets	-	-	-	449,795	-	449,795	449,795
Trade receivables	-	-	-	6,900	-	6,900	6,900
Financial securities under current financial assets	-	-	-	-	-	-	-
Other assets	-	-	-	28,679	-	28,679	28,679
Cash and cash equivalents	-	-	-	515,252	-	515,252	515,252
Total assets	**19,632**	**453**	**-**	**1,000,626**	**-**	**1,020,712**	
Loans and borrowings	-	-	-	-	423,339	423,339	472,863
Bonds	-	-	-	-	2,109,707	2,109,707	2,275,219
Centralised treasury liabilities	-	-	-	-	98,316	98,316	98,316
Current bank loans and borrowings	-	-	-	-	180,719	180,719	180,719
Lease liabilities	-	-	-	-	1,796	1,796	1,796
Trade payables	-	-	-	-	9,839	9,839	9,839
Other liabilities	-	-	-	-	11,086	11,086	11,086
Total liabilities	**-**	**-**	**-**	**-**	**2,834,804**	**2,834,804**	

31/12/2023

(EUR thousand)	Fair value – Hedging instruments	FVTPL instruments	FVOCI instruments	Financial assets measured at amortised cost	Financial liabilities	Total Carrying Amount	Fair value
Equity investments	-	465	-	-	-	465	465
Derivative instruments	47,816	-	-	-	-	47,816	47,816
Current financial assets	-	-	-	240,959	-	240,959	240,959
Trade receivables	-	-	-	3,461	-	3,461	3,461
Financial securities under current financial assets	-	-	-	-	-	-	-
Other assets	-	-	-	29,543	-	29,543	29,543
Cash and cash equivalents	-	-	-	415,897	-	415,897	415,897
Total assets	**47,816**	**465**	**-**	**689,860**	**-**	**738,142**	
Loans and borrowings	-	-	-	-	333,229	333,229	385,130
Bonds	-	-	-	-	1,601,949	1,601,949	1,666,722
Centralised treasury liabilities	-	-	-	-	294,830	294,830	294,830
Current bank loans and borrowings	-	-	-	-	136,551	136,551	136,551
Lease liabilities	-	-	-	-	2,029	2,029	2,029
Derivative instruments	-	-	-	-	-	-	-
Trade payables	-	-	-	-	12,527	12,527	12,527
Other liabilities	-	-	-	-	7,369	7,369	7,369
Total liabilities	**-**	**-**	**-**	**-**	**2,388,484**	**2,388,484**	

The following table provides an analysis of the derivative financial instruments measured at fair value, grouped in levels from 1 to 3 based on the degree to which their fair value can be observed:

- level 1, the fair value is determined from prices quoted on active markets;
- level 2, the fair value is determined using measurement techniques based on variables which are directly (or indirectly) observable on the market;
- level 3, the fair value is determined using measurement techniques based on significant variables that cannot be observed on the market.

(EUR thousand)	Level 1	Level 2	Level 3
Financial assets			
- FVTPL instruments	-	-	-
- FVOCI instruments	-	-	-
- Fair value – Hedging instruments	-	19,632	-
- Financial assets measured at fair value	-	-	-
Total	**-**	**19,632**	**-**

(EUR thousand)	Level 1	Level 2	Level 3
Financial liabilities			
- Fair value – FVTPL instruments		-	
- Fair value – Hedging instruments	-	-	-
- Other financial liabilities	2,275,219	472,863	-
Total	**2,275,219**	**472,863**	**-**

The amount of other financial liabilities classified as "Level 1" (EUR 2,275 thousand) relates to the payable at maturity of bonds.
The amount of other financial liabilities classified as "Level 2" (EUR 473 thousand) relates to the payable a maturity of corporate loans.

NOTE 32 – DISCLOSURE ON RISKS

The main risks identified and actively managed by ERG S.p.A. are the following:

- the credit risk, which highlights the possibility of default of a counterparty or any impairment of the assigned credit rating;
- the liquidity risk, which expresses the risk that available financial resources are insufficient to maintain payment commitments.

ERG S.p.A. attributes great importance to the identification and measurement of the risks and to the connected control systems, in order to ensure an efficient management of the assumed risks. Consistently with this objective, an advanced Risk Management system was adopted that assures, in compliance with the existing policies on the topic, the identification, measurement and central level control for the entire Group of the degree of exposure to individual risks.
The Group Risk Management & Corporate Finance function ensures consistency with the assigned limits and provides adequate support with its own analyses, both to individual subsidiaries and to the Risk Committee and Top Management of the Parent, for strategic decisions.

Credit risk

Exposure to credit risk, inherent in the probability that a counterparty will not be able to meet its contractual obligations, is managed through appropriate analyses and assessments attributing to each counterparty an internal rating (Internal Rating Based, summary indicator of creditworthiness assessment). The rating classes provide an estimation of the probability of default of a specific counterparty, on which the degree of creditworthiness assigned depends, which is accurately monitored and must not be overrun. The choice of counterparties both for the industrial business and financial negotiations underlies the decisions of the Credit Committee, whose choices are supported by creditworthiness analyses.
Concentration risk, both by customer and by segment, is continuously monitored, though no warning situations have ever occurred.

The table below provides information about the exposure of ERG S.p.A. to credit risk at year end by the classification of amounts due (see **Note 7 – Trade receivables**) according to the credit rating corresponding to the internal ratings assigned.

(EUR thousand)	2024
AAA Rating	-
AA+/AA- Rating	-
A+/A- Rating	-
BBB+/BBB- Rating	-
BB+/BB- Rating	-
B+/B- Rating	-
CCC- Rating	-
Amounts due from Group companies and other unassigned amounts	8,350
Total	**8,350**

The risk position at 31 December 2024 is extremely limited as it is represented primarily by intragroup positions.

Liquidity risk

Liquidity risk is the risk that financial resources may not be sufficient to cover all obligations falling due. To date, ERG S.p.A. guarantees the adequate coverage of its financial requirements through the generation of flows and the availability of credit facilities, provided by different counterparties.

The following tables summarise the time profile of the financial liabilities of ERG S.p.A., including interest, at 31 December 2024 and at 31 December 2023 on the basis of non-discounted contractual payments and the relative carrying amount.

31/12/2024

			Maturity of liabilities				
(EUR thousand)	Carrying amount	Payable maturity	On demand	less than 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years
Bonds issued	2,109,707	2,275,219	-	-	537,894	707,542	1,029,783
Loans and borrowings	423,339	472,863	-	6,916	9,817	456,130	-
Current bank loans and borrowings	180,719	180,718	-	180,718	-	-	-
Other financial liabilities	-	-	-	-	-	-	-
Trade payables	9,839	9,839	4,366	5,473	-	-	-
Total non-derivative financial liabilities	**2,723,605**	**2,938,639**	**4,366**	**193,107**	**547,711**	**1,163,672**	**1,029,783**

31/12/2023

			Maturity of liabilities				
(EUR thousand)	Carrying amount	Payable maturity	On demand	less than 3 months	from 3 to 12 months	from 1 to 5 years	more than 5 years
Bonds issued	1,601,949	1,666,722	-	-	17,029	1,136,385	513,307
Loans and borrowings	333,229	385,130	-	5,913	11,030	368,187	-
Current bank loans and borrowings	136,551	136,551	-	50,690	85,861	-	-
Other financial liabilities	2	2	-	-	2	-	-
Trade payables	12,527	12,527	3,747	8,780	-	-	-
Total non-derivative financial liabilities	**2,084,258**	**2,200,931**	**3,747**	**65,383**	**113,921**	**1,504,573**	**513,307**

Liquidity Risk and Expected Liquidity Losses

ERG S.p.A. implements a risk mitigation strategy aimed at preventing the emergence of liquidity crisis situations that involves pursuing a balanced financial structure in terms of duration and composition, continuous monitoring of financial balances and systematic generation of cash by its business activities, guaranteeing an adequate distribution of credit lines, cash deposits and the relative financial assets among the major Italian and international banks.

In order to guarantee efficient liquidity management, the company's Treasury activities are centralised. The company provides for the Group's liquidity requirement primarily with the cash flows generated by ordinary operations and with credit facilities, when necessary, assuring appropriate liquidity management.

To pursue its risk mitigation objectives, the company's stock of financial assets is invested in short-term, highly liquid financial instruments, favouring a very low risk profile. Short selling is not permitted under any circumstances.

Even in the current reference context, liquidity risk remains limited.

Interest rate risk

This is the risk that changes in the future trends of interest rates could determine higher costs for ERG S.p.A. Containment of the interest rate risk is pursued by using derivative contracts such as Interest Rate Swaps and Interest Rate Options (plain vanilla).

The following table shows the impact on the profit (due to changes in the fair value of financial assets and liabilities) and equity of ERG S.p.A. (due to changes to the fair value of the cash flow derivatives) of a +/-1% change in the interest rate, keeping all other variables fixed.

Impact on profit or loss

(EUR million)	2024
Shock-up (+1% change in interest rate)	(0)
Shock-down (-1% change in interest rate)	0

Impact on equity

(EUR million)	2024
Shock-up (+1% change in interest rate)	9
Shock-down (-1% change in interest rate)	(10)

Derivative instruments used

The main types of derivative instruments adopted in the management of financial risks, solely for hedging purposes, are as follows:

Options: a contract whereby one of the parties, on payment of a sum to the other (premium), acquires the right to buy (call option) or sell (put option), at a future date, a certain quantity of financial instruments (underlying asset) at an established price (exercise or strike price);

Forward contracts: : contracts for the purchase or sale between two parties of a certain financial instrument (the underlying asset) at a future date and at a price fixed at the time the contract is stipulated; this category also includes futures contracts, which unlike forward contracts are standardised, negotiated in lots and for predetermined maturity dates within regulated markets;
Swap: contract that determines, between two parties, the swap of flows of payments at certain dates. Payments can be expressed in the same currency or in different currencies and their amount is determined in relation to an underlying asset.

The underlying asset can be of various kinds and significantly influences the characteristics of the contract that can assume various forms in practice.

The derivatives entered into by ERG S.p.A. to hedge the exposure to financial risks existing at 31 December 2024 are:
Interest Rate derivatives

- Interest Rate Option instruments that make it possible to set upper limits (cap) and lower limits (floor) to interest rate fluctuations relating to loans indexed to a variable rate;
- Interest Rate Swap instruments to bring bank loans with fixed and variable rate to the risk profile deemed most appropriate. IRS contracts provide that the counterparties, with reference to a defined notional value and to pre-set maturities, mutually exchange interest flows calculated in relation to fixed rates or to variable rate parameters agreed previously.

Hedge Accounting

The company uses derivative financial instruments to hedge its own exposure to interest rate risks and to the price risk. Embedded derivatives are separated from the host contract and recognised separately when the host contract does not constitute a financial asset and when determined criteria are met. At the start of the designated hedging relationship, the company documents the risk management objectives and the strategy in implementing the hedge, as well as the economic relationship between the hedged item and the hedging instrument and whether it is expected that the changes in the cash flows of the hedged item and the hedging instrument will offset each other. When a derivative financial instrument is designated as an instrument to hedge the exposure to the variability of cash flows, the effective portion of the fair value gain or loss on the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve. The effective portion of the fair value gain or loss on the derivative financial instrument that is recognised in other comprehensive income is limited to the cumulative change in the fair value of the hedged instrument (at the present value) from the start of the hedge. The ineffective portion of the changes in fair value gain or loss on the derivative financial instrument is recognised immediately in profit or loss for the year. In a hedging relationship, the company designates only the change in fair value of the spot element of the forward contract as a hedging instrument.
If the hedge ceases to meet the qualifying criteria or the hedging instrument is sold, terminates or is exercised, hedge accounting is discontinued prospectively. When the cash flow hedge transactions cease being reported, the cumulative gain or loss in the hedging reserve remains in equity until, in the case of a hedge of a transaction that entails the recognition of a non-financial asset or liability, it is included in the cost of the non-financial asset or liability at initial recognition or, in the case of the other cash flow hedges, it is reclassified to profit or loss for the year in the same year or years in which the hedged expected future cash flows have an effect on profit or loss for the year. Where cash flow hedges are no longer expected, the amount must be reclassified immediately from the hedging reserve and from the reserve for hedging costs to profit or loss for the year.

A hedging relationship is effective if and only if it meets the following requirements:

- *existence of an economic relationship between the hedging instrument and the hedged item;*
- *the credit risk is not dominant with respect to the changes in value; and*
- *the hedge ratio is the same one used for risk management purposes, i.e. the hedged quantity of the hedged element and the quantity of the hedging instrument used to cover the hedged item.*

The company carries out the basis adjustment, reclassifying the effective result of the hedge to adjust the value at initial recognition of the hedged item, in case of cash flow hedges of non-financial elements.
However, for all cash flow hedges, including those of transactions involving the recognition of a non-financial asset or liability, the cumulative gain or loss in the hedging reserve was reclassified to profit or loss for the year in the same year or in the same years in which the hedged expected future cash flows have an effect on profit or loss.

Summary of derivative instruments used

The derivative instruments entered into by ERG to hedge the exposure to interest rate risk at 31 December 2024 are as follows:

Type	Hedged risk	Reference notional EUR thousand	Fair Value al 31/12/2024 EUR thousand
Cash Flow Hedging instruments			
Interest Rate Swaps and Interest Rate Caps	Economic interest rate risk	419,900	19,632
Total Cash Flow Hedging instruments			**19,632**

Cash Flow Hedging instruments

Interest Rate Swaps and Interest Rate Caps and Collars.
Transactions for hedging the "interest rate" economic risk tied to fluctuations in interest rates on loans.
At 31 December 2024, the total fair value was a positive EUR 19,632 thousand.

NOTE 33 – SIGNIFICANT EVENTS AFTER THE REPORTING DATE

Date	Geographical segment	Sector	Significant event
16 January 2025	UK & Nordics	Wind	ERG, through its subsidiary ERG UK Holding Ltd, has today acquired the entire share capital of BayWa r.e AG from BayWa r.e. UK (Jubilee) Limited, a company that owns Broken Cross Wind Farm Limited, which owns a 43.2 MW onshore wind farm in South Lanarkshire, Scotland.

NOTE 34 – AUDIT FEES

Based on Article 149-duodecies of the Issuers' Regulation, the 2024 costs relating to the services performed by the independent auditors KPMG S.p.A., auditor of the ERG Group, and by the companies belonging to its related network are set out below.
The preparation of the table is in line with the "Procedure for audit engagements in the companies of the ERG Group and monitoring of additional services".
Audit services comprise the complete audit of the separate and consolidated financial statements and the audit of the reporting package of the parent for the purposes of the preparation of the Consolidated Financial Statements and the limited audit of the Condensed Interim Consolidated Financial Statements.

(EUR thousand)	2024	2023
Audit services	329	358
Non-audit services	267	210
TOTAL	**597**	**568**

Non-audit services refer to:
- comfort letter required for the placement of the 2024-2030 Green Bond as part of the "Euro Medium Term Note Programme" for EUR 40 thousand;
- check of the compliance of the separate annual accounts (unbundling) for EUR 17 thousand;
- agreed-upon procedures on the quarterly data of the subsidiaries for EUR 106 thousand;
- check and signings of tax returns for EUR 4 thousand;
- assurance of the Consolidated Sustainability Statement for EUR 90 thousand;
- assurance of on the Green Bond Report for EUR 10 thousand;

NOTE 35 – OTHER INFORMATION

- Article 1, paragraphs 125-129 of Italian Law no. 124 of 4 August 2017 introduced the obligation for companies that receive grants from public administrations to publish the amounts received in their Notes to the Separate Financial Statements and in the Consolidated Financial Statements, if these are drawn up. In view of the interpretation difficulties encountered in applying these provisions (Assonime – circular no. 5 of 22 February 2019) the legislator intervened, amending the said regulations several times. More specifically, the legal provisions of Italian Law no. 124/17 were most recently revised by Italian Law Decree no. 34 of 30 April 2019, which set forth urgent economic growth measures to resolve specific crisis situations, converted with Italian Law no. 58 of 28 June 2019, which provided responses to important issues in order to simplify and rationalise the regulations under consideration. The company has therefore decided to state in its financial statements any financial contributions received from public administrations for use by all the companies and that come under the general scheme of the reference system defined by the State (e.g. feed-in premium, energy efficiency certificates, etc.) with the exception of those belonging to the following categories:
  - tax relief;
  - training grants received from inter-professional funds (such as Fondimpresa), since such funds are a form of partnership governed by private law, financed with the contributions paid by the companies themselves.

  It should be noted that with reference to the 2024 financial year, ERG S.p.A. benefited from the contribution relief, recognised by INPS, pursuant to Article 1 paragraphs 161 to 168 of Italian Law no. 178 of 30 December 2020 ("Decontribuzione Sud") for an amount equal to EUR 51,470. No additional contributions are reported for the year 2024 in relation to ERG S.p.A. In accordance with the provisions of Article 3-quater of Italian Law Decree no. 135/2018, for the funds received please refer to the indications contained in the National Register of State Aid under Article 52 of Italian Law no. 234 of 24 December 2012. .

- During the year, no atypical and/or unusual transactions took place. Atypical and/or unusual transactions are those transactions that due to their significance/relevance, nature of the counterparties, subject of the transaction, procedures for determining the transfer price

and timeframe of the event (proximity to the end of the year) can give rise to doubts with regard to: the correctness/completeness of the information in the financial statements, conflicts of interest, wealth preservation and the protection of non-controlling interests.
- No advances were provided and there are no receivables from directors and statutory auditors of ERG S.p.A. for the performance of these functions.

NOTE 36: IFRS STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED STARTING ON 1 JANUARY 2024

From 1 January 2024, the following standards, interpretations and amendments to existing standards, in relation to which there are no significant effects on the Separate Financial Statements, became applicable:
- Amendments to IFRS 16 "Leases" – Lease liabilities in a sale and leaseback;
- Amendment to IAS 1 "Presentation of financial statements" on the classification of non-current assets and liabilities with covenants;
- Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures" on supplier finance agreements.

NOTE 37 – IFRS AND IFRIC ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS, PUBLISHED BUT NOT YET ADOPTED EARLY BY THE GROUP AT 31 DECEMBER 2024

Below are the new standards or amendments to the standards, applicable for annual periods beginning on or after 1 January 2024 and for which earlier application is allowed. However, the company has decided not to adopt them in advance for the preparation of these Separate Financial Statements.

Entry into force	Description	Issue date	Approved
1 January 2025	Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates" on lack of exchangeability	15 August 2023	Sì
1 January 2026	Amendments to IFRS 9 and IFRS 7 "Classification and measurement of financial investments"	30 May 2024	No
	Volume 11 of the Project "Annual improvements to IFRS Accounting Standards" on improving the clarity and internal consistency of the adopted accounting standards	18 July 2024	No
1 January 2027	IFRS 18 "Presentation and disclosure on financial statements"	9 April 2024	No
	IFRS 19 "Subsidiaries without public accountability: disclosures"	9 May 2024	No

Any impacts of the aforesaid standards are currently being assessed. At the date of preparation of these Separate Financial Statements, no significant impacts have emerged.

NOTE 38 – MANAGEMENT AND COORDINATION

Following the closing of the transaction aimed at the creation of a long-term partnership between San Quirico S.p.A. and the IFM Net Zero Infrastructure Fund SCSP investment fund, which occurred on 15 September 2022, ERG S.p.A. is a subsidiary of SQ Renewables S.p.A. (a full subsidiary of San Quirico S.p.A. and NZF Bidco Luxembourg 2 S.à r.l., with holdings of 65% and 35%, respectively).
Following the exercise of the put option on shares in SQ Renewables S.p.A. by San Quirico S.p.A., from 9 April 2024, San Quirico S.p.A. and NZF Bidco Luxembourg 2 S.à r.l. each hold in SQ Renewables S.p.A. a number of shares corresponding to 51% and 49%, respectively, of the company's share capital.
SQ Renewables S.p.A. exercises limited management and coordination in respect of ERG S.p.A., in accordance with the provisions of the relative Regulation approved on 15 September 2022 by the Board of Directors, with the prior opinion of the Control, Risk and Sustainability Committee (hereinafter also the "Limited Management and Coordination Regulation").
The resolution approving the Regulations for Limited Management and Coordination by the Board of Directors of ERG S.p.A. was made within the scope of the aforementioned management and coordination activities carried out by SQ Renewables S.p.A.
Pursuant to the provisions of **Article 16 of the Market Regulation adopted by CONSOB with resolution no. 20249 of 28 December 2017 as amended and supplemented**, the following is specified:
- ERG S.p.A. has fulfilled the disclosure obligations set forth in Article 2497-bis of the Italian Civil Code
- ERG S.p.A. has autonomous negotiating ability in relations with customers and suppliers
- ERG S.p.A. has no centralised treasury relationship with SQ Renewables S.p.A.

The committees recommended by the Corporate Governance Code (i.e. the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee) are entirely composed of independent directors both with reference to the provisions of Article 148, third paragraph, of the TUF and with reference to the contents of the Corporate Governance Code.

With reference to the disclosure requirements pursuant to paragraph 4 of Section 2497-bis of the Italian Civil Code, the key figures of the latest financial statements of SQ Renewables S.p.A., which exercises management and coordination activities over ERG S.p.A., are summarised below.

(EUR thousand)	2023
Revenue	-
Costs for raw, ancillary and consumable materials and goods	-
Services	(114)
Use of third-party asset	(17)
Amortization depreciation and impairment losses	(1)
Other operating costs	(16)
Costs of production	**(148)**
Difference between value and costs of production	**(148)**
Net financial income	94,353
Profit before taxes	**94,205**
Income taxes	(1,192)
Profit for the year	**93,013**

(EUR thousand)	2023
Intangible assets	2
Financial assets	1,347,713
Total non-current assets	**1,347,715**
Receivables	92
Cash and cash equivalents	1,919
Total current assets	**2,011**
Prepayment and accruals	**6**
Total Assets	**1,349,732**
Equity	1,348,493
Payables	1,238
Total Liabilities	**1,349,732**

NOTE 39 – PUBLICATION DATE OF THE FINANCIAL STATEMENTS

On 11 March 2025, the Board of Directors of ERG S.p.A. authorised the publication of the Separate Financial Statements together with the reports of the Supervisory Bodies in compliance with the deadlines prescribed by current laws and regulations.

Genoa, 11 March 2025

on behalf of the Board of Directors
The Chairman

Edoardo Garrone

STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 DATED 14 MAY 1999, AS AMENDED

1. The undersigned Paolo Luigi Merli, Chief Executive Officer of ERG S.p.A., and Michele Pedemonte, Manager responsible for preparing the financial reports of ERG S.p.A., taking into account the provisions set out in Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998, state that the administrative and accounting procedures for the preparation of the Separate Financial Statements:
   - were adequate given the company's characteristics and
   - were effectively applied in the period between 1 January 2024 and 31 December 2024.

2. In this regard, the following is pointed out:
   - the suitability of the administrative and accounting procedures for the preparation of the Separate Financial Statements of ERG S.p.A. at 31 December 2024 was verified by the assessment of the system of internal control over Financial Reporting. This assessment was carried out with reference to the criteria established in the "Internal Control – Integrated Framework" model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
   - the assessment of the System of Internal Control over Financial Reporting did not uncover any significant aspects.

3. It is furthermore stated that:
   - the Separate Financial Statements of ERG S.p.A.:
     - were prepared in accordance with the applicable International Accounting Standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council, dated 19 July 2002;
     - match the underlying accounting books and records;
     - are suitable to give a true and fair view of the financial position and results of operations of the issuer.
   - the Directors' Report comprises a reliable analysis of the performance and of the result of operations, as well as of the situation of the issuer and of the group of companies included in the consolidation scope, together with a description of the main risks and uncertainties to which they are exposed.

Genoa, 11 March 2025

The Chief Executive Officer

Paolo Luigi Merli

The Manager responsible for preparing the financial reports

Michele Pedemonte

REPORT OF THE BOARD OF STATUTORY AUDITORS ON FINANCIAL YEAR 2024

TO THE SHAREHOLDERS' MEETING PURSUANT TO ART. 153 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998

Dear Shareholders,

This report (hereinafter the "Report") gives an account to the Shareholders of ERG S.p.A. (hereinafter also the "Company" or "ERG") on the supervisory activity carried out by the Board of Statutory Auditors (hereinafter also the "Board") in the year 2024 pursuant to Article 153 of Italian Legislative Decree no. 58/1998 (Consolidated Finance Act - "TUF"), Article 2429 of the Italian Civil Code, the principles of conduct of the Board of Statutory Auditors recommended by the National Council of Chartered Accountants and Accounting Experts, the CONSOB provisions on corporate controls and the indications contained in the Corporate Governance Code.

This Report was prepared by the Board of Statutory Auditors appointed by the Shareholders' Meeting of ERG S.p.A. by resolution of 26 April 2022 for the three-year period 2022-2024 and restored to the required number of members by resolution of the meeting of 26 April 2023, as will be discussed in more detail below (see Board of Statutory Auditors – Appointment, term of office and operation).
The appointment and subsequent return to the required number of members took place in accordance with the law and the Articles of Association, on the basis of the lists submitted by the shareholders, also taking into account the provisions on gender balance.
Pursuant to Article 153 of the Consolidated Finance Act, the Board of Statutory Auditors of ERG is called upon to report to the Shareholders' Meeting convened to approve the Annual Financial Statements (hereinafter also the "Financial Statements") on the supervisory activity carried out during the year regarding, among other things, the fulfilment of its duties, any omissions and reprehensible facts discovered and the results for the year, as well as, where necessary, to formulate proposals on the Financial Statements, the related approval and any matters falling under its scope of responsibility.
The Board of Statutory Auditors is currently composed of: Monica Mannino (Chairwoman), Giulia De Martino (Standing Statutory Auditor) and Fabrizio Cavalli (Standing Statutory Auditor).
The legal auditing of the Company's accounts is carried out by the auditing firm KPMG S.p.A. (hereinafter: the "Independent Auditors" or "KPMG") for the duration of 9 financial years (2018-2026) as resolved by the Shareholders' Meeting of 23 April 2018.

During the financial year ended 31 December 2024, the Board of Statutory Auditors of ERG, in compliance with the provisions of Article 149 of the Consolidated Finance Act, carried out its supervisory activities, in accordance with the law, observing the CONSOB communications on corporate controls and the activities of the Board of Statutory Auditors (in particular, communication no. DAC/RM 97001574 of 20 February 1997 and communication no. DEM 1025564 of 6 April 2001, subsequently integrated with communication no. DEM/3021582 of 4 April 2003 and communication no. DEM/6031329 of 7 April 2006), also taking into account the principles of conduct recommended by the Italian National Board of Chartered Accountants and Accounting Experts and the indications contained in the Corporate Governance Code, endorsed by ERG.
In addition, as the Company has adopted the traditional governance model, the Board of Statutory Auditors is the "Internal Control and Audit Committee" (hereinafter also referred to as "ICAC"), which is responsible for additional specific control and monitoring functions with regard to financial reporting, statutory audit and sustainability reporting, pursuant to Article 19 of Italian Legislative Decree no. 39 of 27 January 2010, as amended by Italian Legislative Decree no. 135 of 17 July 2016 and Italian Legislative Decree no. 125 of 6 September 2024, the decree implementing EU Directive no. 2022/2464.
The Board of Statutory Auditors obtained the essential and necessary information for the performance of the supervisory tasks assigned to it by, among other things, attending the meetings of the Board of Directors and the internal board committees recommended by the Corporate Governance Code, analysing the information flows acquired from the relevant corporate structures, holding interviews with the management of the Company and the Group, holding meetings with the statutory auditor, the Supervisory Board and the corresponding control bodies of the Group companies, and performing additional control activities.

Board of Statutory Auditors – Appointment, term of office and operation
The Board of Statutory Auditors was appointed by ERG's Shareholders' Meeting with resolution dated 26 April 2022 for the three-year period 2022-2024 and restored to the required number of members on 26 April 2023, pursuant to Article 22, paragraph 15, of the Articles of Association, with the appointment of the current Chairwoman Monica Mannino. The Board's term will expire on the date of the Shareholders' Meeting convened to approve the 2024 Financial Statements.
In order to acquire the information required to perform its supervisory duties, the Board of Statutory Auditors met a total of 20 times during the 2024 financial year.
It is hereby acknowledged that the composition of the Board of Statutory Auditors in office complies with the provisions on gender diversity set forth in Article 148, paragraph 1-bis, of the Consolidated Finance Act, as amended by Article 1, paragraph 303, of Italian Law no. 160 of 27 December 2019, and applied pursuant to Article 1, paragraph 304, of the same law as well as in accordance with the provisions of Article 144-undecies, paragraph 1, of the Issuers' Regulation.

The Board of Statutory Auditors periodically verified the compliance of its members with the criteria of independence, professionalism and integrity, as required by law (Article 148, paragraphs 3 and 4, of the Consolidated Finance Act), and by the principles set forth in the Rules of Conduct for Boards of Statutory Auditors recommended by the Italian National Board of Chartered Accountants and Accounting Experts, as well as the Corporate Governance Code (January 2020 edition – recommendations 9 and 7), acknowledging that its members:

- are not in any of the situations of ineligibility, incompatibility or forfeiture envisaged in relation to the office of Statutory Auditor by law, regulations and the Articles of Association;
- meet the integrity and professionalism requirements prescribed by the applicable legislation and, specifically, the requirements established for members of the control bodies with the Regulation issued pursuant to Article 148, paragraph 4 of the Consolidated Finance Act;
- comply with the provisions relating to the limits on the maximum number of offices envis-aged by current legislation.

In its Report on Corporate Governance and Ownership at 31 December 2024, the Company lists the main offices held by the members of the Board of Statutory Auditors.
With regard to its operation, the Board: a) verified the regular attendance of its members both at the meetings of the Control Body and at all meetings of the Board of Directors and the Internal Board Committees recommended by the Corporate Governance Code; b) assessed the relevance of the topics under review on the basis of a plan aimed at identifying the main risk profiles (risk-based approach) and acquiring the availability of the information flows made available by the various owners, as well as on the basis of an adequate schedule of periodic meetings with the management of the Company and the Supervisory Body pursuant to Italian Legislative Decree no. 231/2001.
The specific control and monitoring functions assigned to the Board of Statutory Auditors in its capacity as ICAC in terms of financial reporting, consolidated sustainability reporting and statutory audit, envisaged by Article 19 of Italian Legislative Decree no. 39 of 27 January 2010, as supplemented by Italian Legislative Decree no. 125/2024, resulted in, among other things, a constant and mutual exchange of information with the Independent Auditors and with the Manager in charge of preparing the company's financial reports.
In conclusion – and also in view of the examination of the results of the self-assessment process conducted in February 2025 which resulted, among other things, in an excellent assessment of the professional and personal characteristics of the current Statutory Auditors and a more than adequate of the technical skills relating to the role – the Control Body considers the composition of the current Board of Statutory Auditors to be more than adequately in line with the Policy adopted by the Company.
As the current Board of Statutory Auditors is nearing the end of its term, the self-assessment process was carried out in the first quarter of 2025 and the results were made available to the public on the Company's website as an integral and substantial part of the Guidelines for the Shareholders' Meeting convened to appoint the new Control Body.

Board of Directors – Appointment, term of office and operation
The Board of Directors of ERG in office at the date of this Report is composed of 12 Directors and was appointed by the Shareholders' Meeting of 23 April 2024. The mandate expires on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2026.
Two lists of candidates were presented for the appointment of the current Board of Directors, one by the shareholder SQ Renewables S.p.A. and the other by a number of institutional investors, pursuant to the provisions of the Consolidated Finance Act, the regulations implementing the Consolidated Finance Act and the Company's Articles of Association. Eleven Directors were elected from the majority list and one from the minority list.
The following Directors were found to be independent (pursuant to Article 148, paragraph 3, of the Consolidated Finance Act, the Corporate Governance Code and the Regulations for the operations of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee): Marina Natale, Elisabetta Caldera, Federica Lolli, Elisabetta Oliveri and Daniela Toscani, i.e. five Directors out of twelve.
The results of the above-mentioned assessments were communicated to the market on 23 April 2024 and outlined in the Report on Corporate Governance and Ownership at 31 December 2024.
Within the Board of Directors, the role of Chairman is held by Edoardo Garrone, that of Executive Deputy Chairman as well as Director in charge of the Internal Control and Risk Management System by Alessandro Garrone, that of Deputy Chairman by Giovanni Mondini, that of Chief Executive Officer by Paolo Luigi Merli, that of Lead Independent Director by Elisabetta Oliveri.
On 15 May 2024, the Board of Directors confirmed that the Independent Directors meet the requirements of the law, the Corporate Governance Code and the Regulations for the operations of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, after the first assessment made at the meeting following the appointment, and the Board of Statutory Auditors verified the correct application of the criteria and procedures adopted by the Board of Directors to assess the independence of the Directors.
In addition, the Board of Statutory Auditors agreed with the positive assessment expressed by the Nominations and Remuneration Committee and endorsed by the Board of Directors, as envisaged by recommendations 21, 22 and 23 of the Corporate Governance Code, on the size and composition of the Board of Directors and its operation as well as on the size, composition and operation of the internal Board committees.
With regard to the procedure followed by the Board of Directors for the purposes of verifying the independence of its directors, the Board of Statutory Auditors carried out the assessments within its remit, noting the correct application of the criteria and procedures for ascertaining the independence requirements pursuant to the law, the Corporate Governance Code and the Regulations for the operation of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, and compliance with the composition requirements of the Board of Directors as a whole. However, it is hereby acknowledged that the composition of the Board of Directors in office complies with the provisions on gender diversity set forth in Article 147-ter, paragraph 1-ter, of the Consolidated Finance Act, as amended by Article 1, paragraph 302, of Italian Law no. 160 of 27 December 2019, and applied pursuant to Article 1, paragraph 304, of the same law as well as in accordance with the provisions of Article 144-undecies, paragraph 1, of the Issuers' Regulation.
The Board of Directors has set up the following internal committees:

- **Control, Risk and Sustainability Committee,** with advisory and proposal-making functions, performs the role and tasks envisaged by the

Corporate Governance Code for the Control and Risk Committee as well in relation to Sustainability and in particular supports the Board of Directors' evaluations and decisions relating to the Internal Control and Risk Management System (hereinafter also the "ICRM" System), as well as those relating to the approval of the periodic financial reports, the Sustainability Report, the ESG Plan, those relating to Group governance, the obligations pursuant to Italian Legislative Decree no. 231/01, anti-corruption, Finance and Risk Management. It also provides the Board of Directors with the opinions required by the Related Parties Procedure. This Committee is made up of three non-executive directors, all independent pursuant to the Consolidated Finance Act and the Corporate Governance Code, and met 14 times in 2024, addressing topics relating to the following areas:

- Group governance;
- Internal Control and Risk Management System;
- Obligations as per Italian Legislative Decree no. 231/01 and the Anti-Corruption System;
- Group administrative and accounting processes;
- Consolidated Sustainability Statement and ESG Plan;
- Related parties;
- Whistleblowing system.

The activities are detailed in the Report on Corporate Governance and Ownership at 31 December 2024.

- **Nominations and Remuneration Committee**: composed of three non-executive directors, all independent pursuant to the Consolidated Finance Act and the Corporate Governance Code, and which met 7 times during 2024. Performs the role and tasks envisaged by the Corporate Governance Code for the Nominations and Remuneration Committee. It makes recommendations for the remuneration of Directors with powers or specific duties and for the definition of remuneration policies and Group's management incentive schemes. It provides an assessment opinion on the size, composition and functioning of the Board of Directors and Board Committees. It also provides the Board of Directors with the opinions required by the Related Parties Procedure. During 2024, the Committee, among other things:
  - √ defined, in relation to the MBO System, for the 2023 financial year, the proposal relative to (i) the corporate objective result (Group consolidated EBT); (ii) the results of the sustainability objective and (iii) the result of the individual objective for the Chief Executive Officer;
  - √ defined, in relation to the MBO System, for the 2024 financial year, the proposal relative to (i) the corporate objective target value (Group consolidated EBT) and the threshold conditions; (ii) the target values of the sustainability objective and the threshold conditions and (iii) the target value of the individual objective for the Chief Executive Officer and the threshold conditions;
  - √ examined and shared the proposed update to the target and cap price of the 2021-2023 LTI System, in accordance with the provisions of the relevant regulation, and was able to assess the achievement of the objectives assigned by the System during the three-year period 2021-2023;
  - √ examined and defined the proposal for the Board of Directors regarding the key elements and conditions necessary to implement the 2024-2026 LTI System;
  - √ examined and approved the update of the Remuneration Policy Report aimed at (a) increasing transparency on the ex post objectives of the incentive systems, (b) introducing further details on the relationship between the fixed remuneration of the Chief Executive Officer and that of ERG Group employees, (c) providing further elements of transparency both on gender pay equity and on the lines of action put in place to ensure it, and (d) incorporating certain indications that emerged during the engagement activities carried out;
  - √ examined and shared, in particular, the outcome of the vote of the Shareholders' Meeting of 23 April 2024 on the first and on the second section of the Report on the remuneration policy and fees paid out;
  - √ examined and shared the objectives relevant to diversity & inclusion contained in the ESG Plan 2024-2026 as well as a report on the main activities carried out during 2023 and those underway in 2024;
  - √ carried out in-depth analyses (i) on some possible ideas for improving the operational management of the 2024-2026 LTI System for the purpose of paying income taxes for beneficiaries (ii) on the peer group of reference for the remuneration of the Chief Executive Officer and how to represent the relative positioning with respect to this peer group (iii) on the operating mechanism of the stock ownership guidelines and, in general, (iv) on how to improve the disclosure of the report on the remuneration policy (for 2025) and fees paid out;
  - √ examined and shared the Policy on gender equality aimed at defining the organisation's commitment to topics relating to gender equality, the enhancement of diversity and female empowerment.

- **Strategic Committee**: composed of seven directors, one of whom independent pursuant to the Consolidated Finance Act and the Corporate Governance Code, and which met 9 times during 2024. It plays a supporting role towards the Executive Vice Chairman and the Chief Executive Officer in the performance of their role and office as part of the Board of Directors and in terms of the strategy and policies approved by the Board of Directors, by way of the prior examination of the multi-year Business Plans, in compliance with what is established in the Corporate Governance Code and the Group Investment budget, as well as Group investments and operations.

Endorsement by the company of the Corporate Governance Code

The Company has endorsed the Italian Corporate Governance Code for Listed Companies promoted by Borsa Italiana S.p.A. since its first edition in 1999.

The Board of Directors endorsed the Corporate Governance Code, published on 31 January 2020, with a resolution dated 15 October 2020, incorporating the recommendations of the Italian Corporate Governance Committee over time, most recently in the 2024 Report on the evolution of corporate governance of listed companies – 12th report on the application of the Corporate Governance Code, analysed during the Board of Directors meeting of 25 February 2025.

Following the endorsement of the updated Corporate Governance Code, on 13 May 2021 the Board of Directors adopted the Regulations for

the operation of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee and approved the Policy for the management of dialogue with shareholders and investors in general, also taking into account the engagement policies adopted by institutional investors and by asset managers, last updated on 15 May 2024.
Pursuant to Article 149, paragraph 1, letter c-bis of the Consolidated Finance Act, the Board of Statutory Auditors supervised the manner in which the Corporate Governance Code was implemented in practice.
The Board also acknowledges that the letter of the Chairman of the Italian Corporate Governance Committee of 17 December 2024 and the related Recommendations of the Committee for the year 2025 have also been discussed by the independent directors at their annual meeting pursuant to the Corporate Governance Code and by the Board of Statutory Auditors.
Finally, the Board acknowledges that the ERG Board of Directors approved the Report on Corporate Governance and Ownership at 31 December 2024, after assessing the consistency of the Report with the principles and recommendations of the Corporate Governance Code and having consulted the Control, Risk and Sustainability Committee with particular reference to the essential elements of the Internal Control and Risk Management System and the methods of coordination between the Entities involved, also in light of the 2024 Report on the evolution of corporate governance of listed companies (12th Report on the application of the Corporate Governance Code, cited above).
With reference to the ICRMS, although the Corporate Governance Code suggests attributing this role to the Chief Executive Officer, the Board of Directors has conferred this power on the Executive Deputy Chairman, deeming it more effective, for the purposes of the operation of the System, and consistent with the principle of segregation of duties, for the Chief Executive Officer to be responsible for identifying the main business risks, taking into account the characteristics of the activities carried out by the Company and its subsidiaries, and for the Executive Deputy Chairman to be responsible for ensuring, through the aforementioned supervisory, management and control powers, the maintenance of the functionality and overall adequacy of the ICRMS.

Management and coordination
It is recalled that during 2022, direct control of ERG was transferred from San Quirico S.p.A. to SQ Renewables S.p.A., a newly established company with a majority stake held by San Quirico S.p.A. and, indirectly, a minority stake held by the investment fund IFM Net Zero Infrastructure Fund, managed by IFM Investors Pty Ltd.
Since 15 September 2022, SQ Renewables S.p.A. has exercised limited management and coordination pursuant to Articles 2497 et seq. of the Italian Civil Code with respect to ERG.
It should be noted that, in view of the change in the control structure, in its meeting on 15 September 2022 the Board of Directors of ERG resolved to adopt the Regulations for limited management and coordination of ERG by SQ Renewables S.p.A.
ERG exercises management and coordination over its direct and indirect subsidiaries, while respecting their management and operational autonomy.

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Supervisory and control activities
The supervisory duties of the Board of Statutory Auditors are governed by the Consolidated Finance Act and Italian Legislative Decree no. 39/2010. The Board of Statutory Auditors took into account the amendments made to Italian Legislative Decree no. 39/2010 with Italian Legislative Decree no. 135/2016 in implementation of Directive no. 2014/56/EU, and of European Regulation no. 537/2014, amended by Directive (EU) no. 2022/2464 with regard to corporate sustainability reporting.
With reference to the 2024 financial year, in light of the guidelines provided by CONSOB in communication no. DEM 1025564 of 6 April 2001, as amended and supplemented by communication DEM/3021582 of 4 April 2003, and subsequently by communication no. DEM/6031329 of 7 April 2006, the Board of Statutory Auditors reports that it has carried out its supervisory activities, also taking into account the events related to the company Equalize S.r.l., an investigative company that ERG had used in 2023 to carry out some technical investigations (see below), and has:

- participated in the Shareholders' Meeting of 23 April 2024 and in the meetings of the Board of Directors, ensuring compliance with the statutory, legislative and regulatory provisions that govern the functioning of the Company's bodies as well as compliance with the principles of correct administration and obtaining from the directors, at least quarterly, adequate information on the general performance of the management and on the outlook, as well as on the most important transactions, in terms of size and characteristics, carried out by the Company and its subsidiaries;
- met with the Supervisory Body, including during the meetings of the Control, Risk and Sustainability Committee and the Board of Directors;
- acquired the elements of knowledge necessary to carry out the activity of verifying compliance with the law, the Articles of Association, the principles of correct administration and the adequacy and functioning of the organisational structure of the Company, through the acquisition of documents and information from the managers of the functions involved and company top management, and periodic exchanges of information with the Independent Auditor KPMG;
- participated in the meetings of the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee;
- supervised the functioning and effectiveness of the internal control system and the adequacy of the administrative and accounting system, in particular with regard to the latter's reliability in representing operating events by, among other things: (i) examining the positive assessment expressed by the Board of Directors on the adequacy of the organisational, administrative and accounting structure of the Company, with particular reference to the ICRM system, pursuant to Article 2381, paragraph 3, of the Italian Civil Code, also pursuant to Italian Legislative Decree no. 14 of 12 January 2019; (ii) using the information made available by the managers of the various company functions; (iii) examining company documents; (iv) analysing reports, including the Reports issued by the Internal Audit function and monitoring the mitigation processes introduced; (v) analysing the 231 Compliance and Privacy Reports; (vi) analysing the 262 Compliance, CSRD and TCF Report for CSRD Compliance; (vii) analysing the results of the work carried out by the independent auditors, with particular regard to the content of the additional Report issued on 25 March 2025 pursuant to Article 11 of European Regulation no. 537 of 16 April 2014; (viii) examining the Report of the Control, Risk and Sustainability Committee, regularly taking part in its work and, in line with previous years, holding regular discussions

and exchanges of information with it; (ix) examining the Reports prepared by the Finance & Group Risk Management Function, aimed at representing the main risks of the Group, and monitoring the related treatment and mitigation plans (Risk & Control Matrix 262 & Tax Control Framework); (x) using the information obtained, as part of a continuous exchange of information with the Company's General Counsel to monitor ongoing litigation, which benefited from constant updates at Board meetings and, lastly, (xi) exchanging information with the control bodies of the subsidiaries, pursuant to paragraphs 1 and 2 of Article 151 of the Consolidated Finance Act;

- exchanged in a timely manner with the managers of the Independent Auditors, entrusted with the legal audit pursuant to the Consolidated Finance Act and Italian Legislative Decree no. 39/2010, the data and information relevant to the performance of their respective duties pursuant to Article 150 of the Consolidated Finance Act, including through the examination of the results of the work performed and the receipt of the reports provided for by Article 14 of Italian Legislative Decree no. 39/2010 and Article 11 of EU Regulation no. 537/2014;
- monitored the functionality of the control system over the Group companies and the adequacy of the instructions given to them, also pursuant to Article 114, paragraph 2, of the Consolidated Finance Act;
- acknowledged the preparation of the Report on the remuneration policy and fees paid pursuant to Article 123-ter of the Consolidated Finance Act and pursuant to Article 84-quater of the Issuers' Regulation, with no observations to report;
- monitored the practical implementation of the corporate governance rules adopted by the Company in accordance with the Corporate Governance Code;
- verified, in relation to the periodic assessment to be carried out pursuant to Article 2 of the Corporate Governance Code (recommendations 6 and 7), as part of the supervision of the practical implementation of the corporate governance rules, the correct application of the criteria and assessment procedures adopted by the Board of Directors, concerning the positive assessment of the independence of the Directors;
- monitored the compliance of the internal procedure regarding Related Party Transactions with the principles indicated in the Regulation approved by CONSOB with resolution no. 17221 of 12 March 2010 and subsequent amendments, as well as its compliance, pursuant to Article 4, paragraph 6, of the same Regulation;
- monitored the fulfilment of obligations related to the European legislation on market abuse (MAR) and the processing of privileged information and the procedures adopted in this regard by the Company.
  With particular reference to the events that occurred during the 2024 financial year, the Board reports that on 26 October 2024, the Company was served with a provision that led to the seizure of some company laptops and which revealed the existence of an investigation launched by the Milan Public Prosecutor's Office into alleged illegal activities related to the business of the company Equalize S.r.l., also extended to the positions of, among others, 5 ERG employees. In this regard, ERG had used the services of this investigation company to carry out some technical assessments, also as part of the defensive investigations carried out by ERG's defence counsel, following a report received in 2023 in accordance with the Whistleblowing Guidelines.
  Based on the information available, ERG does not appear to be involved in the criminal investigation and to date remains uninvolved in any charges pursuant to Italian Legislative Decree no. 231/2001.

With particular reference to the events that occurred during the 2024 financial year, the Board reports that on 26 October 2024, the company was served with a provision that led to the seizure of some company laptops and which revealed the existence of an investigation launched by the Milan Public Prosecutor's Office into alleged illegal activities related to the business of the company Equalize S.r.l., also extended to the positions of, among others, 5 ERG employees. In this regard, ERG had used the services of this investigation company to carry out some technical assessments, also as part of the defensive investigations carried out by ERG's defence counsel, following a report received in 2023 in accordance with the Whistleblowing Guidelines.
Based on the information available, ERG does not appear to be involved in the criminal investigation and to date remains uninvolved in any charges pursuant to Italian Legislative Decree no. 231/2001.

Relations with the Supervisory Authorities

During the 2024 financial year, the Board of Statutory Auditors received a request for information pursuant to Article 115 of the Consolidated Finance Act from CONSOB regarding the matter relating to the company Equalize S.r.l. and the related news that appeared in the press. The Board promptly provided the clarifications requested by the Supervisory Authority and, in the first months of 2025, it then provided an update on the matter that was the subject of the clarifications.
It should also be noted that the Company received, on 13 November 2024, a similar request for information, data and documents from Consob, pursuant to art. 115 of the Consolidated Finance Act. The Company promptly provided the clarifications requested by the Supervisory Authority, at the same time providing evidence to the Board of Statutory Auditors.

Financial and non-financial reporting process

In view of the fact that the responsibility for the statutory audit of the accounts is entrusted to the Independent Auditors, the Board of Statutory Auditors monitored the overall process of preparation of the Separate Financial Statements, the Consolidated Financial Statements and the Sustainability Report as required by Article 19 of Italian Legislative Decree no. 39/2010.
Specifically, the Board supervised the existence of regulations and procedures concerning the process for compiling and disclosing financial and non-financial information. In this regard, the Board highlights that the Report on Corporate Governance and Ownership approved by the Board of Directors on 11 March 2025 illustrates the methods used by the Group to define its own ICRM System in relation to the financial and non-financial reporting process at consolidated level, with the aim of significantly mitigating risks and guaranteeing the reliability and integrity of reporting.
The Board acknowledges that it:

- monitored the corporate disclosure process, verifying the directors' compliance with the procedural rules relating to the preparation, approval and publication of the Separate Financial Statements and Consolidated Financial Statements;
- verified the adequacy, from a methodological point of view, of the impairment process implemented in order to ascertain the possible existence of losses in value of the goodwill and/or of the assets recorded in the financial statements. The Board of Statutory Auditors also

reports that pursuant to the joint Bank of Italy/CONSOB/ISVAP Document no. 4 of 3 March 2010, on 25 February 2025 the Board of Directors of ERG approved the arrangements for the impairment test procedure that meet the provisions of IAS 36, autonomously and before the time of the approval of the financial reports. The results of the impairment tests are adequately detailed in the Notes to the Financial Statements, to which reference is made;

- examined, with the assistance of the Manager responsible for preparing the Company's financial reports, the administrative and accounting procedures relating to the preparation of the Separate Financial Statements, the Consolidated Financial Statements, the Interim Report and the CSRD Report, as well as the other periodic accounting documents. The Manager responsible for preparing Company's financial reports relies on the support of the 262, CSRD and TCF Compliance Organisational Unit to verify the functioning of the administrative and accounting procedures and the preparation of sustainability reporting through control testing activities;
- had evidence of the process that allows the Chief Executive Officer and the Manager responsible for preparing the Company's financial reports to issue the certifications envisaged by Article 154-bis of the Consolidated Finance Act, in order to control the financial reporting and sustainability reporting process, as well as the effectiveness of the ICRM System, with regard to financial reporting and sustainability reporting, without thereby violating the independence (pursuant to Article 19 of Italian Legislative Decree no. 39/2010, as updated by Italian Legislative Decree no. 125/2024);
- received adequate information on the monitoring activity performed on corporate processes with administrative-accounting impact within the Internal Control and Risk Management System, carried out both during the year in relation to the periodic management reports and when closing the accounts for the preparation of the Separate Financial Statements, the Consolidated Financial Statements and the Sustainability Report;
- verified that the Directors' Report was compliant with current legislation, as well as consistent with the resolutions adopted by the Board of Directors and with the facts represented in the Consolidated Sustainability Statement and the Separate and Consolidated Financial Statements;
- acknowledged the contents of the Consolidated Half-Yearly Report at 30 June 2024, without it being necessary to express observations, and ascertained that the latter had been made public in the manner required by the applicable laws and regulations;
- with reference to the additional periodic information, pursuant to Article 82-ter of the Issuers' Regulation, acknowledged that the Company has continued to provide, on a voluntary basis and by means of a press release, the main consolidated economic-financial data and updates on operations on a quarterly basis;
- carried out, in the role of the Internal Control and Audit Committee, pursuant to Article 19, paragraph 1, of Italian Legislative Decree no. 39/10, the specific functions of information, monitoring, control and verification provided for therein, fulfilling the duties and tasks indicated in the aforementioned legislation;
- examined the draft Separate Financial Statements and the draft Consolidated Financial Statements as well as the most significant economic, asset or financial transactions, including transactions with related parties or involving a potential conflict of interest;
- monitored on a half-yearly basis, by acquiring information from the functions concerned, the civil, administrative and tax disputes in which the Company is involved.

In light of the amendments introduced by Italian Legislative Decree no. 125/2024, which implemented Directive no. 2022/2464/EU concerning corporate sustainability reporting, the Board of Statutory Auditors, as the Internal Control and Audit Committee, monitored the evolution of the legislation on sustainability reporting, with particular regard to the requirements of the Corporate Sustainability Reporting Directive (CSRD), which came into force on 1 January 2024, - which amended the reporting requirements of the Non-Financial Reporting Directive (NFRD) - implemented in Italian law by Italian Legislative Decree no. 125/2024.
With regard to the application methods referring to the CSRD, it was noted that:
- as a Public Interest Entity (PIE) and parent company of a large group, with securities admitted to trading on a regulated market, ERG is required to comply with the Corporate Sustainability Reporting Directive (CSRD). Consequently, it will publish its Consolidated Sustainability Statement starting from 2025, covering the 2024 financial year. This report covers all Group companies and forms an integral part of the Management Report accompanying the Group's Consolidated Financial Statements, limited to companies subject to control through equity ownership, thus fulfilling the disclosure requirements regarding non-accounting matters, specifically for the analysis of non-financial information.
The new directive, introduced into Italian law with the aforementioned Italian Legislative Decree no. 125/2024 broadens the reporting requirements and, in compliance with the aforementioned provisions of the Consolidated Sustainability Statement of the ERG Group, contains a description of issues identified as relevant (or material) following the 'double materiality' exercise, as well as additional issues considered relevant by the Company, concerning: 1) the business model and corporate strategy; 2) the company's policies; 3) the main impacts for the company, actual or potential, in relation to sustainability issues, defined according to the criteria of relevance, and any actions taken to identify, monitor, prevent or mitigate such impacts where negative or to remedy them; 4) the main risks for the company related to sustainability issues and the related management methods identified and 5) the performance indicators necessary to represent the results achieved by the company specifically referring to sustainability activities.
On 11 March 2025, the Board of Directors, based on the information received from management and the preliminary investigation carried out by the Control, Risk and Sustainability Committee (called upon to assess the suitability of the sustainability report to correctly represent the business model, the Company's strategies, the impacts, the risks, relevant opportunities in the field of sustainability and the performance achieved, and to "examine the content of the sustainability reporting relevant for the purposes of the Internal Control and Risk Management System, also in consideration of the outcomes of the control activities to monitor the risks related to sustainability reporting") approved the Directors' Report, including the specific section dedicated to the Consolidated Sustainability Statement prepared in accordance with EU Directive no. 2022/2462 (CSRD) and the related Legislative Decree no. 125/2024 implementing it into Italian law.
The Board paid particular attention to the process that led to the approval by the Company's Board of Directors, as well as by the boards of the other Group companies, of the qualitative and quantitative information required for the preparation of the Group's Consolidated Sustainability

Statement at 31 December 2024. Throughout the year, we monitored the project undertaken by the Company for the preparation of its first Consolidated Sustainability Statement. The Board obtained periodic updates on the progress of the preparatory activities for the preparation of the Consolidated Sustainability Statement and obtained specific information on the training process and the internal control and risk management systems adopted by the Company with regard to sustainability reporting.
Specifically, the Board met with the relevant departments and held dedicated sessions to review: (i) roles and responsibilities, (ii) the design of the sustainability reporting preparation process, (iii) the definition of an internal control system for monitoring processes and contributions, and (iv) the reporting methods.
The above-mentioned oversight activities were carried out through meetings with the relevant corporate departments (covering the methods of production, reporting, measurement and presentation of sustainability results and information) and with the Independent Auditors (including the presentation of the audit plan and the results of the audit procedures).
In this context, the Board also relied on the findings of the activities carried out by the CSRD Compliance Organisational Unit, which defined the ESRS Risk & Control Matrix for 2024. The unit adopted an "Entity Level Control" testing strategy, with a planned increase in testing in the following years, identifying 9 processes and 82 sub-processes with 122 control activities. No areas for improvement or failed tests were identified.
On this matter, we also verified that the Company carried out its analysis in accordance with the requirements of the ESRS (European Sustainability Reporting Standards) and, in particular, the EFRAG Guidelines (Materiality Assessment Implementation Guidance), while also considering market best practices.
The Board also verified that the Consolidated Sustainability Statement has been structured consistently with the provisions, strategic objectives and corporate policies set out in the business plan, and that it presents information both on the impact of the Company's activities on the environment, people and governance (inside-out perspective), and on how sustainability-related risks and opportunities affect the Company's economic and financial performance (outside-in perspective).
The Board of Directors has analytically reported all the most important information in the paragraphs "Significant events occurring after the reporting date" and "Business outlook" in the integrated consolidated financial statements, to which reference should be made.
In the course of the supervisory activity, carried out by the Board of Statutory Auditors in the manner described above, no facts emerged that might suggest non-compliance with the law and the articles of association such as to warrant reporting to the Supervisory Authorities or mention in this report.
In accordance with Article 18 of Italian Legislative Decree no. 125/2024, the activities of certifying the compliance of the Consolidated Sustainability Statement have been entrusted to the auditing company KPMG S.p.A. ("KPMG") for the period 2024-2026, confirming the assignment previously entrusted until 2026 for the limited audit of the non-financial statement (NFS), conferred pursuant to article 3, paragraph 10, of Italian Legislative Decree no. 254 of 30 December 2016, and coinciding with the end of the mandate for the statutory audit of the ERG Group.
The independent auditors KPMG today issued their report pursuant to Article 14-bis of Italian Legislative Decree no. 39/2010 on the Consolidated Sustainability Statement, certifying its compliance with the requirements of Italian Legislative Decree no. 125/2024 and with the reporting standards/guidelines used for its preparation.
The Board of Statutory Auditors, within the scope of the functions assigned to it by law, supervised compliance with the provisions of Italian Legislative Decree no. 125 of 6 September 2024 (in force since 25 September 2024) issued in implementation of Directive no. 2022/2464/EU of the European Parliament and of the Council of 14 December 2022, amending Regulation no. 537/2014/EU, of Directive no. 2004/109/EC, of Directive no. 2006/43/EC and of Directive no. 2013/34/EU with regard to (individual or consolidated) corporate sustainability reporting.

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The additional information required by CONSOB Communication no. DEM/1025564 of 6 April 2001, as amended, is provided below.

I. Adequate information was acquired on the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries. The main initiatives undertaken during the financial year are fully described in the Financial Statements, to which reference should be made. In this context, the Board notes the Group's entry into the US renewables market: on 24 April, the closing was completed for the acquisition from Apex Clean Energy Holdings LLC of a 75% stake in a portfolio comprising one operational wind farm and one operational solar plant in the US, with a total installed capacity of 317 MW and an estimated annual production of approximately 1 TWh.
II. On the basis of the information provided by the Company and the data acquired in relation to the aforementioned transactions, the Board of Statutory Auditors ascertained their compliance with the law, the Articles of Association and the principles of proper administration, ensuring that they were not manifestly imprudent or risky, in potential conflict of interest, in contrast with the resolutions passed by the Shareholders' Meeting or such as to compromise the integrity of the company's assets.
III. During its checks, the Board did not identify any atypical and/or unusual transactions, either with third parties or with Group companies or related parties. It is acknowledged that the information provided in the Annual Financial Report regarding significant events and transactions and any atypical and/or unusual transactions, including those within the group and with related parties, is adequate and complies with regulatory provisions.
IV. The characteristics of the intragroup and related party transactions implemented by the Company and its subsidiaries during 2024, the parties involved and the related economic effects are indicated in Note 47 to the Consolidated Financial Statements and in Note 30 to the Separate Financial Statements, to which reference should be made. It should be noted that the Company has had regular commercial and financial transactions with its subsidiaries, consisting of ordinary transactions concluded at market or standard conditions, i.e., since they are below the low threshold provided for by the procedure itself. All transactions were carried out in the interest of the Group and, with the exception of the transactions with entities pursuing humanitarian, cultural and scientific initiatives, are included under ordinary operations. During the 2024 financial year, the Board of Statutory Auditors analysed the favourable opinions issued by the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee regarding certain transactions with Related Parties of "lesser significance", since the Committees, each within their respective areas of competence, had assessed the Company's interest in carrying out the transactions, as well

as the fairness and convenience of the related conditions. The Board of Statutory Auditors considers the information provided on the aforementioned transactions to be adequate on the whole, and deems these transactions to be congruous and in line with the company's interest, based on the data acquired. The Board of Statutory Auditors had no reason to raise objections regarding the alignment with the company's best interest for all the transactions it reviewed during the reporting period. The Board of Statutory Auditors has carefully and consistently monitored the transactions brought to the attention of the aforesaid committees, requesting further analysis and in-depth reviews where deemed necessary.

Related Party Transactions, identified on the basis of international accounting standards and the provisions issued by CONSOB, are regulated by an internal procedure; the Board of Statutory Auditors acknowledges that no changes were made during 2024.

The Board of Statutory Auditors has reviewed the Procedure, verifying its compliance with CONSOB Regulation no. 17221 of 12 March 2010, as amended by CONSOB Resolution no. 21624/2020, which came into effect on 1 July 2021.

The Board of Statutory Auditors verified the correct application of the Procedure for the aforementioned transactions.

V. On 25 March 2025, the Independent Auditors issued the reports pursuant to Articles 14, 14-bis and 16 of Italian Legislative Decree no. 39/2010, Article 10 of EU Regulation no. 537/2014 and Article 8 of 2020 EU Regulation no. 852, in which they certified that:

- the Separate Financial Statements and the Consolidated Financial Statements of the Group at 31 December 2024 give a true and fair view of the statement of financial position, profit and loss and cash flows for the year then ended in accordance with IAS/IFRS and the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38/05;
- the Directors' Report and the information pursuant to Article 123-bis of the Consolidated Finance Act contained in the Report on Corporate Governance and Ownership are consistent with the Separate Financial Statements and the Group's Consolidated Financial Statements and have been prepared in accordance with the law;
- the opinion on the Separate Financial Statements and the Consolidated Financial Statements expressed in the aforesaid Reports is consistent with that indicated in the Additional Report prepared pursuant to Article 11 of EU Regulation no. 537/2014;
- the Financial Statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation (EU) no. 2019/815;
- the Group's Consolidated Financial Statements have been prepared in XHTML format and marked up, together with the notes to the financial statements, in all significant aspects, in accordance with the provisions of Delegated Regulation (EU) no. 2019/815;

In light of the above, we acknowledge having received from the Independent Auditors and having reviewed in dedicated meetings the results of the attestation of the compliance of the Sustainability Report and having prepared our own considerations to be sent to the Board of Directors.

The Independent Auditors also declared that they have verified, to the extent of their competence and in accordance with articles 8 and 18, paragraph 1, of Italian Legislative Decree no. 125 of 6 September 2024, the Sustainability Report for the 2024 financial year prepared in accordance with article 4 of the Decree, presented in the specific section of the Directors' Report. The Independent Auditors have also issued a Limited Assurance Report certifying compliance, in all significant aspects, with the requirements of Italian Legislative Decree no. 125/2024 and the reporting standards adopted by the European Commission pursuant to Directive no. 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS"); In this Report, the Independent Auditors declared that nothing has come to their attention that causes them to believe that the information contained in the paragraph "The European Taxonomy" of the Consolidated Sustainability Statement has not been prepared, in all material respects, in accordance with Article 8 of Regulation (EU) No. 852 of 18 June 2020 (hereinafter also referred to as the "Taxonomy Regulation").

The aforementioned Independent Auditors' Reports do not contain any remarks or requests for information pursuant to Article 14, paragraph 2, letter d), or statements issued pursuant to Article 14, paragraph 2, letters e) and f), and the new Article 14-bis of Italian Legislative Decree no. 39/10.

On 25 March 2025, the same auditing firm sent to the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, the Additional Report to illustrate the results of the statutory audit, the elements inherent in the process of planning and conducting the audit and the related methodological choices and compliance with ethical principles, pursuant to Article 11 of EU Regulation no. 537/2014: as reported in the opinion on the Financial Statements, this report does not contradict the same opinions, but reports on specific matters. It is worth mentioning here that, in addition to the so-called significant matters reported as "key audit matters", in the reports on separate and consolidated financial statements, no significant deficiencies in the internal control system in relation to the financial reporting process emerged that were worthy of being brought to the attention of those responsible for "governance".

On 25 March 2025, the Independent Auditors issued the annual confirmation of its independence pursuant to Article 6, paragraph 2, letter a) of EU Regulation no. 537/2014 and pursuant to paragraph 17 of the international auditing standard ISA Italia 260, which was sent on the same date to the Board of Statutory Auditors.

The Board of Statutory Auditors, also during the meetings with the Independent Auditors, did not receive any information from the latter on facts deemed objectionable and relevant to the performance of the statutory audit on the separate and consolidated financial statements.

During the year, on the basis of what was reported by the Independent Auditors, the Company and some of its subsidiaries appointed the Independent Auditors, and parties belonging to its network (KPMG network), for services other than the statutory audit of the accounts.

The details of the fees paid during the year and the relevant cost of the tasks carried out, including those assigned in 2024, by the Independent Auditors and by subjects belonging to their network in favour of the Company and its subsidiaries, are indicated in the Consolidated Financial Statements of the Company, as required by Article 149-duodecies of the Issuers' Regulation, in Annex II of the Report to the Consolidated Financial Statements and in Annex III of the Report to the Separate Financial Statements.

Audit-related fees include activities related to the audit of the ESEF financial statements.

Non-audit services refer mainly to:

1) Parent Company:

- comfort letter requested on the placement of the 2024-2030 Green Bond as part of the "Euro Medium Term Note Programme" for EUR

40 thousand;
- verification of the compliance of the separate annual accounts (unbundling) for EUR 17 thousand;
- agreed-upon procedures requested on the quarterly data of the subsidiaries for EUR 106 thousand;
- verification and certification of tax returns for EUR 4 thousand;
- certification of conformity of the Consolidated Sustainability Statement for EUR 90 thousand;
- certification procedures on the Green Bond Report for EUR 10 thousand;

2) Subsidiaries:
- verification of the compliance of the separate annual accounts (unbundling) for EUR 30 thousand;
- verification and certification of tax returns for EUR 19 thousand;
- verification and certification of bank covenants for EUR 5 thousand.

For the purposes of the independence of the Independent Auditors, a cap is envisaged for the provision of permitted non-audit services, i.e. services other than those prohibited by Article 5 of EU Regulation no. 537/2014, equal to 70% of the average fee paid in the last three consecutive financial years for the statutory audit.

The Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, monitored the non-audit services during the financial year and notes that the threshold was not exceeded. For the purposes of calculating the cap, no account was taken of the activities which, although subject to prior approval, must be carried out by law and mandatorily assigned to an auditor.

The Independent Auditors only perform the tax activities related to the statutory audit assignment and therefore related to the signing of forms, VAT declaration and visa for use of credits in compensation, but do not perform any tax advisory activities as required by Article 5 of Regulation no. 537/2014.

The Board of Statutory Auditors, in its role as Internal Control and Audit Committee, has fulfilled the duties required by Article 19, paragraph 1, letter e) of Italian Legislative Decree no. 39/2010 (as amended by Italian Legislative Decree no. 135/2016 and Italian Legislative Decree no. 125/2024) and Article 5, paragraph 4 of EU Regulation no. 537/2014 concerning the prior approval of the aforesaid appointments, verifying their compatibility with the regulations in force and, specifically, with the provisions of Article 17 of Italian Legislative Decree no. 39/2010 and subsequent amendments, as well as with the prohibitions set forth in Article 5 of the Regulation referred to therein.

The Board of Statutory Auditors notes that the assessment process, when the Company and its subsidiaries entrust certain types of services to the independent auditors and their Network, is regulated by a "Procedure for the assignment of audit engagements in ERG Group companies and the monitoring of additional services", which is aimed at ensuring that the independence requirement of the independent auditors is met and at regulating the aforementioned assessment process.

With reference to the topic of independence, the Board of Statutory Auditors has:

a) verified and monitored the independence of the audit firm, pursuant to Articles 10, 10-*bis*, 10-*ter*, 10-*quater* and 17 of Italian Legislative Decree no. 39/2010 and Article 6 of EU Regulation no. 537/2014, ascertaining that the independence of the audit firm was in compliance with the relevant regulatory provisions and that the engagements for non-audit services conferred to the audit firm did not appear to be such as to give rise to potential threats to the auditor's independence and to the safeguards set forth in Article 22-ter of Directive no. 2006/43/EC;

b) examined the transparency report and the additional report prepared by the independent auditors in compliance with the criteria set forth in EU Regulation no. 537/2014, noting that, on the basis of the information acquired, no critical aspects emerged in relation to the auditor's independence;

c) received confirmation in writing, pursuant to Article 6, paragraph 2, letter a) of EU Regulation no. 537/2014, that the Independent Auditors, during the period from 1 January 2025 to the time of issue of the declaration, did not encounter any situations that may compromise its independence within the meaning of Articles 10 and 17 of Italian Legislative Decree no. 39/2010, as well as 4 and 5 of EU Regulation no. 537/2014 and the IESBA Code of Ethics;

d) discussed with the Independent Auditors the risks to its independence and any measures taken to mitigate them, pursuant to Article 6, paragraph 2, letter b) of EU Regulation no. 537/2014.

VI. From the date of the previous report (26 March 2024) and up to the date of this Report (25 March 2025), a complaint pursuant to Article 2408 of the Italian Civil Code (i) for the failure to put to the vote, at the Shareholders' Meeting of ERG S.p.A. of 23 April 2024, of the liability action against the Board of Directors, as the Company allegedly 'prohibited participation in shareholders' meetings via the internet in 2023, despite the end of the health emergency' and (ii) due to the fact that the amendment to the Articles of Association approved by the Shareholders' Meeting of ERG S.p.A. of 23 April 2024 aimed at allowing shareholders' meetings to be held exclusively through the representative designated by the Company "makes the right of withdrawal applicable and automatic in favour of shareholders pursuant to art. 2437 ter of the Italian Civil Code, while this right was denied by the resolution in question without justification". Despite the fact that the complainant - from the date of sending the aforementioned complaint to the present - has never legitimised himself as a shareholder of the Company, the Board of Statutory Auditors proceeded with the appropriate investigations, also with the support of the Company's Corporate Affairs, Compliance 231 & Privacy department, at the end of which it considered that this complaint was unfounded and therefore decided not to follow it up. Therefore, there are no elements to report to the Shareholders' Meeting. There is therefore nothing to report to the Shareholders'.

VII. During the 2024 financial year, the Board of Statutory Auditors expressed its opinion in all those cases in which it was requested to do so by the Board of Directors, also in compliance with the regulatory provisions requiring prior consultation with the Board of Statutory Auditors.

During the year, the Board of Statutory Auditors, to the extent of its responsibilities, examined the proposals put forward – after evaluation by the Nominations and Remuneration Committee – regarding the remuneration policy and its implementation.

The remuneration system, implemented on the proposal of the Nominations and Remuneration Committee, provides for the allocation of remuneration consisting of a fixed component and a short-term variable component linked to the economic results and sustainability achieved at Group level and correlated to pre-established specific objectives (including individual objectives), together with participation in the Company's medium and long-term incentive plans based on financial instruments (performance shares), in favour of certain managers in key

positions, including Key Managers, as illustrated in the Report on the remuneration policy and fees paid, which will be published in accordance with Article 123-ter of the Consolidated Finance Act on the Company's website. The Committee also verified that the ERG Group's remuneration infrastructure was aligned with the strategic plan and with the sustainability, innovation and motivation objectives of the corporate scope.
In accordance with the provisions of the Related Parties Regulation, as implemented in ERG's Procedure for Related Party Transactions, the approval of the Remuneration Policy by the Shareholders' Meeting, defined on the proposal of the Nominations and Remuneration Committee, exempts the Company from applying the aforesaid procedure in the resolutions of the Board of Directors concerning the remuneration of Directors and Other Key Managers provided that the relevant remuneration is in line with the aforementioned Policy and quantified on the basis of criteria that do not involve discretionary assessments.
The Nominations and Remuneration Committee verified that the remuneration awarded was in line with market values, also with the support of benchmark analyses commissioned from third parties.

VIII. The Board of Statutory Auditors has overseen compliance with the law and the Articles of Association, as well as endorsement of the principles of proper administration, through participation in meetings of the Board of Directors and internal committees, meetings with the Manager responsible for preparing the company's financial, with the Head of Group Administration, the Chief Audit Officer, the Head of Corporate Affairs, 231 Compliance & Privacy, management hearings, and the acquisition of information. The Board ensured that the operations approved and carried out by the directors were in line with the aforementioned rules and principles, as well as being based on principles of economic rationality and not manifestly imprudent or risky, free from conflicts of interest with the Company, in accordance with resolutions passed by the Shareholders' Meeting, and not such as to compromise the integrity of the company's assets. The Board believes that the governance tools and institutions adopted by the Company represent a valid safeguard for compliance with the principles of proper administration.

IX. Supervision of the adequacy of the organisational structure of the Company and the Group was carried out through knowledge of the Company's administrative structure and the exchange of data and information with the heads of the various corporate functions, the Internal Audit function and the Independent Auditors.
The Company and Group's organisational structure is implemented by the Chief Executive Officer, who assigns internal delegations by appointing managers responsible for the various departments and Business Units, granting powers of attorney aligned with their respective responsibilities.

X. With reference to the supervision of the adequacy and effectiveness of the internal control system, also pursuant to the current Article 19 of Italian Legislative Decree no. 39/2010, the Board held periodic meetings with the head of the Internal Audit function and other corporate functions and the related meetings with the Control, Risk and Sustainability Committee and with the Supervisory Board, pursuant to the organisational model provided for by Italian Legislative Decree no. 231/2001 adopted by the Company (the "231 Model").
It is noted that the adequacy of the internal control system constitutes an integral part of the adequacy of the organisational, administrative and accounting structures, as provided by Articles 2086, 2380-bis, and 2381 of the Italian Civil Code. These structures must comply with the requirements of Article 3, paragraph 3, of the new Corporate Crisis and Insolvency Code, which came into force on 15 July 2023. In particular, pursuant to the aforementioned provision, the organisational structures must make it possible, among other things, to:
– identify any imbalances of a financial or economic nature, in relation to the specific characteristics of the company and the business activities carried out by the debtor;
– verify the sustainability of debts and the prospects for business continuity for at least the next 12 months.
The Board found that the Company's internal control and risk management system is based on a structured and organic set of rules, procedures and organisational structures aimed at preventing or limiting the consequences of unexpected results and enabling the achievement of strategic and operational objectives (i.e. consistency of activities with objectives, effectiveness and efficiency of activities and safeguarding of corporate assets), compliance with applicable laws and regulations (compliance) and correct and transparent internal and market information (reporting).
The guidelines of the Company's internal control and risk management system are defined by the Board of Directors, with the assistance of the Control, Risk and Sustainability Committee. The Board of Directors also assesses, at least annually, its adequacy and proper functioning, with the support of the Internal Audit function, the Control, Risk and Sustainability Committee and the Executive Deputy Chairman. The Company's Internal Audit function operates on the basis of an annual plan that defines which activities and processes are to be audited in a risk-based approach.
The Plan of activities is approved annually by the Board of Directors after receiving the favourable opinion of the Control, Risk and Sustainability Committee and the Board of Statutory Auditors, and was last reviewed and approved at the Board of Directors' meeting of 14 November 2024.
On the basis of the activities carried out, the information acquired, and the content of the Report of the Audit function, the Board of Statutory Auditors considers that there are no critical elements that could affect the structure of the control and risk management system.
In relation to the 2024 financial year, in accordance with the provisions of Article 6, Recommendation 33, letter a), of the Corporate Governance Code, the Board of Directors carried out an overall assessment of the adequacy of the internal control and risk management system, including the coordination procedures between the various parties involved in the system, based on the information and evidence gathered, with the support of the investigative activity of the Control, Risk and Sustainability Committee, and considered that the system as a whole is suitable to allow, with reasonable certainty, an adequate management of the main risks identified.
The Company, also at group level, makes use of additional tools to safeguard its operational and compliance objectives. These include a structured and periodic system of planning, management control and reporting, a risk management system based on the principles of Enterprise Risk Management (ERM), and the accounting control model established by Italian Law no. 262/2005 on financial and non-financial reporting. These measures are designed to ensure effective prevention of the main risks related to financial reporting and non-financial information. This is in line with the guidelines outlined in the Internal Control over Financial Reporting Operating Manual and the criteria set forth in the "Internal Controls - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (CO.S.O.), as updated by the new CO.S.O. framework Guidelines from March 2023 for ICSR Internal Control Over Sustainability Policy.

The Company has a 231 Model and an Anti-Corruption Policy, which, together with the Group's Code of Ethics, are aimed at preventing the commission of offences relevant to Italian Legislative Decree no. 231/2001 and, consequently, the extension to the Company of the relevant administrative liability.
The Supervisory Board supervised the operation and compliance of the 231 Model – the suitability of which it has assessed pursuant to Italian Legislative Decree no. 231/2001 – by monitoring any changes in the relevant legislation, the implementation of staff training initiatives, and compliance with the Protocols by their addressees, including through checks carried out with the support of the Internal Audit function.
In 2024, the Company continued its training programme for its teams on personal data protection and the general principles of the GDPR, including the rights of data subjects, data transfer, data breaches, governance and the responsibility of individual employees.
On the subject of internal dealing, without prejudice to the obligations relating to market abuse regulations, the Code of Conduct on Internal Dealing was last updated by the Board on 11 May 2017 in order to incorporate the amendments made by CONSOB to the Issuers' Regulations with Resolution no. 19925 of 22 March 2017: the Company regulated the obligation to abstain from carrying out transactions in financial instruments issued by the Company and listed on regulated markets in accordance with the pro-tempore regulations in force.
The Procedure for the internal management of Relevant Information and Inside Information and the Public Disclosure of Inside Information was last amended by the Board of Directors on 20 July 2021 in order to establish, pursuant to the recommendations contained in the CONSOB Guidelines, a "Relevant Information List", with the aim of identifying and monitoring those types of information that the issuer deems relevant, as they relate to data, events, projects or circumstances that may, at a later date, assume a privileged nature.
The Board supervised the compliance with information disclosures regarding mandatory and privileged information or information requested by the Supervisory Authorities.
Specifically, therefore, the Board monitored the fulfilment of obligations related to "Market abuse" and "Protection of savings" regulations, on "Internal Dealing", with particular reference to the handling of material and privileged information and the procedure for disseminating statements and information to the public.
The Board of Statutory Auditors supervised also compliance with the Policies, Guidelines and Procedures in force within the Group, as well as compliance with the processes, the outcome of which is brought to the attention of the directors to pass the related resolutions.
In conclusion, regarding the effectiveness of the internal control and risk management system – designed to safeguard the company's assets, ensure the efficiency of business processes, ensure the reliability of financial reporting and sustainability reporting, and more generally ensure compliance with laws, the Articles of Association and internal procedures – the Board confirms that it has assessed the completeness, adequacy and effectiveness of the Internal Control and Risk Management System, finding that the related planning process is supported by appropriate information systems and procedures that reliably reconcile the main economic, financial and non-financial data with the results of the information systems used within the individual subsidiaries.
The process ensures the accuracy and integrity of the information.

XI. The Board also supervised the adequacy and reliability of the administrative and accounting system in correctly representing management events, obtaining information from the heads of the respective functions, examining company documents and analysing the results of the work performed by the independent auditors. The Manager responsible for preparing the company's financial reports has been jointly assigned the functions established by law and provided with adequate powers and means to perform the related tasks. Furthermore, the Chief Executive Officer, through the Manager responsible for preparing the company's financial reports, is tasked with implementing the "Accounting Control Model pursuant to Italian Law no. 262/2005" aimed at defining the guidelines that must be applied within the ERG Group with reference to the obligations arising from Article 154-bis of the Consolidated Finance Act regarding the preparation of company accounting documents. This also includes the implementation of guidelines for sustainability reporting included in the directors' report, in compliance with ESRS standards and related certification obligations. The preparation of accounting and financial reporting, both statutory and consolidated, is governed by the Group accounting principles manual and other administrative-accounting procedures that are part of the Model pursuant to Italian Law no. 262/2005.
The procedures concerning the impairment process in compliance with IAS 36 are also formalised within the framework of the Model pursuant to Italian Law no. 262/2005.
ERG's Board of Directors approved the setting up of the impairment test procedure in compliance with the requirements of IAS 36, autonomously and in advance of the approval of the financial reports.
The Board of Statutory Auditors analysed and discussed the supporting documentation and, having verified the consistency with the previously adopted arrangements, deemed the method used by the Company to be correct.
Taking into account the recommendations formulated by the European Securities and Markets Authority ("ESMA") aimed at ensuring greater transparency of the methodologies adopted by listed companies within the scope of the impairment test procedures on goodwill and intangible assets, as well as in line with the recommendations of the joint Bank of Italy-CONSOB-ISVAP document no. 4 of 3 March 2010 and in light of the indications provided by CONSOB itself, on 25 February 2025, following the favourable opinion issued in this regard by the Control, Risk and Sustainability Committee, the Company's Board of Directors expressly approved the compliance of the impairment test procedure with the requirements of IAS 36, after consulting the Independent Auditors.
The results of the impairments tests are adequately detailed in the Notes to the Financial Statements, to which reference is made.
The Board monitored compliance with the disclosure requirements of ESMA 32-193237008-8369 (24 October 2024) with reference to the consideration of climate-related matters in the financial statements, and in particular for the purpose of impairment testing of assets. The disclosure emphasises the importance of consistency and the connection between the information related to climate risks and opportunities provided in the financial statements and the information included in the sustainability reporting. This is because a potential source of greenwashing could consist of the presence of conflicting information on sustainability topics in the Integrated Consolidated Financial Statements.
For a more complete description of the methodologies and assumptions applied, please refer to the relevant note in the Consolidated Financial Statements.
The Board of Statutory Auditors monitored the financial reporting process, also by obtaining information from the Company's management

and obtained from the Directors, at least quarterly, adequate information on the activities carried out and on the most significant economic, financial and equity transactions carried out by the Company and its subsidiaries pursuant to Article 150, paragraph 1 of the Consolidated Finance Act.

The Board of Statutory Auditors considers the Company's administrative and accounting system to be adequate overall and reliable in correctly representing management events.

XII. The Board of Statutory Auditors monitored the adequacy of the instructions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the Consolidated Finance Act, ascertaining, on the basis of the information provided by the Company, their suitability to provide the information necessary to fulfil the disclosure obligations required by law, without exceptions.

XIII. With regard to the verification of the procedures for the practical implementation of the corporate governance rules set forth in the current edition of the Corporate Governance Code, the Board performed this verification activity with the assistance of the Company's Legal and Corporate Affairs Department.

At its meeting held on 11 March 2025, which approved the Report on Corporate Governance and Ownership, the Board of Directors verified that the Company was generally in line with the recommendations issued by the Corporate Governance Committee in its letter of 17 December 2024. The aforementioned recommendations immediately brought to the attention of the Chairman of the Board of Directors to the Chairman of the Company's Board of Statutory Auditors were shared at the Board meeting held on 25 February 2025.

The Report on Corporate Governance and Ownership reports that ERG's governance structure is aligned with the provisions of the Corporate Governance Code applicable to the Company, except for the sole case of non-application with reference to the assignment of the role of Director in charge of the Internal Control and Risk Management System to the Executive Deputy Chairman, as explained in detail in the Report itself.

In turn, the Board of Statutory Auditors examined the letter dated 17 December 2024 from the Chairman of the Corporate Governance Committee, as well as the assessments made and the decisions taken by the Company with respect to the recommendations contained therein, without making any particular observations in this regard. The Board of Directors, in the interest of the Company and its Shareholders, has promoted dialogue with Investors and, in accordance with the provisions of the Corporate Governance Code, has approved the "Policy for managing dialogue with institutional investors and with shareholders in general", updated on 23 February 2024 in order to extend its application to all Company stakeholders; following this update, the name was consequently changed to the "Policy for
managing dialogue with Stakeholders" (hereinafter, "Engagement Policy").

The Engagement Policy was drawn up with the aim of ensuring that dialogue with Stakeholders takes place in compliance with current legislation, including that concerning the handling of inside information, and good corporate practice, and is marked by principles of fairness, transparency, timeliness and symmetry of information.

The Chairman of the Board of Directors, assisted by the Chief Executive Officer, ensures that the Board of Directors is promptly informed on the development and significant contents of the dialogue with Stakeholders, based on the provisions of the Engagement Policy.

As highlighted, following the endorsement of the updated Corporate Governance Code, on 13 May 2021 the Board of Directors adopted the Regulations for the operation of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, most recently updated on 15 May 2024.

Finally, the Board approved (i) on 13 October 2022, the adoption of the Policy for Combating Violence, Harassment and Bullying in the Workplace and the update of the Sustainability Policy, (ii) on 11 November 2022, the update of the Anti-Corruption System and Policy and (ii) on 13 December 2024, the update of the Human Rights Policy; on 10 November 2023, the Chief Executive Officer updated the Due Diligence procedure for Significant Third Parties.

XIV. The ERG Board of Directors in office on the date of this Report was made up of 12 Directors whose term of office will expire on the date of the next Shareholders' Meeting convened to approve the Financial Statements at 31 December 2026. Please refer to the previous section "Board of Directors – Appointment, term of office and operation".

Please refer to the Report on Corporate Governance and Ownership for further information on the corporate governance of the Company regarding which the Board has no findings to make.

XV. The Board of Statutory Auditors examined the Report on the remuneration policy and fees paid approved by the Board of Directors on 11 March 2025 at the proposal of the Nominations and Remuneration Committee and verified its compliance with legal and regulatory requirements, and the clarity and completeness of information with regard to the remuneration policy adopted by the Company.

XVI. The Board of Statutory Auditors also examined the proposals that the Board of Directors resolved to submit to the Shareholders' Meeting on 11 March 2025, and declares that it has no observations to make in this regard, including the proposal to distribute a dividend.

XVII. Lastly, the Board of Statutory Auditors carried out its own checks on compliance with the legal provisions concerning the preparation of the draft Financial Statements and the Consolidated Financial Statements of the Group at 31 December 2024, the respective explanatory notes and the accompanying Directors' Report, directly and with the assistance of the department heads and through the information obtained from the Independent Auditors. In particular, the Board of Statutory Auditors, based on the controls exercised and the information provided by the Company, within the limits of its competence pursuant to Article 149 of the Consolidated Finance Act, acknowledges that the Separate Financial Statements and the Consolidated Financial Statements of ERG at 31 December 2024 have been prepared in accordance with the legal provisions governing their formation and layout and with the International Financial Reporting Standards, issued by the International Accounting Standards Board, based on the text published in the Official Journal of the European Communities.

The Separate Financial Statements and the consolidated financial statements are accompanied by the prescribed certifications, signed by the Chief Executive Officer and the Manager Responsible for preparing the Company's Financial Reports.

The Board of Statutory Auditors is also required to oversee compliance with the requirements for the publication of the Sustainability Report, ensuring that the consolidated sustainability reporting included in the Directors' Report, as well as the report certifying compliance pursuant to Article 14-bis of Italian Legislative Decree no. 39 of 27 January 2010, are published in the manner and within the deadlines set out in Articles 2429 and 2435 of the Italian Civil Code and on the Company's website.

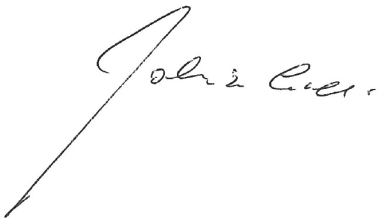
On the basis of the foregoing, in summary of the supervisory activity carried out in the 2024 financial year, and also taking into account the results of the activity carried out by the independent auditing firm, contained in the specific report accompanying the financial statements, the Board of Statutory Auditors did not find any specific critical aspects, omissions, reprehensible facts or irregularities and has no observations or recommendations to make to the Shareholders' Meeting pursuant to Article 153 of the Consolidated Finance Act, to the extent of its competence, on the resolution proposals formulated by the Board of Directors to the Shareholders' Meeting.

Genoa, 25 March 2025
The Board of Statutory Auditors

Monica Mannino Chairwoman

Giulia De Martino Standing Statutory Auditor

Dott. Fabrizio Cavalli Standing Statutory Auditor



INDEPENDENT AUDITORS' REPORT

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(The accompanying translated separate financial statements of ERG S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
ERG S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of ERG S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2024, the income statement and statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of ERG S.p.A. as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of the provision for disposed business

Notes to the separate financial statements: Use of estimates - Risks and uncertainties and Note 12 - Provision for disposed business

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 31 December 2024 include the provision for disposed business of €79.9 million. With the support of the relevant internal departments and their legal and tax advisors, the directors estimated such provision, which chiefly relates to the estimated environmental, legal and tax liabilities relating to the "Oil" coastal refining and integrated downstream businesses, whose disposal was completed on 10 January 2018 with the sale of the investment in TotalErg S.p.A.. Measuring this provision is a complex activity, with a high degree of subjectivity, and entails directors' estimates about the outcome of the disputes and litigation of an environmental, legal and tax nature, in some cases dating back in time, the risk of losing, the timing for their settlement and the related effects on the separate financial statements. For the above reasons, we believe that the measurement of the provision for disposed business is a key audit matter.	Our audit procedures included: • updating our understanding of the process for the measurement of the effect of legal disputes and assessing the design and implementation of controls and procedures; • analysing the discrepancies between past years' estimates of the effect of legal disputes and actual figures resulting from their subsequent settlement, in order to check the accuracy of the estimation process; • sending written requests for information to the advisors assisting the company and to the internal legal department about the assessment of the risk of losing pending disputes and the quantification of the related liability; • for the main disputes subject to estimate, updating the analysis of the assumptions used to determine their effect through discussions with the relevant internal departments and analysis of the supporting documentation; • for the main disputes subject to estimate, discussing assumptions or scenarios alternative to those used to calculate the effect of legal disputes and the reasons for their rejection with the relevant internal departments; • analysing the events after the reporting date that provide information useful for an assessment of the provision for disposed business; • assessing the appropriateness of the disclosures provided in the notes about this provision.

Other matters - Management and coordination

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own separate financial statements. Our opinion on the separate financial statements of ERG S.p.A. does not extend to such data.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian 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 for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the 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 to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level 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 also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 23 April 2018, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2018 to 31 December 2026.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The company's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the separate financial statements at 31 December 2024 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the separate financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the separate financial statements at 31 December 2024 have been prepared in XHTML format in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2024 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

ERG S.p.A.
Independent auditors' report
31 December 2024

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the report on operations and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the separate financial statements;
- express an opinion on the consistency of the directors' report, excluding the section that includes the consolidated sustainability statement, and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;
- issue a statement of any material misstatements in the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the company's separate financial statements at 31 December 2024.

Moreover, in our opinion, excluding the section which includes the consolidated sustainability statement, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Our opinion on compliance with the applicable law does not extend to the section of the directors' report which includes the consolidated sustainability statement. Our conclusion on the compliance of this section with the legislation governing its preparation and with the disclosure requirements of article 8 of Regulation (EU) 2020/852 is included in the assurance report prepared in accordance with article 14-bis of Legislative decree no. 39/10.

Genoa, 25 March 2025

KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit

ERG S.P.A.

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company subject to limited management

and coordination by SQ Renewables S.p.A.

ERG S.p.A. - March 2025
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