

# 2023 NFS

Consolidated Non-Financial Statement

drawn up in accordance with Italian Legislative Decree no. 254/2016

**We ARE #SDGs**  
**CONTRIBUTORS**

**ERG**  
EVOLVING ENERGIES

# SUSTAINABLE DEVELOPMENT GOALS





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# LETTER TO SHAREHOLDERS AND STAKEHOLDERS

Dear Shareholders and Stakeholders,

2023 was characterised by the persistence of an uncertain geopolitical context and high volatility. The fragility of the international scenario, which was generated by the pandemic and continued with the Russian-Ukrainian conflict, was further exacerbated by the tensions between Israel and Palestine, with heavy repercussions on the cost of commodities and international transport, forced upwards and aggravated by a significant increase in inflation.

This context also includes the phenomenon known as greeninflation, meaning the increase in the cost of solar and especially wind power plants with strong repercussions at the top of the value chain, driving up the cost of investing in new renewable capacity after a decade of gradual reduction. In contrast to other areas, these costs do not show any signs of decreasing: a further important difficulty for companies which, like us, operate and are ready to invest in the energy sector.

In terms of climate, 2023 was the warmest year since 1850 and coincided with the achievement of the all-time high for greenhouse gas emissions. Extreme weather events have also increased, including heat waves, floods, droughts and fires.

Within this period that is still quite challenging both economically and climatically, renewable energy sources have consolidated their leading role in ensuring the global energy transformation towards a green economy, confirming themselves as the most cost-effective for Europe and a stable source of supply compared to imported natural gas.

In this highly volatile and uncertain scenario, ERG has reaffirmed its strong propensity for change and its vision, successfully finalising the transformation of its business model from oil to green. The sale of the CCGT thermoelectric asset in Sicily was a historic step, which marked our definitive exit from fossil fuels. ERG is now a pure renewable operator focused on solar and wind power with a Net Zero target by 2040, a milestone that is actually achievable. The Science Based Target initiative's (SBTi) approval of our emission reduction targets, in line with the threshold necessary to keep the global temperature increase within 1.5°C confirms the validity of our decarbonisation strategy.

With our entry into the US, another milestone in 2023, we have also consolidated our commitment to developing a renewable portfolio with a global reach: we see internationalisation as a key to success in the energy transition path, and by now more than half of our assets are outside Italy. Thanks to the acquisition from Apex Clean Energy of an operating wind and solar portfolio with an installed capacity of 317 MW in the USA and the cooperation agreement for an additional 1 GW pipeline under development, we will operate in ten countries on two continents, thus benefiting from an overview of the energy sector which, together with our flexible approach, will allow us to continue to seize new growth opportunities.

The Group again demonstrated a strong ability to pursue its growth objectives throughout the year, in line with and in advance of the Business Plan, through a balanced mix of organic development and M&A activities in Italy and abroad, reaching a total installed capacity of approximately 3.3 GW at the end of 2023.

More specifically, the installed capacity in the wind and solar sectors grew by 322 MW in 2023, with a cumulative increase of around 1200 MW in the last three years, more than offsetting the roughly 1000 MW sold in the hydroelectric and thermoelectric business.

In terms of organic growth in wind power, 2023 saw the commissioning of the 92 MW Creag Riabhach wind farm in Scotland. Another important milestone achieved is the completion of the first two repowering programme projects in Sicily, in Partinico-Monreale and Camporeale, for a total of 92 MW: this is a fundamental activity in supporting the energy transition of which the Group is a pioneer.

In the solar sector, thanks to acquisitions in Spain totalling 174 MW, ERG saw its installed capacity increase significantly in 2023, from 345 MW to 519 MW.

Lastly, in the last few days of the year, we announced the acquisition of an important wind and solar portfolio in France for 73.2 MW allowed ERG to consolidate its position in the country, now the second largest market after Italy, reaching 645.4 MW of installed capacity.

In 2024 we will continue to focus on the growth of renewables, with a portfolio of plants expected to be around 3.9 GW at the end of the year, i.e., approximately 600 MW more than in 2023, of visible farm projects currently under construction or in the final construction phases.

In terms of securing revenues, another fundamental strategic line of the 2022–2026 Business Plan consistent with the objective of 85-90% quasi-regulated EBITDA, in 2023 we signed four important Long-term Power Purchase Agreements with leading corporate counterparties, thus reaching 83% of secured EBITDA. The first with EssilorLuxottica for the supply of about 70 GWh/year for 12 years, relating to the output of the repowered Partinico-Monreale wind farm. The second with STMicroelectronics, for about 260 GWh/year for 15 years, on the production of the wind farms, also subject to repowering, of Camporeale and Mineo-Militello-Vizzini. Moreover, the PPA signed in 2021 with Tim for the supply of 340 GWh/year was amended, with the addition of an additional 200 GWh/year of clean energy for the period 2023-2031. To these must be added the important 20-year pay-as-produced PPA with Google for the supply of 100 GWh/year of energy produced by the Roccapalumba greenfield park in Sicily, whose construction and energisation completion were announced last February.

The financial results for 2023 are very satisfactory and confirm the Group's positive performance, which recorded an EBITDA of 520 million, at the top end of the last guidance communicated to the market and up 4% compared to 2022, mainly thanks to the increase in installed capacity during the year. Net profit rose sharply to EUR 226 million (+76% compared to the previous period), further reflecting excellent financial performance and the absence of the extraordinary taxation that had burdened 2022.

Capital expenditure in 2023 amounted to EUR 489 million, down from EUR 946 million in 2022 - related to the major M&A transactions carried out by the Group in the previous year for EUR 683 million - and involved both M&A and organic growth transactions, as well as wind repowering activities, aimed at increasing the Group's technological and geographical diversification.

In a context of extremely volatile financial markets characterised by the negative stock market performance of the renewables sector at global level, we also launched and concluded the programme for the purchase of treasury shares in the first months of 2024 for a total EUR 3.7 million, as a form of investment aimed at maximising the creation of value for the company.



We also continued to place sustainability at the heart of our business activities in 2023, taking further steps forward on the basis of our ESG Plan; the results achieved are in line with the objectives (also included in the short and medium-long term management incentive system).

We confirm our commitment to the circular economy in the wind repowering and solar revamping projects. In 2023, we managed to recover 100% of the wind turbines and 93% of the material in the photovoltaic systems. In addition to this, we launched the 'Social Purpose for Solar Revamping' project, where the modules still in an excellent state of efficiency are allocated to projects with a significant social impact, donating them to some selected non-profit organisations. In this way, we intend to be one of the first companies internationally to lay the foundations for a new re-use chain for solar modules. We paved the way for 4 photovoltaic plants in 2023: the two plants in Italy have been installed, and those in Madagascar and Malawi Africa will be installed in 2024.

The ERG Academy was also created in 2023, the learning ecosystem dedicated to ERG's people and the new generations. ERG Academy offers experiences, training content and meetings to develop knowledge on renewable energy, sustainability, the transformation process and corporate values. As far as ERG Academy's outreach activities are concerned, 23,407 students were reached in four countries (Italy, France, Spain and the UK) in 2023 - exceeding the target of 20,000 students set for 2026 - thanks in part to the partnership with the Genoa Science Festival, which allowed to reach 4,700 people through a stand, a workshop for primary school students and a conference dedicated to ecological transition.

In the People area, our commitment is focused on an increasingly inclusive and international ERG. We worked to create an open and inclusive working environment in 2023, with the aim of attracting and enhancing talent and reducing turnover. We promoted the growth of our people, consolidating and developing the key skills of the leaders of the future through highly specialised training and individual growth plans. ERG people include 25 different nationalities, and we have been operating in a multicultural context for years. Moreover, the gradual entry of young people into the company requires the design of targeted tools to understand their needs and expectations, in order to facilitate their insertion and retention.

We continue to work on enhancing the soft skills that are indispensable for managing a multi-generational and multicultural business. We also place the needs of our people at the centre and in 2023 we further strengthened initiatives focused on work-life balance to support the overall well-being of employees and their families, and more generally corporate social policies.

To strengthen our governance, we also updated the Code of Ethics, revised the scope of the Stakeholder Dialogue Policy and introduced the new Gender Equality Policy in 2023. The Code of Ethics is the cornerstone of our way of doing business; it was renewed following the transformation of the Group into a Pure Renewable Player. The new version of the Code therefore reflects ERG's transformation into a pure renewable energy operator, and with it, the Group's responsibility towards an energy transition that leaves no one behind, along with our sustainable commitment to spreading an

inclusive culture, as well as to preventing, identifying and combating all forms of violence and discrimination and ensuring a positive work environment.

Furthermore, the success of our strategy cannot be separated from collaboration with all our stakeholders. With this in mind, the scope of the Dialogue Policy was revised, which was initially focused primarily on shareholders and investors, and has now been extended, in line with our engagement model based on transparency and enhancing relationships with all stakeholders. In addition, we have consolidated our commitment to a Group increasingly capable of recognising and enhancing the differences and uniqueness of each person through the publication of the new Gender Equality Policy, which supplements and strengthens the Diversity & Inclusion Policy already introduced in 2021. The document promotes gender equality through the transparency of processes and practices in the management of our people throughout their journey in the company, paying particular attention to countering stereotypes, prejudices and habits that could affect their opportunities for growth and personal satisfaction.

During the year, our strategy was rewarded with improvements and recognition from the main international ratings: we were confirmed in the CDP 'A List' at the beginning of 2024. We were promoted by MSCI Inc. to the 'AAA' rating (highest rating), within the 'Leader' category. We ranked 28th in the 2024 index in the Global 100 Most Sustainable Corporations in the world by Corporate Knights, first among Italian companies. We are among the Top ESG Identity Performers of the 'Integrated Governance Index 2023'; among the Italian best practices in terms of corporate governance. Ethifinance promoted us from 71/100 to 77/100 based on the improved environmental, social and governance performance recorded as part of business development activities.

As regards the future, in light of the changed context and the high volatility of energy and gas prices, ERG will present a new Business Plan in 2024, confirming its commitment to developing its renewable portfolio both in Italy and internationally. EBITDA<sup>1</sup> for 2024 is estimated to be in the range of EUR 520-580 million (including the contribution of new assets in the US only from the second half of the year), of which approximately 85-90% quasi-adjusted EBITDA. Capital expenditure is expected to be in the range of EUR 550 to 600 million and adjusted net financial debt<sup>2</sup> is expected to be between EUR 1,750 and 1,850 million, including the distribution of the ordinary dividend of EUR 1 per share.

With this report, we wanted to look back on a year of fundamental change and evolution for our Group which, thanks to its vision, is continuing to seize new growth opportunities, always under the banner of sustainability. We want to continue to create value over time for all our stakeholders by confirming our role as protagonists of the energy transition, with an ever-increasing commitment to social aspects and the inclusion of diversity, so that this essential path towards the development of renewables is fair and right.

*We are #SDGsContributors*

**Edoardo Garrone**  
Chairman

**Paolo Merli**  
Chief Executive Officer

<sup>1</sup> EBITDA guidance net of clawback. Includes IFRS16 in the amount of EUR 15 million and the US consolidation estimated from the second half of 2024.

<sup>2</sup> Does not include IFRS16 liability of EUR 172 million (actual year 2023) and EUR 210 million (guidance 2024), respectively

# WE ARE ERG

#VALUES

<p>Foundation of ERG in Genoa, by Edoardo Garrone</p>		<p>1938</p>		<p>1947</p>	<p>Production begins at the refinery in Genoa San Quirico</p>
<p>Production begins at the ISAB refinery in Priolo</p>		<p>1975</p>		<p>1997</p>	<p>ERG listed on the stock market</p>
<p>ISAB Energy: production and marketing of electricity begins from the gasification of heavy refinery residues.</p>		<p>2000</p>		<p>2006</p>	<p>Entry into Renewables: acquisition of EnerTAD.</p>
<p>Sale to LUKOIL of 49% of the ISAB refinery</p>		<p>2008</p>		<p>2010</p>	<p>Start-up of ERG Power's CCGT plant (480 MW). Creation of TotalERG</p>
<p>ERG 1st wind operator in Italy (1,087 MW) and among the top 10 in Europe (1,340 MW). Acquisition of a company for O&amp;M activities of the wind farms. Definitive exit from refining</p>		<p>2013</p>		<p>2014</p>	<p>Sale of the ISAB Energy plant and ERG Oil Sicilia fuel networks</p>
<p>Entry into the hydroelectric business with the purchase of the Terni Complex (527 MW). Wind: growth in France and Poland (+146 MW)</p>		<p>2015</p>		<p>2018</p>	<p>Entry into the solar sector: 30 photovoltaic plants acquired in Italy (89 MW). Definitive exit from the oil sector with the sale of TotalERG</p>
<p>Solar capacity increases to 141 MW with the purchase of 51 MW in Italy. Further growth in wind power in France and Germany (+86 MW)</p>		<p>2019</p>		<p>2020</p>	<p>Entry in the solar sector in Germany: co-development agreement with AREAM (600 MW)</p>
<p>Solar: entry in France (79 MW). Wind: entry in Sweden, and start of operations in the United Kingdom</p>		<p>2021</p>		<p>2022</p>	<p>Sale of the hydroelectric business. Solar: entry in Spain (92 MW) Wind: 172 MW acquired in Italy, and ~ 230 MW started up in Europe. IFM NZIF indirect shareholder (with 35% in SQ Renewables), alongside the Garrone-Mondini Family</p>
<p>Sale of the thermoelectric business. Start-up of 2 wind farms at the end of repowering activities. Further growth in solar in Spain (+ 149 MW). Installed capacity at the end of the year: 2,747 MW from wind power and 519 MW from solar power</p>		<p>2023</p>			

## WE ARE ERG #VALUES



"ERG's business has always respected the Group's founding values, inspired by business ethics, transparency in operational management and the generation of value for local communities. Thanks to our industrial experience and know-how, and our in-depth knowledge of the sector in which we operate, we want to play a leading role at international level, contributing to the construction of a fair and inclusive energy transition that brings value for all and leaves no-one behind".

**Edoardo Garrone**  
Chairman of the Board



"Thanks to the expertise and experience of our people, we will be able to face the most complex challenges that surround us. Meritocracy, inclusion of diversity and an increasingly close and fruitful relationship at all company levels will enable us to grow as an operator and generate value in a sustainable manner, in the wake of what we have already demonstrated in our first 85 years of history. The main challenge will be to pass on our values from generation to generation".

**Alessandro Garrone**  
Executive Vice President



"In an increasingly unpredictable energy scenario, ERG has proven to be a dynamic and flexible industrial operator capable of completing its transformation path towards a pure renewable business model. We place sustainability at the heart of our strategies from an environmental social and financial perspective, leveraging an effective, robust and credible governance system. We want to show that it is only by adopting this approach that we can achieve the climate change targets necessary to ensure a future for the planet and the next generations".

**Paolo Merli**  
Chief Executive Officer

## ERG's WHY



**We are #GreenEnERGymakers**, one of the main European producers of energy from renewable sources.

**We are #SDGsContributors**: we want to contribute to the achievement of the sustainable development goals set by the United Nations.

**Our mission: keep growing in RES acting as #SDGs**

**CONTRIBUTORS**



## ERG IN 2023

 	Start-up of the Creag Riabhach wind farm (92.4 MW)	<b>12-Jan</b>	
	Entry in the Bloomberg Gender-Equality Index confirmed, in the 1st quartile of the ranking	<b>31-Jan</b>	
	Update of the Business Plan and the 2022-2026 ESG Plan: growth in renewables confirmed, with more challenging ESG objectives towards a fair transition	<b>15-Mar</b>	
	Integration of the Power Purchase Agreement (PPA) with TIM for an additional 200 GWh/year	<b>9-May</b>	
 	Start-up of the 1st wind farm subject to repowering, (Partinico-Monreale, 42 MW)	<b>14-Jun</b>	
 	Acquisition of the solar farm in Garnacha (149 MW)	<b>23-Jun</b>	
	Science Based Target initiative certifies ERG's "Net Zero" objectives	<b>7-Jul</b>	
	Treasury share purchase programme launched	<b>12-Oct</b>	
 	Inauguration of the Partinico-Monreale wind farm, and conference on "Repowering and Energy Transition: The ERG Model"	<b>24/25-Oct</b>	
 	Start-up of the Garnacha solar farm	<b>4-Dec</b>	
  	Agreement for the acquisition of a portfolio of wind and solar assets (73.2 MW)	<b>28-Dec</b>	
		<b>18-Jan</b>	ERG 5th Independent Power Producers in the ESG ranking of Sustainalytics, and 1st Italian company in the "Global 100 most sustainable corporations in the world" of Corporate Knights 
		<b>9-Mar</b>	Power Purchase Agreement (PPA) with EssilorLuxottica totalling 0.9 TWh 
		<b>4-May</b>	Fitch Rating confirms ERG's BBB-rating with stable outlook 
		<b>13-Jun</b>	Entry into Nasdaq Sustainable Bond Network, confirming ERG's commitment to Sustainable Finance 
		<b>16-Jun</b>	MSCI rating improvement to "AAA", and inclusion in the Top Ten of the Integrated Governance Index 2023 
		<b>30-Jun</b>	Acquisition of the solar farm of Fregenal (25 MW)  
		<b>29-Sept</b>	Start-up of the 2nd wind farm subject to repowering, (Camporeale, 50 MW)  
		<b>17-Oct</b>	Sale of the CCGT to Achernar, and completion of the transformation into a pure wind and solar renewable operator  
		<b>24-Nov</b>	Power Purchase Agreement (PPA) with STMicroelectronics for a total of 3.75 TWh 
		<b>21-Dec</b>	Entry into the US renewables market: strategic partnership with Apex Clean Energy, and agreement for the acquisition of wind and solar plants (317 MW)   

# THE ERG GROUP - PURE RENEWABLE PLAYER

We are a leading independent player in the production of electricity from renewable sources, entirely focused on the production of wind and solar power.

We at ERG have radically changed our business portfolio in just over a decade, anticipating long-term energy scenarios and completing a successful corporate transformation from an oil operator to a pure Wind & Solar business model. Through an asset rotation program

that began in 2021 with the sale of the hydroelectric asset, we completed our path with the sale of the thermoelectric asset CCGT of Priolo Gargallo in 2023.

At ERG we have 3,266 MW of installed capacity (as at 31 December 2023) of which 2,747 MW in wind power and 519 MW in solar, distributed geographically in 9 countries.

## TOTAL: 3,266 MW

Wind: **2,747 MW** (1,321 MW Italy and 1,426 MW Abroad)

Solar: **519 MW** (175 MW Italy and 344 MW Abroad)

Under construction/RtB: **265 MW**

UK: **47 MW**

Germany: **6 MW**

France: **58 MW**

Italy: **154 MW**

### FRANCE

Wind: 522 MW

Solar: 79 MW

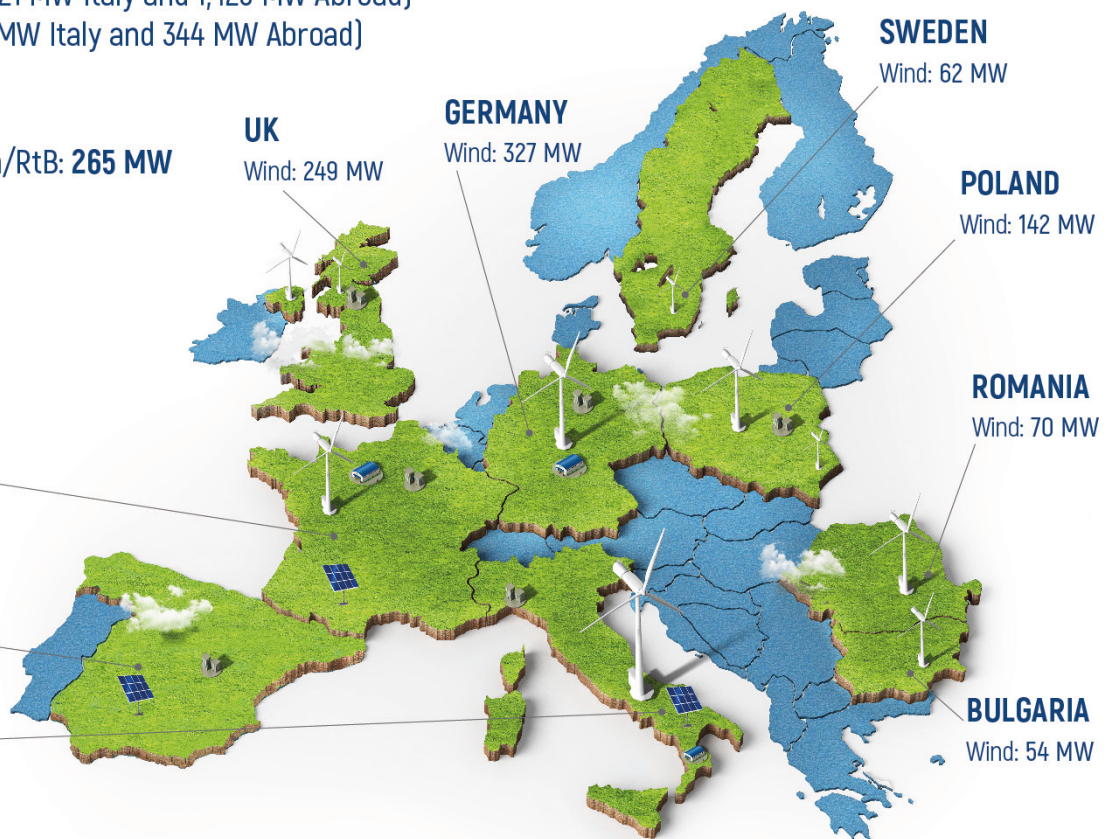
### SPAIN

Solar: 266 MW

### ITALY

Wind: 1,321 MW

Solar: 175 MW



Wind farm



Photovoltaic plants



Office



O&M Logistic centre

# ERG Enters the United States market

In December 2023, ERG signed an important agreement with Apex Clean Energy Holdings LLC (Apex), a leading independent American green energy developer, creating a strategic partnership in the renewable sector.

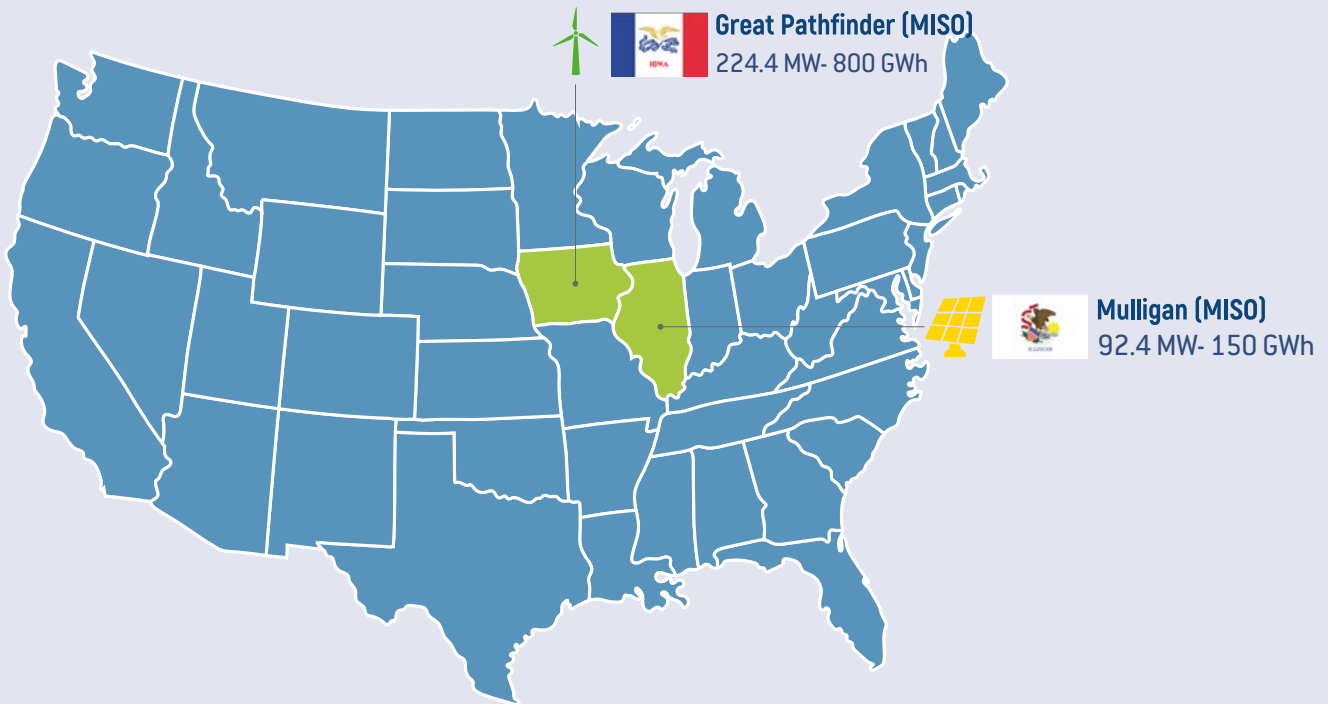
This initiative represents ERG's entry overseas with the creation of a US holding company into which two farms will be transferred (one wind and one solar) with a total capacity of 317 MW and an estimated

production of about 1 TWh for 387 Kt of CO<sub>2</sub> avoided.

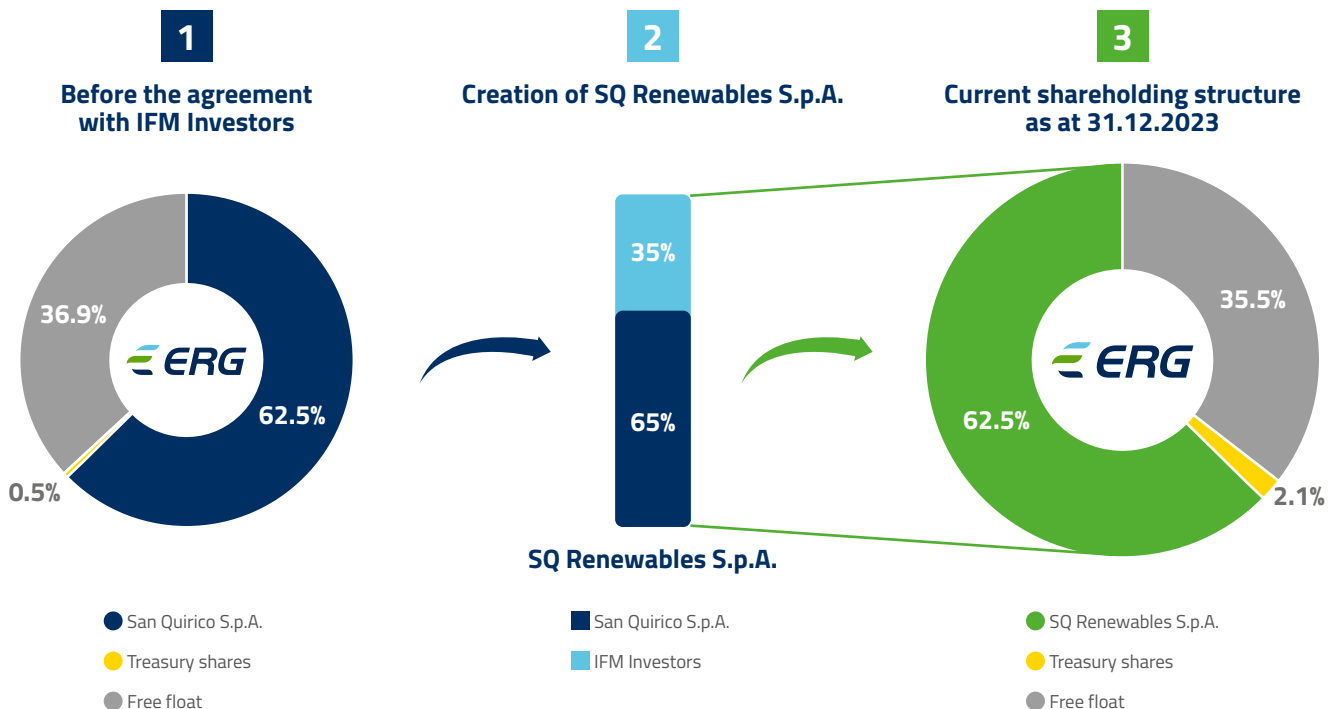
There is also a *cooperation agreement* envisaged for approximately 1 GW of new onshore solar and wind projects under development in the United States.

ERG will have a 75% stake, while Apex will have the remaining 25% and will operationally manage the assets.

The transaction closing is expected in the first half of 2024.

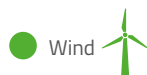
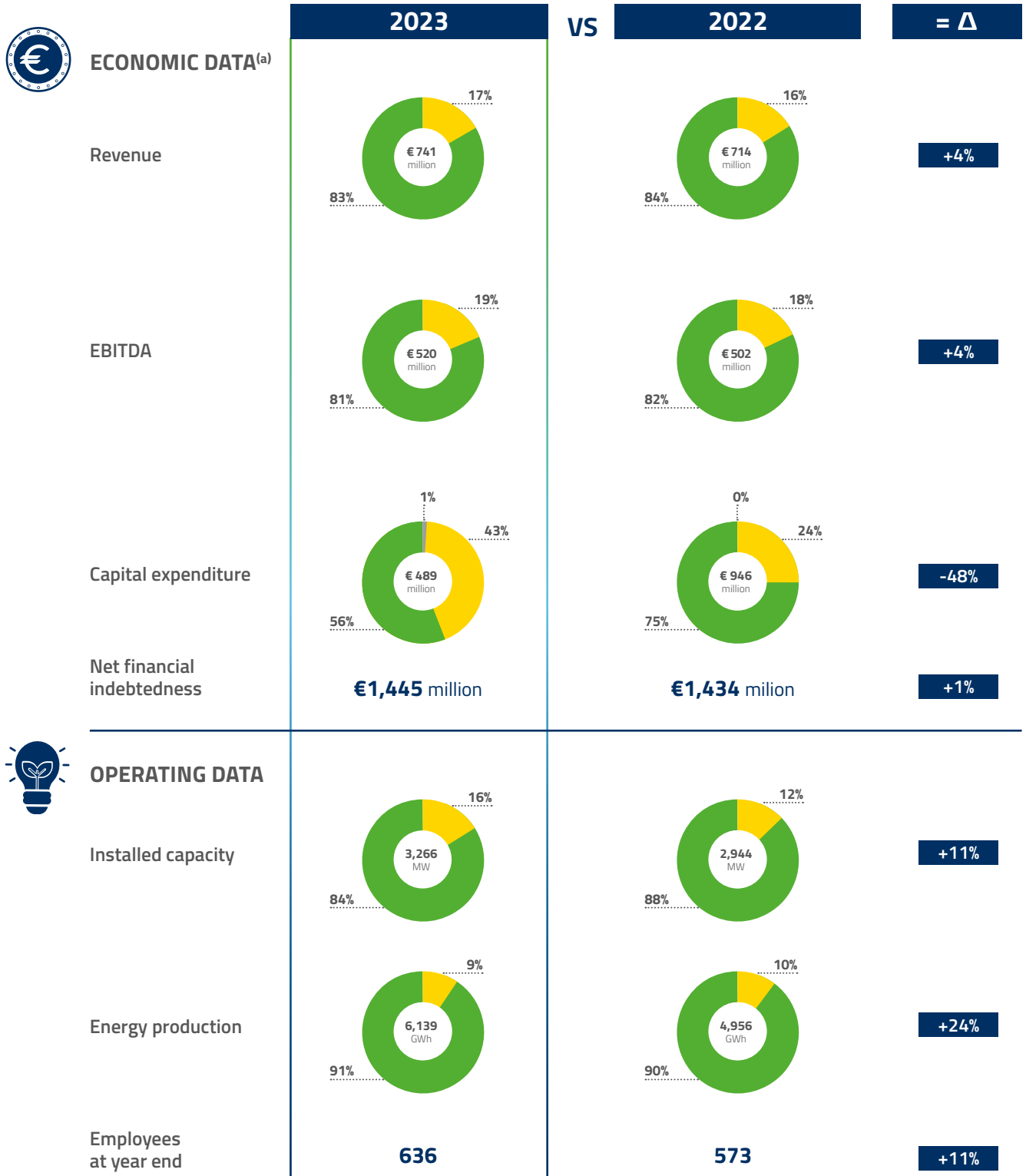


## OWNERSHIP STRUCTURE AT 31/12/2023





# KEY INDICATORS





## ESG DATA

2023

2022

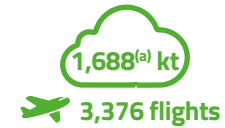
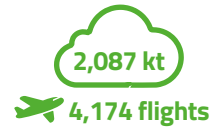
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## PLANET



CO<sub>2</sub> avoided  
equal to no. flights from London  
to New York



+24%

Circular economy wind



-

Solar circular economy



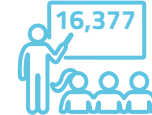
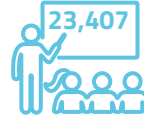
+1%



## ENGAGEMENT

Contribution to  
local communities

-3%

Students involved in  
educational activities

+43%

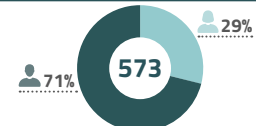
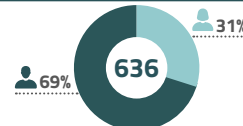
Social purpose projects



+2



## PEOPLE

Employees  
at year end

+11%

Women key leaders



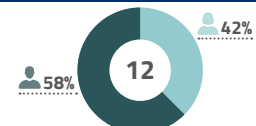
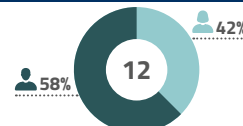
0%

Training  
per employee

-4%



## GOVERNANCE

Composition of the  
BoD

-

Average ESG score of  
strategic suppliers

+5%

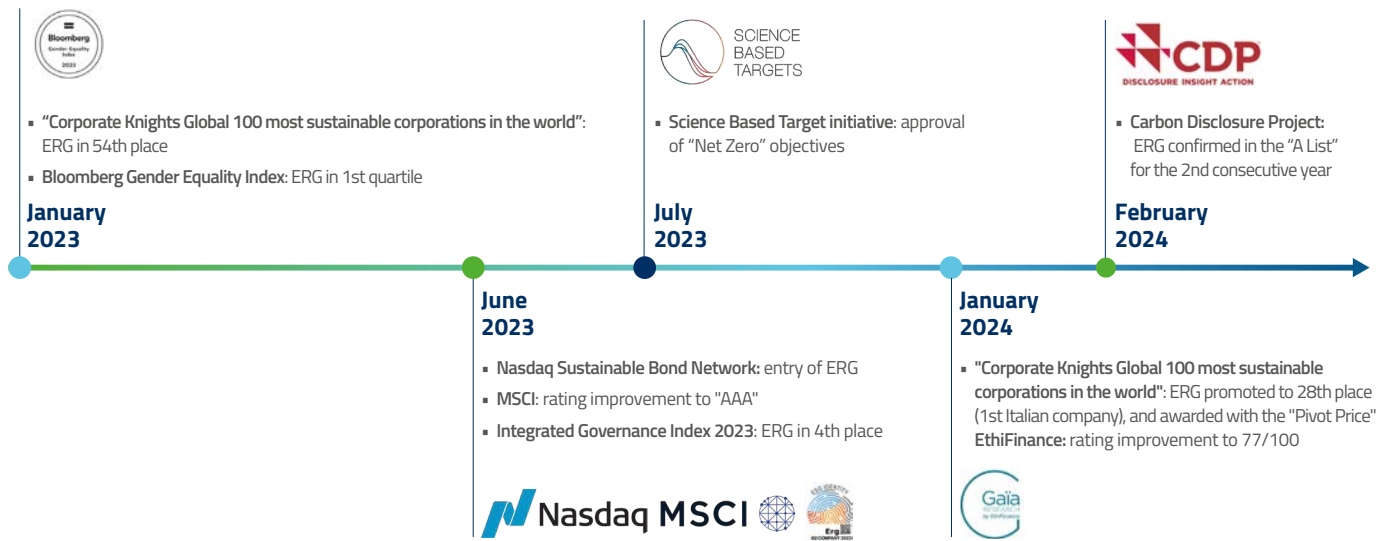
ESG Finance



+8%



## THE MAIN ESG RECOGNITIONS



'ERG demonstrates consistency, credibility and transparency in its business every day. Thanks to these principles, we have been able to convince important stakeholders to collaborate with the aim of growing the renewable energy sector, the only real driver capable of creating environmental, social and economic value!'

**Corrado Bosio**  
Business Development, Mergers & Acquisitions

## THE ERG GROUP STRATEGY

The current macroeconomic scenario is still dominated by geopolitical risks and uncertainties linked to climate change. The instability in the global arena, triggered by the pandemic and prolonged by the Russia-Ukraine conflict, was further exacerbated by the conflict between Israel and Palestine. This, coupled with the Yemeni attacks on the Suez Canal, had serious repercussions on international transportation, resulting in higher costs for both commodities and shipping. From a climate perspective, 2023 was the warmest year since 1850<sup>1</sup> and coincided with the achievement of the all-time high for greenhouse gas emissions<sup>2</sup>. In the meantime, extreme climatic events have increased around the planet (including: heat waves, floods, droughts fires and melting glaciers).

In this context - very challenging both in economic and climate terms - renewable energy sources have strengthened their role as protagonists in guaranteeing the global energy transformation towards a green economy. Despite greenflation with the increase in the cost of wind and solar plants, renewable energy remains cheaper for Europe and with a more stable cost than that produced with imported natural gas.

As Pure Renewable Player, ERG confirmed its commitment to the growth of its renewable portfolio in the Wind & Solar sectors, in accordance with the strategic guidelines reflected in the 2022-2026 Business Plan, through a policy of geographical diversification (9 EU countries + USA) and technology (Wind & Solar) and the gradual

securitisation of revenues.

We confirm our growth, which continues to be divided into three main channels:

- **Greenfield and co-development:** growth strategy focused on the organic development of proprietary pipelines and co-development agreements in Italy and in the main European reference countries.
- **Repowering of its plants:** strategy based on technological developments in the wind and solar sector, through asset repowering (replacement of obsolete technologies with new latest generation technologies), aimed at increasing energy production, taking advantage of the quality of the most productive sites. The revenue of the new wind farms will be secured through participation in the auction system or through long-term agreements (PPAs).
- **Mergers & Acquisitions:** ERG intends to seize opportunities for growth in renewables in the countries of interest to the Group, leveraging the financial resources deriving from asset rotation, the experience acquired during its transformation process and the synergies resulting from the consolidation with its portfolio.

Our objectives are reflected in the Business Plan, and we are currently working on the new 2024-2028 Plan that will be presented in 2024.

<sup>1</sup> Study conducted by Copernicus in Global Climate Highlights 2023

<sup>2</sup> According to research conducted by Global Carbon Project

## 2022-2026 BUSINESS PLAN - RESULTS TO DATE

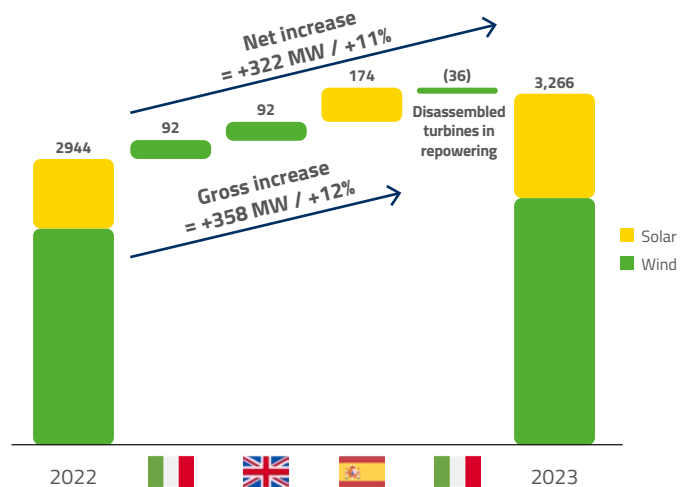
	OBJECTIVES OF THE UPDATED 2022-2026 BP	RESULTS FROM 1.1 TO 31.12.2023
Renewable Portfolio Growth	<ul style="list-style-type: none"> <li>▪ <b>4.6 GW</b> installed capacity in 2026 (<b>5 GW in 2027</b>)</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>+358 MW gross</b> (= +322 MW net)</li> </ul>
Investments/EBITDA	<ul style="list-style-type: none"> <li>▪ <b>EUR 3.5 bn 2022-2026; &gt;EUR 650 mn @2026</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ EUR 489 mn @2023</li> </ul>
Securing revenues	<ul style="list-style-type: none"> <li>▪ <b>85-90% adjusted target</b> regulated of total EBITDA;</li> <li>▪ PPPs vs. auctions</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>PPA with EssilorLuxottica</b> for a total of <b>0.9 TWh</b></li> <li>▪ <b>PPA integration with TIM</b> for an additional <b>200 GWh/year</b></li> <li>▪ <b>PPA with STMicroelectronics</b> totalling <b>3.75 TWh</b></li> <li>▪ <b>PPA with Google</b> totalling <b>~2 TWh</b></li> </ul>
Geographical diversification	<ul style="list-style-type: none"> <li>▪ <b>9 countries</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Increased presence in <b>Spain (+174 MW)</b>, <b>Italy (+92 MW gross = +56 MW net)</b> and the <b>UK (+92 MW)</b></li> <li>▪ <b>Entry into the USA</b> strategic partnership for acquisition <b>317 MW</b> wind and solar power (closing expected in H1 2024).</li> </ul>
Solar as strategic activity	<ul style="list-style-type: none"> <li>▪ <b>~ 860 MW of solar (out of +2,200 MW)</b></li> <li>▪ <b>~25% solar on Group capacity @2026-27</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>+174 MW solar in Spain</b></li> <li>▪ <b>16% solar</b> on Group capacity @2023</li> </ul>
Investment in innovation	<ul style="list-style-type: none"> <li>▪ Battery Storage;</li> <li>▪ Searching for offshore opportunities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ongoing progress on some storage projects in Italy</li> </ul>
Asset Rotation for Conventional Sources	<ul style="list-style-type: none"> <li>▪ <b>Relaunch of the CCGT divestment process</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ Completion of the closing for the sale of the CCGT to <b>Achernar</b></li> </ul>
Incorporation of ESG matters	<ul style="list-style-type: none"> <li>▪ Confirmed at the heart of ERG's business model</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Score improvement</b> in key ESG ratings</li> <li>▪ Entry into the <b>Nasdaq Sustainable Bond Framework</b></li> </ul>
Dividend policy	<ul style="list-style-type: none"> <li>▪ <b>EUR 1 per share (+10% vs previous)</b></li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Dividend of 1 EUR per share</b></li> </ul>

## RESULTS AND GROWTH ACHIEVED IN 2023

In 2023, ERG took important steps on its strategic path to decarbonise and grow its RES portfolio: the Group's installed capacity in wind and solar has grown by 322 MW, of which:

- 56 MW of new wind power capacity through repowering operations in Italy;
- 92 MW wind power built in the UK;
- 174 MW of solar power through M&A transactions in Spain.

There was also significant progress in repowering and greenfield projects in Italy in 2023, with around 100 MW authorised and auctioned. The "securing revenues" objective was also pursued by signing long-term contracts for about 0.5 TWh in the UK and in Italy through the 12-year agreement with Luxottica for about 0.9 TWh of green power generated by the Partinico-Monreale wind farm in the province of Palermo, ERG's first to complete repowering operations.





'ERG anticipated the energy transition and did so without leaving anyone behind. We want to continue to create sustainable value for ourselves and for future generations through concrete and substantial goals. Sustainability is pursuing the creation of economic and financial value with the aim of having a positive impact on the territory, aware of the strong social responsibility towards people both inside and outside the Group. We want to consistently continue along the path we have taken to date, including and enhancing the contribution of each person, overcoming all kinds of barriers.'

**Emanuela Delucchi**  
ESG, IR & Communication

## THE ESG PLAN INTEGRATED INTO STRATEGY

Our ESG strategy is based on four pillars integrated in the business model: Planet, Engagement, People and Governance. The ESG plan integrated in the 2022-2026 Business Plan 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 our stakeholders, in addition to reaching 14 of the 17 SDGs of the United Nations.

## 2022-2026 ESG PLAN

<b>PLANET</b>	<b>ENGAGEMENT</b>	<b>PEOPLE</b>	<b>GOVERNANCE</b>
<p><b>2026 TARGETS</b></p>	<p><b>2026 TARGETS</b></p>	<p><b>2026 TARGETS</b></p>	<p><b>2026 TARGETS</b></p>
<p><b>1. Net Zero:</b> - Scope 1 after Asset Rotation - Scope 2 @2025 - Scope 3 @2040</p> <p><b>2. Circular Economy:</b> - ≥ 98% Circular Wind - ≥ 90% Circular Solar</p> <p><b>3. Energy Efficiency:</b> - Wind Reblading (+72 GWh) - Solar Revamping (+55 GWh)</p> <p><b>4. Biodiversity:</b> - Biodiversity assessment for 100% of RES organic projects</p>	<p><b>5. ERG Academy for Next Generation:</b> - 20,000 students involved</p> <p><b>6. 1% for the Community:</b> - &gt;1% revenues for social developments of local communities</p> <p><b>7. Trust &amp; Reputation:</b> - Top performer in main ESG Ratings</p> <p><b>8. Social Purposes for circular solar</b> - Developing RES Projects with NGOs</p>	<p><b>9. ERG Academy for our People:</b> - 80% people with individual development plan - 100% people involved in learning activities</p> <p><b>10. Diversity &amp; Inclusion:</b> - ≥ 20% women amongst the key leaders - managers and senior managers (≥ 25% @2027) - ≥ 20% key leaders abroad (≥ 25% @2027) - 25 - 30% women in the workforce - D&amp;I Certification @2025</p> <p><b>11. Employees' well-being</b> - Flexible benefit Plan - Solidarity holidays at Group level - Remote Working post Pandemic</p> <p><b>12. Health &amp; Safety, always:</b> - No fatalities, F&lt;4</p>	<p><b>13. Sustainability Incentives:</b> - 100% incentives plan integrated with ESG objectives</p> <p><b>14. Enhancing Governance Model:</b> - BoD Independence &amp; Diversity</p> <p><b>15. Tax Control Framework:</b> - Tax Control Framework in Germany (by FY 2024)</p> <p><b>16. Sustainable Procurement:</b> - Average score @2026: &gt;65% - Increase % of Suppliers with Carbon footprint and D&amp;I (vs Baseline 2022)</p> <p><b>17. ESG Finance:</b> - ≥ 90% of Green Funding</p> <p><b>18. Cybersecurity:</b> - Information Security Management System certification (@2024)</p>

## THE 2023 REPORTING OF THE ESG PLAN

In 2023, we made significant progress 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:

SDGs	OBJECTIVES	REPORTING 2023
<b>PLANET</b>		
    	<b>Net Zero</b>	<ul style="list-style-type: none"> <li>CCGT Sale</li> <li>Target Net Zero validated by SBTi</li> </ul>
	<b>Circular economy</b>	<ul style="list-style-type: none"> <li>Wind Repowering: 100% recovery</li> <li>Solar Revamping: 93% recovery</li> </ul>
	<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li>Wind: +10.9 GWh</li> <li>Solar: -1,8 GWh</li> </ul>
	<b>Biodiversity</b>	<ul style="list-style-type: none"> <li>100% internally developed plants with Biodiversity Assessment</li> </ul>
<b>ENGAGEMENT</b>		
    	<b>ERG Academy for Next Generation</b>	<ul style="list-style-type: none"> <li>23,407 students involved</li> </ul>
	<b>1% for the Community</b>	<ul style="list-style-type: none"> <li>1.2% of revenues for local communities</li> </ul>
	<b>Trust &amp; Reputation</b>	<ul style="list-style-type: none"> <li>Top performer in the main ESG ratings</li> </ul>
	<b>Social Purpose for Solar Revamping</b>	<ul style="list-style-type: none"> <li>2 projects completed in Italy</li> </ul>
<b>PEOPLE</b>		
    	<b>ERG Academy for our People</b>	<ul style="list-style-type: none"> <li>50% of ERG People with personal development plans</li> <li>99% of ERG People involved in training plans</li> </ul>
	<b>Diversity &amp; Inclusion</b>	<ul style="list-style-type: none"> <li>18% women among key leaders</li> <li>22% key leaders abroad</li> <li>31% women in the workforce</li> </ul>
	<b>Employees' well-being</b>	<ul style="list-style-type: none"> <li>Flexible Benefits Assessment</li> <li>Solidarity Holiday Programme extended in France and Germany</li> <li>8 days of remote working per month</li> </ul>
	<b>Health &amp; Safety, always</b>	<ul style="list-style-type: none"> <li>No fatalities</li> <li>Frequency index = 3.09 (FI Severe = 1.55)</li> <li>Severity Index = 0.11</li> </ul>
<b>GOVERNANCE</b>		
    	<b>Sustainability Incentives</b>	<ul style="list-style-type: none"> <li>100% MBO/LTI with ESG targets</li> </ul>
	<b>Enhancing governance model</b>	<ul style="list-style-type: none"> <li>Objective 2024 in relation to the term of the mandates the Boards of Statutory Auditors</li> </ul>
	<b>Tax Control Framework</b>	<ul style="list-style-type: none"> <li>Tax Control Framework implemented in Germany</li> </ul>
	<b>Sustainable Procurement</b>	<ul style="list-style-type: none"> <li>64.1 average score of strategic suppliers (+3 vs 2022)</li> <li>Suppliers with a carbon footprint: 44%</li> <li>Suppliers with D&amp;I Policy: 63%</li> </ul>
	<b>ESG Finance</b>	<ul style="list-style-type: none"> <li>95% of Green funding</li> </ul>
<b>Cybersecurity</b>	<ul style="list-style-type: none"> <li>ISMS certification in Germany by 1Q 2024</li> </ul>	





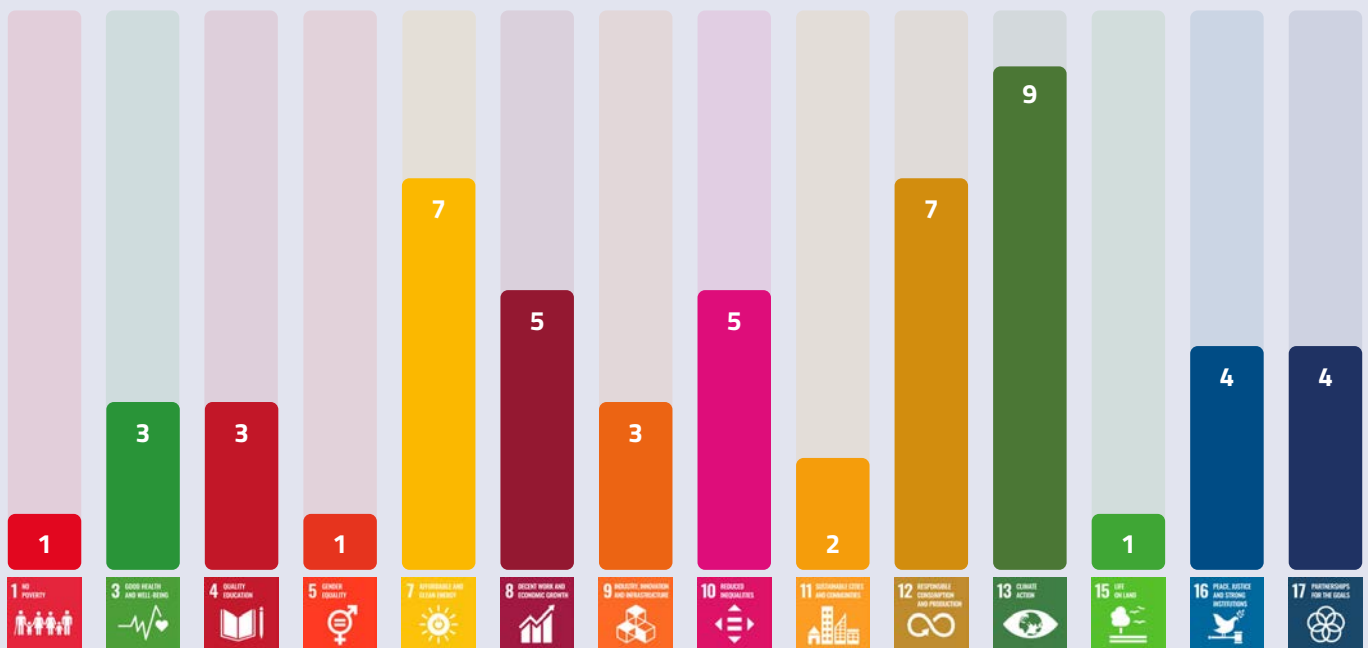
# ERG's commitment and the SDGs



The United Nations 2030 Agenda for Sustainable Development identifies 17 Sustainable Development Goals (SDGs) that represent common goals for sustainable development and provide an international reference for advancing the global challenges. In this context, the energy sector plays a strategic role in all countries. ERG has pioneered the energy transition and placed sustainable development at the centre of its strategy, with a mission to

contribute to the achievement of 14 of the 17 UN SDGs with specific, measurable actions. The chart below shows how many objectives of the ESG Plan make a positive contribution for each of the 14 SDGs to which ERG is committed. For example, 9 objectives of the ESG Plan have a positive impact on SDG 13, while 7 objectives have a positive impact on SDGs 7 and 12 (different objectives of the ESG Plan contribute to more than one SDG).

ESG Plan - number of objectives supporting the SDGs



## OUR COMPREHENSIVE CERTIFIED ESG COMMITMENT

✓ Actions implemented



# The ESG Assessment of Investments

Investments were again assessed from an ESG perspective in 2023. The system measures the impact of ERG's investments through a qualitative/quantitative analysis of 16 topics (divided into the 4 pillars of the ESG Plan - Planet, Engagement, People and Governance), consistent with the mandatory topics established by

Italian Legislative Decree 254/2016, the European Taxonomy and the requirements of the ESG Rating Agencies.

In 2023, all investments were analysed according to ESG parameters with a positive outcome.

## ESG topics assessed in investments









# EUROPEAN TAXONOMY

In order to support the achievement of the objectives of the European Green Deal, recognising the importance of the financial sector and with the aim of combating greenwashing, the European Union included Regulation EU 2020/852 (known as the EU Taxonomy) in the 2018 Action Plan, which establishes the criteria for determining whether an economic activity can be considered environmentally sustainable.

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

- it contributes substantially to one or more of the EU's six environmental objectives;
- it respects the principle of "Do No Significant Harm" (DNSH), i.e. does not harm any of the other objectives;
- it presents minimum safeguard requirements in order to comply with the OECD guidelines for multinational companies and the UN 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 2023, following the 'by technology' approach used in the Directors' Report of the Annual Report, we examined the impact of the ERG Group's businesses.

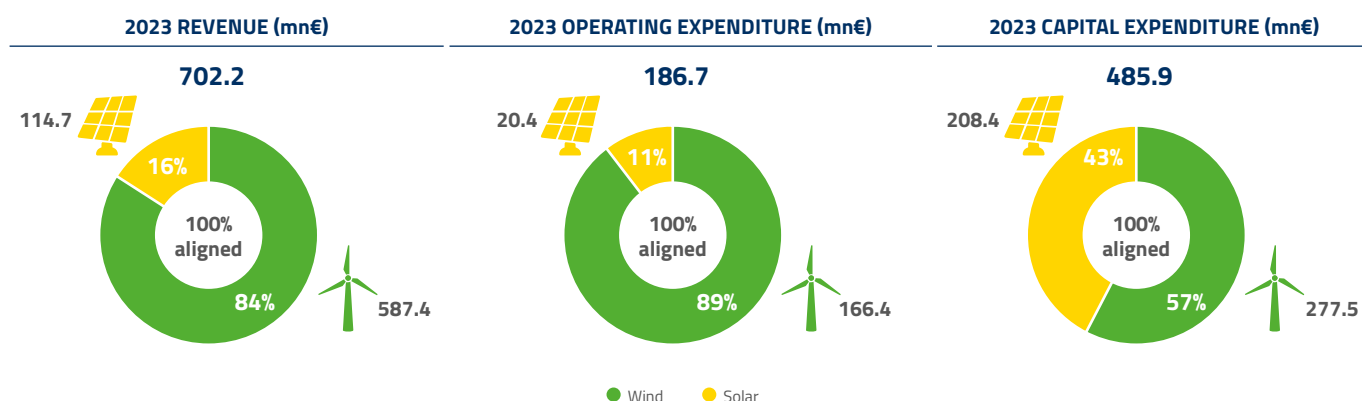
We then explored, in addition to the two climate objectives, the Supplementary Delegated Climate Act (Delegated Reg. 2023/2485) and the Delegated Environment Act (Delegated Reg. 2023/2486), which set out the requirements for the four environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, prevention and control of pollution and protection and restoration of biodiversity and ecosystems) were analysed.

From the analysis conducted, the activities carried out by the ERG Group are 100% aligned with the EU Taxonomy, in continuity with the results of 2022. Activity 4.1 (Electricity generation using solar photovoltaic technology) and activity 4.3 (Electricity generation from wind power) contribute in a significant manner to mitigating climate change.

The CapEx plan is also 100% in line with the Taxonomy, as it focuses on the development of the wind and solar business. For the calculation of the KPIs, the data present by technology in the Directors' Report of the Annual Report at 31/12/2023 were used, and in compliance with the FAQs published by the European Commission, these were considered net of the impact of the fair value of the hedges, as a purely financial transaction, and of the contribution of corporate, as it does not participate directly in the production process<sup>3</sup>. Therefore aligned revenues, costs (understood as the difference between EBITDA and revenues) and investments with the recalculated group total were compared.

We avoided double counting, as consolidated figures were used net of intercompany eliminations.

### EUROPEAN TAXONOMY – ANALYSIS OF RESULTS



**Reported Data.**

For the purposes of the Taxonomy, the following were excluded from the scope (i.e., from the numerator and denominator of the KPI): the fair value of hedging (38.5 mn€ revenue), the contribution of Corporate (0.3 mn€ revenue; 25.2 mn€ OpEx) and 2.7 mn€ structural CapEx.

In the Report on Operations, these are represented in the Corporate CapEx, which also include 1.5 mn€ of CapEx in the Wind & Solar business, centrally supported, which were instead considered for Taxonomy purposes.

Therefore, if the excluded values are added to the values in the denominator for the calculation of the alignment with the Taxonomy, the consolidated figures, as presented in the Financial Statements, result as follows: revenue 740.9 mn€, OpEx 211.9 mn€, CapEx 488.6 mn€.

CapEx also includes intangible concessions and licences.

### Do No Significant Harm (DNSH)

The technical criteria for DNSH ("do no significant harm") should ensure that the economic activities do not have a "significant" negative environmental impact.

ERG carried out an internal analysis and assessed the following factors together with activity 4.1 (Electricity generation using solar photovoltaic technology) and 4.3 (Electricity generation from wind power):

- the environmental authorizations obtained for the construction and operation of the Wind & Solar plants (also called W&S);
- the analysis of chronic and acute climate-related risks and their compensation and mitigation measures;
- the durability of the technologies;
- the disposal and recyclability of components at the end of the useful life of W&S plants.

**The analysis carried out made it possible to reach the conclusion that ERG carries out its activities in compliance with the technical criteria of DNSH.**

<sup>3</sup> Please refer to the Commission communications on the interpretation and implementation of certain legal provisions of the delegated act on disclosure pursuant to Article 8 of the EU Taxonomy Regulation.

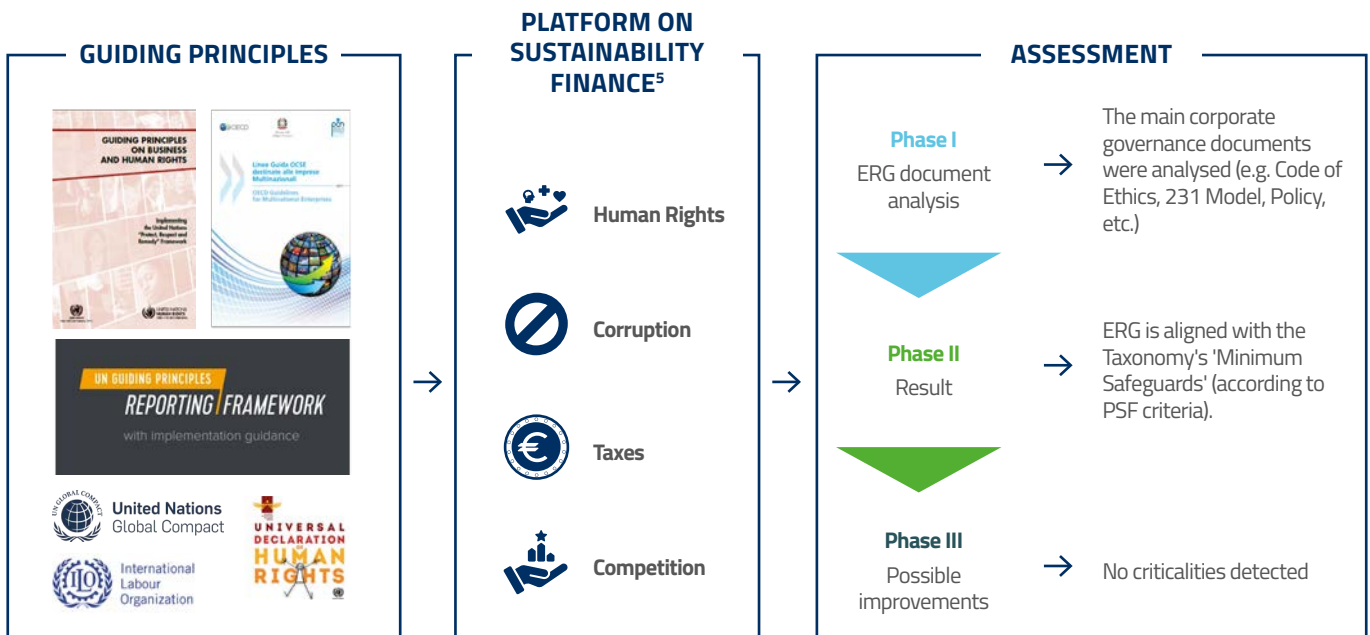


Internships	Requirements (Annex I)	Satisfaction	Satisfaction
Climate change adaptation	The activity fulfils the criteria of Annex A of the Delegated Acts supplementing Regulation (EU) 2020/852.	✓	✓
Sustainable use and protection of water and marine resources	Not applicable (Does not apply to On-shore 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	✓	✓

### Analysis of compliance with minimum safeguards

ERG carried out an analysis to assess whether the structure and internal processes involved are adequate to safeguard and comply

with the minimum safeguards. In this regard, the non-binding opinion of the **Platform on Sustainability Finance (PSF)**<sup>4</sup> was taken as a reference.



It was therefore possible to analyse the company's processes and regulatory documents to assess their compliance with the PSF opinion. The Code of Ethics, as well as the Human Rights Policy, the Anti-Corruption Policy, the Tax Strategy and other policies and procedures, define the principles that the Group integrates into its business strategy

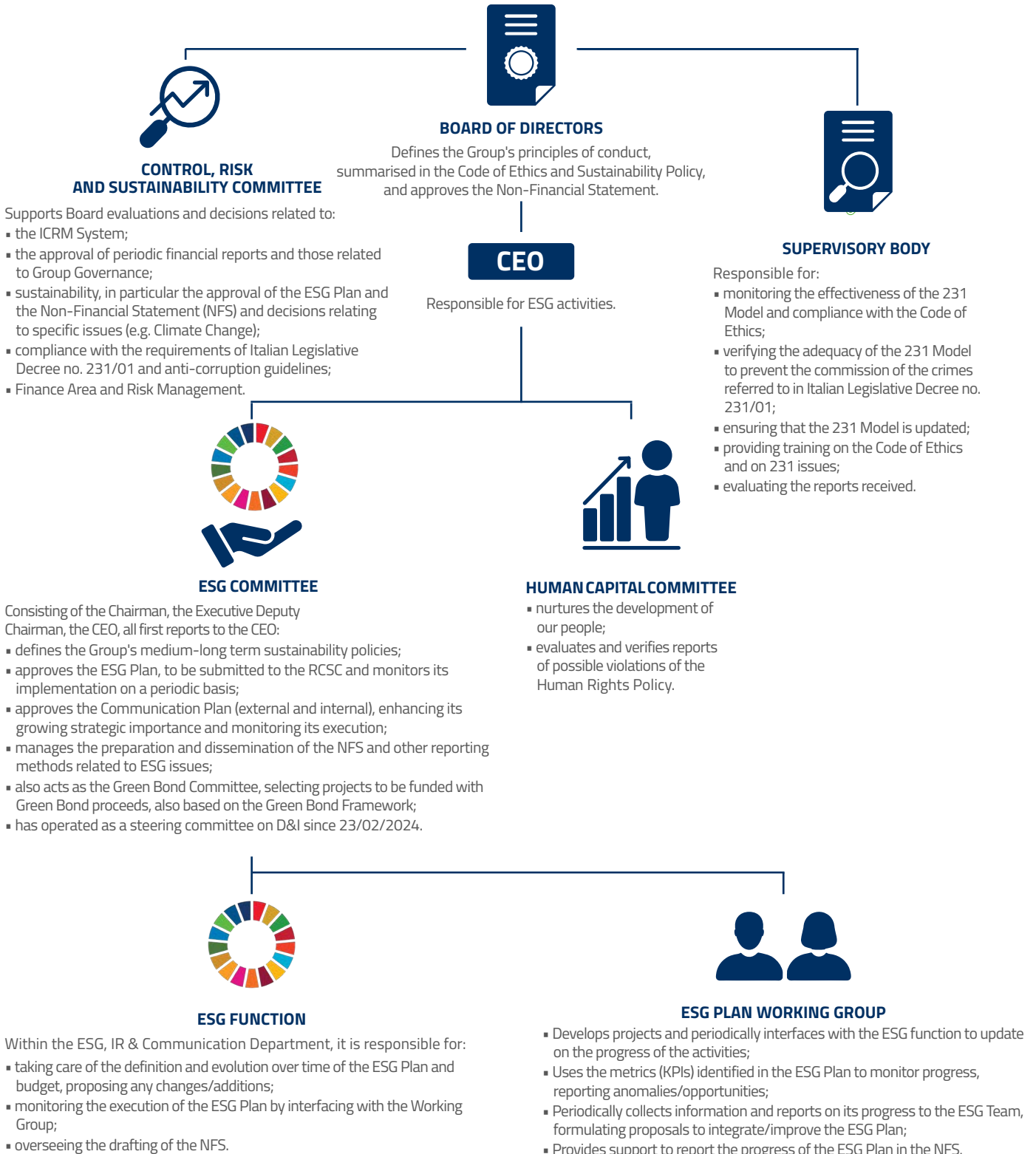
and ensure the protection of all the stakeholders with whom it interacts. **The analysis carried out made it possible to reach the conclusion that ERG conducts its activities in compliance with the minimum safeguards, as prescribed by art. 18 of EU Reg. 852/2020.**

<sup>4</sup> Final Report on Minimum Safeguards; October 2022, which is the only interpretation of the regulatory requirement to date and is based on the analysis of the following international references: United Nations Guiding Principles on Business and Human Rights (UNGPs); OECD Guideline for MNEs; ILO Core Conventions; International Bill of Human Rights. To date, no official interpretations have been published regarding the minimum safeguards, the PSF criteria are the most accredited.

# OUR SUSTAINABILITY GOVERNANCE MODEL

For us, 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 ERG Group. In this context, we have long

since established a 'best in class' sustainability governance system, recognised as such by the leading ESG rating agencies internationally.



In 2023, the ESG Committee met 5 times (every two months) with an average attendance of over 95%. The main topics discussed were:

- the definition of the new objectives of the ESG Plan integrated in the Business Plan;
- the finalisation of the 2023 ESG Plan targets (including the ESG targets included in the variable incentive scheme);
- updating the materiality analysis (including Impact Materiality and Double Materiality);
- ESG policies (update of the Code of Ethics; Whistleblowing Policy, new Gender Equality Policy and update of the Policy for dialogue with stakeholders);
- monitoring the results of the ratings obtained and the inclusion of ERG in financial indices;
- the evaluation and approval of 2023 projects related to Social Purpose for Solar Revamping;
- the impact of new regulations (e.g. Corporate Sustainability Reporting Directive - CSRD);
- the allocation of Green Bonds.

To support the work on the ESG Plan, a cross-functional team is envisaged that involves about 40 people and includes the various corporate areas with the aim of seizing all the possible opportunities and articulations of sustainability within the Group, developing the ESG Plan projects and identifying potential new areas of activity.

The Sustainability Management System is further supported by:

- the Supervisory Committee, established pursuant to the 231 Model. This Committee is set up in all of the Group's Italian companies and acts as an Ethic Committee;
- the Human Capital Committee, which through our whistleblowing system verifies any reports of possible violations of the Human Rights Policy, the D&I Policy and the new Anti-harassment Policy.



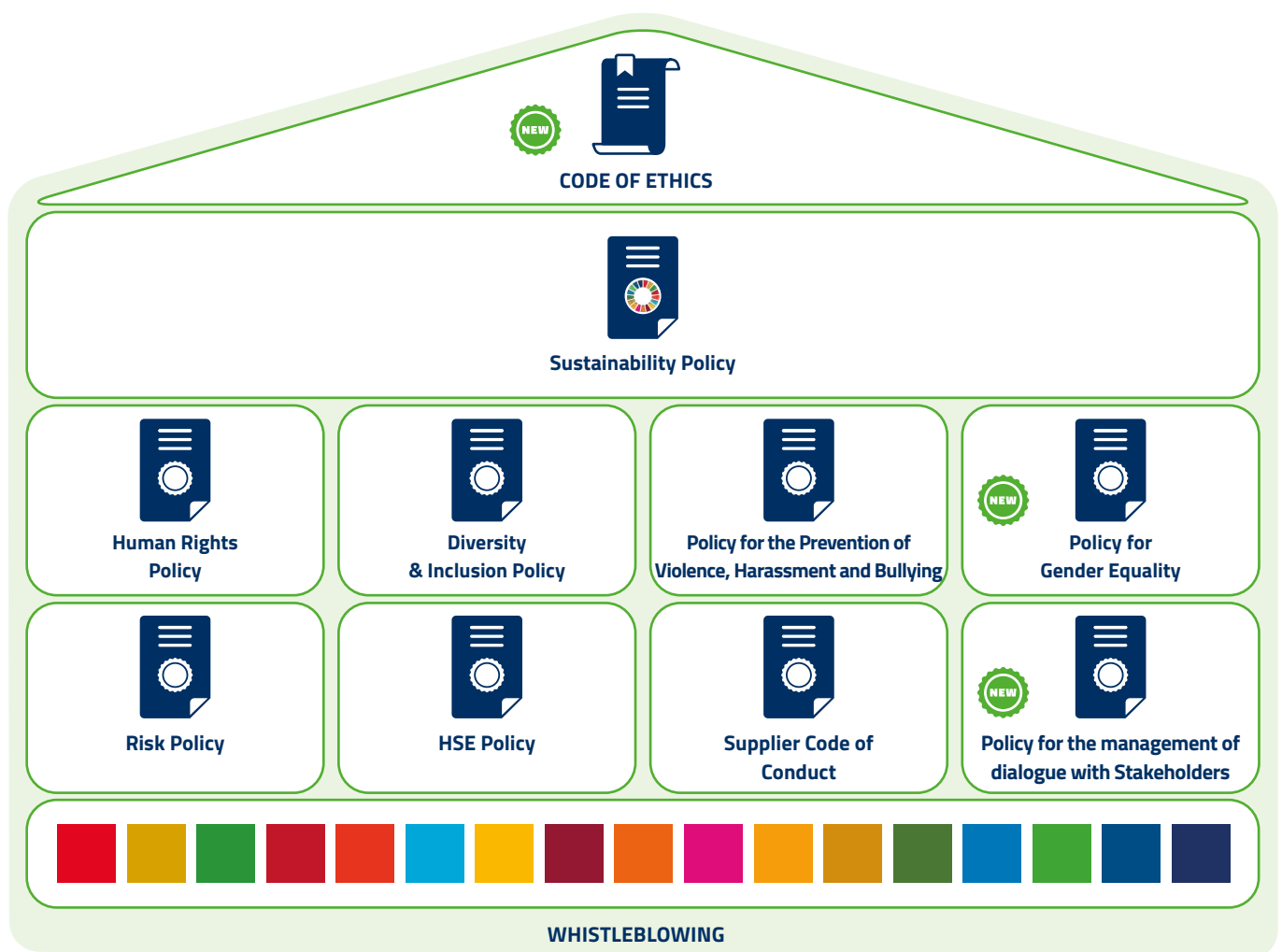
*Corni wind farm - Romania*

## OUR SUSTAINABILITY POLICIES

The Code of Ethics adopted in 2004 is the instrument by which we declare our principles and specify the desire to invest in transparent dialogue with stakeholders, managing the company in an ethical and responsible manner. As the cornerstone of our way of doing business, the Code was updated in December 2023 following the completion of the transformation of the ERG Group into a Pure Wind & Solar operator and following the increasingly deep integration of the ESG strategy within our Business Plan.

This important document is flanked by various policies, such as the Sustainability Policy, the Human Rights Policy, the D&I Policy, the Policy Against Violence, Harassment and Bullying, and the new policies approved by the ESG Committee: the Gender Equality Policy, the Policy for the Management of Dialogue with Stakeholders and the Whistleblowing Procedure.

This set of reference principles allows us not only 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 value.



# Update of ESG policies



## Code of Ethics

- Transformation into a Pure Wind & Solar model
- ESG strategy integrated into the Business Plan
- Transposition of D&I and Anti Harassment Policy
- Inclusion of the "next generation" in stakeholders
- Presence of the whistleblowing system
- New, clearer and more readable graphics



## Gender equality

- ESG Committee appointed as "Steering Committee"
- Gender Equality Plan integrated into the ESG Plan
- Establishment of an inter-departmental working group on D&I
- ERG commitments to overcome stereotypes and biases
- Transparency in processes impacting gender equality



## Dialogue with stakeholders

The Policy applies to all stakeholders outside the context of the Shareholders' Meeting, on issues such as:

- Operating performance and financial results
- Company Strategy and Corporate Governance
- Remuneration policies
- Sustainability (strategies and reporting)

## ERG'S ESG RATINGS AND SUSTAINABILITY AWARDS

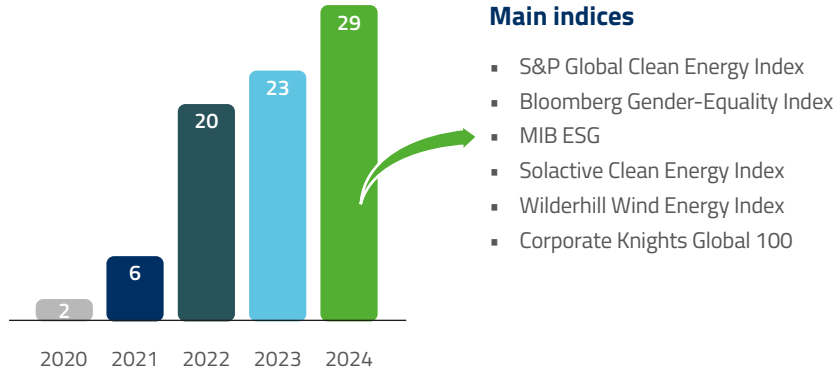
All company departments constantly collaborate in reporting to the ESG rating agencies, as we consider their assessments (all "unsolicited") as an important opportunity to improve our

sustainability performance. In 2023, our ranking in all the major ESG ratings allowed us to maintain the "leadership" bracket.

 <b>65</b> Advanced	 <b>A</b>	 <b>AAA</b>	 <b>16.2 Low Risk</b>	 <b>B+</b>
 <b>79/100</b>	 <b>82/100</b>	 <b>77/100</b>	 <b>Net Zero approved</b>	 <b>28th in the 2024 Ranking</b>

The Pure Wind & Solar focus strategy, the ESG strategy and the engagement achieved by the Investor Relations activity have made it possible for ERG to be included in 29 ESG indices at the beginning of 2024, with the main ones including:

### ESG INDICES IN WHICH ERG IS PRESENT



'We want to grow sustainably, building solid partnerships with reliable players. We work in the long term with the aim of consolidating a sustainable and profitable financial model, in line with our values of fairness and transparency.'

**Michele Pedemonte**  
Administration, Finance, Control & Procurement

## SUSTAINABLE FINANCE

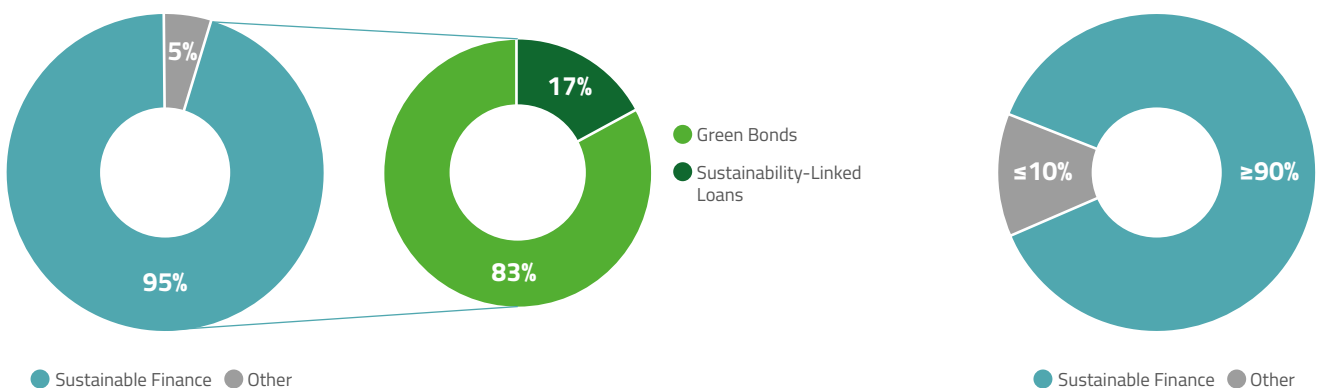
Finance is the cornerstone for the creation of a more sustainable economic model that can combine economic development with social and environmental objectives. Sustainable finance is now an integral part of our capital structure, and is the predominant component of the Group's sources of financing.

As at 31 December 2023, about 95% of these were made up of Sustainable Finance sources, equal to EUR 1,930 million out of a total gross debt of EUR 2,027 million (in nominal value) and include:

- Green Bonds, which amount to a total of EUR 1,600 million and represent approximately 83% of sustainable sources.
- "Sustainability-Linked Senior Unsecured" loans amount to EUR 330 million and represent the remaining 17% of sustainable sources.

2023

@2026



In addition, ERG S.p.A. has an ESG-linked Revolving Credit Facility with a three-year duration and the possibility of extension for a further year, 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 as at 31 December 2023.

In addition to these more materially significant cases, ERG has credit lines for ESG-linked guarantees contracted with some counterparties in 2023. In some cases, these lines also define a

reward mechanism for the achievement of ESG objectives for the commission part. The credit lines activated amount to EUR 100 million and are partially used.

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.

## THE NEW SUSTAINABILITY - LINKED LOANS

In pursuit of the objective of achieving and maintaining 90% sustainable sources out of total financial sources, in accordance with the 2022-2026 ESG Plan, the loans stipulated in the first half

of 2023 were structured as Sustainability-Linked and, as such are linked to a reward mechanism connected to the achievement of social, environmental and governance objectives.

## ERG joins the Nasdaq Sustainable Bond Network

In June 2023, following the complete allocation of earnings deriving from all the previous issuance of Green Bonds, ERG joined the Nasdaq Sustainable Bond Network, a platform dedicated to Sustainable Finance of the New York electronic stock exchange that brings together investors, issuers and investment banks.

The entry into the Nasdaq Sustainable Bond Network is an important recognition of ERG's commitment to sustainable finance which supports the Group's development programmes contained in the Business Plan and which aims to reach and maintain at least 90% of loans in 2026 classified as "Sustainable Funding".



The ERG logo projected on the Nasdaq Tower in Times Square

## METHODOLOGICAL NOTE

The 2023 edition is the 17th edition of the ERG Group's Sustainability Report and the seventh edition of the Consolidated Non-Financial Statement (hereinafter also called the Non-Financial Statement, NFS or Sustainability Report) prepared in accordance with Art. 3 and Art. 4 of Italian Legislative Decree no. 254/2016 as amended (hereinafter also Italian Legislative Decree no. 254/16 or Decree no. 254).

In this document we cover the aspects most closely related to the Group's ESG (Environmental, Social and Governance) approach and report on everything related to the implementation of our ESG Plan. The economic and governance issues for which we provide a general overview can be examined in detail in other official documents published and available on the Group's website, [www.erg.eu](http://www.erg.eu) (in particular, the ERG Group Consolidated Financial Statements and the Report on Corporate Governance and Ownership). 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 reference perimeter. The process also makes use of software and control systems that guarantee the correctness of the data.

The NFS was submitted for examination and assessment by the ESG Committee on 28/02/2024, the Control, Risk and Sustainability Committee on 07/03/2024 and subsequently approved by the Board of Directors of ERG S.p.A. on 12/03/2024. This document was subject to Limited Assurance in accordance with the criteria of principle ISAE 3000 (Revised) carried out by KPMG S.p.A. The engagement was conducted according to the procedures indicated in the "Independent Auditors' Report", including the reference legislation and GRI standards. The topics considered within this Report are those that, following the materiality analysis and assessment, were considered "material", or such to reflect the social and environmental impacts of the Group's activities or influence the decisions of its stakeholders. This assessment does not extend to information on financial materiality, which has already been indicated in the previous section 'Double Materiality'.

This Consolidated Non-Financial Statement has been prepared "in accordance with GRI Standards," and in particular with the 2021 standards defined by the GRI Global Reporting Initiative, supplemented with the information required by GRI-G4 "Electric Utilities Sector Disclosures", specific to companies in the utility sector.

The GRI Standards are now the most widespread and recognised standards of non-financial reporting at the international level and were identified by ERG as the reference standards for fulfilling the obligations pursuant to Italian Legislative Decree 254/2016. We have included the GRI Content Index in the "Content Index" section of this document to help readers locate the necessary information for a clear and accurate understanding of the reporting. In drawing up the NFS, we also referenced the European Commission's "Guidelines for the communication of non-financial information" and "Supplement on reporting climate-related information", which recalls the principles of the TCFD (Task Force on Climate-related Financial Disclosure).

It should be noted that the material topics were determined according to the impact materiality criteria set forth in GRI 3 - Material Topics 2021, as documented in the section 'Impact Materiality'.

In addition, it should be noted that the ERG Group has voluntarily carried out a preliminary activity to determine financial materiality in advance of the application of the double materiality envisaged by the CSRD starting from the 2024 financial year. This voluntary activity was illustrated within the section 'Double Materiality'.

The reporting scope of the non-financial information reported in this 2023 Non-Financial Statement is the same as that of 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 2023 (reporting period from 1 January to 31 December).

It is therefore worth noting the exclusion of the CCGT thermoelectric plant from the scope of consolidation: as it was subject to sale during 2023 (the sale was signed on 29 June 2023 with Achernar Assets AG and finalised on 17 October 2023), in the Consolidated Financial Statements this plant is classified as "assets held for sale" (based on the application of IFRS 5). However, in order to ensure completeness of information, in the "assets sold" section, ESG topics and indicators related to the CCGT plant are reported separately manner.

Any further perimeter limitations are expressly indicated in the text and do not compromise the full comprehension of the business activity as required by Art. 3, paragraph 1 of Italian Legislative Decree. 254/2016.

Compared to the 2022 reporting, there are no significant changes in the scope and ownership structure, except for the entry of new wind farms and photovoltaic plants. In any case, for details regarding these two aspects reference may be made to ERG Group's Consolidated Financial Statements at 31 December 2023 and to the Report on Corporate Governance and Ownership.

Concerning the quantitative information illustrated in this document, the following should be noted as regards emissions:

- Scope 2 emissions are mainly related to electricity purchases necessary to operate the plants (when not in production) and offices;
- the indirect emissions generated by the value chain (known as Scope 3 emissions) were quantified with reference to 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 2023 as input. These amounts were multiplied by specific emission factors<sup>5</sup>. In addition, where precise information was available, primary data and emission factors deduced from LCA and EPD were used.

The same methodology was applied for **category 2 - Capital Goods**, 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,

<sup>5</sup> Emission factor source: CEDA Global 4.01 GHG emissions breakdown. Emission factors expressed in kgCO<sub>2</sub>/EUR were associated according to the type of expenditure and country of reference.



the entire useful life<sup>6</sup> of the capex purchased 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<sup>7</sup> 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 taken into consideration. Through the application of the Distance-Based method, it was possible to use the point data mentioned above using emission factors<sup>8</sup> 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 in the activities owned or controlled by the reporting company in the reference year. To quantify the emissions of the above-mentioned category, the Waste-types specific method was used, which involves the use of emission factors<sup>9</sup> for specific types of waste and treatment methods.

For the calculation of emissions associated with **category 6 - Business Travel**, the Distance-Based method was applied, using as input data the distances travelled during company travel and specific emission factors<sup>9</sup> depending on the means of transport used (plane or train). Moreover, for the same category, with the Spend-based methodology, the expenses incurred for:

- short-term car rentals;
- travel by taxi.

In this case, the emission factor<sup>9</sup> used is that relating to land transport.

**Category 7 - Employee Commuting** reports emissions related to employee commuting. For this category, the responses deriving from a survey<sup>10</sup> were used, in which data relating to the distance from home to work, the days in the office and the means of transport used were available. On the basis of the responses<sup>11</sup> obtained, it was possible to apply the Distance-based method, thus multiplying the total distance travelled weekly by<sup>12</sup> by the working weeks in a year<sup>13</sup> and an emission factor based on the means of transport used.

Ultimately, **category 8 - Upstream Leased Assets**, provides an indication of the emissions associated with leased company assets. 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 particular, for the latter case, the emissions<sup>14</sup> relating to properties in Italy were calculated and from these an emission index was obtained by type of property expressed in tCO<sub>2</sub> and/m<sup>2</sup>.

This index was applied for all the other countries (Romania, UK, France, Spain) for which only the surface area in m<sup>2</sup> was available. It should be noted that in the emission calculation of this category, closed volumes (buildings) were considered.

All the categories that were not mentioned were not considered applicable for the Group's business.

As regards "CO<sub>2</sub> avoided", an indicator used to show the positive contribution of production from renewable sources to environmental improvement, this was defined using a conversion factor aligned with common standards: the emission factor of the specific thermoelectric plants in the country of reference and published by IEA (last publication updated to 2021).

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 the Group's performance trends, data for the last three years has been provided, where available. It should be noted that in this edition, the 2021, 2022 and 2023 performance data are all presented on the Wind & Solar perimeter, net of the contribution of the thermoelectric/CCGT business (sold on 17 October 2023) and the hydroelectric business (sold on 3 January 2022).

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 Non-Financial Statement is published annually. For information regarding the NFS, please write to [sustainability@erg.eu](mailto:sustainability@erg.eu). This document is also available on the Group's website under the Sustainability section (<https://www.erg.eu/en/sostenibilita>).

6 Useful life for Wind & Solar technologies was deduced from specific studies (LCA and EPD).

7 Emission factor source: IEA Life Cycle Upstream Emission Factors 2023 (Pilot Edition).

8 Emission factor source: UK Government GHG Conversion Factors for Company Reporting 2023.

9 Factor source: Eurostat Environmentally-Extended Input-Output (EEIO) tables providing average emission factors by NACE sector expressed in tCO<sub>2</sub>e/ME.

10 This survey was conducted in July 2023.

11 The rate of participation in the questionnaire on employee mobility is 68%. For the remaining part of the company population, an estimate of emissions was made on the basis of the responses obtained.

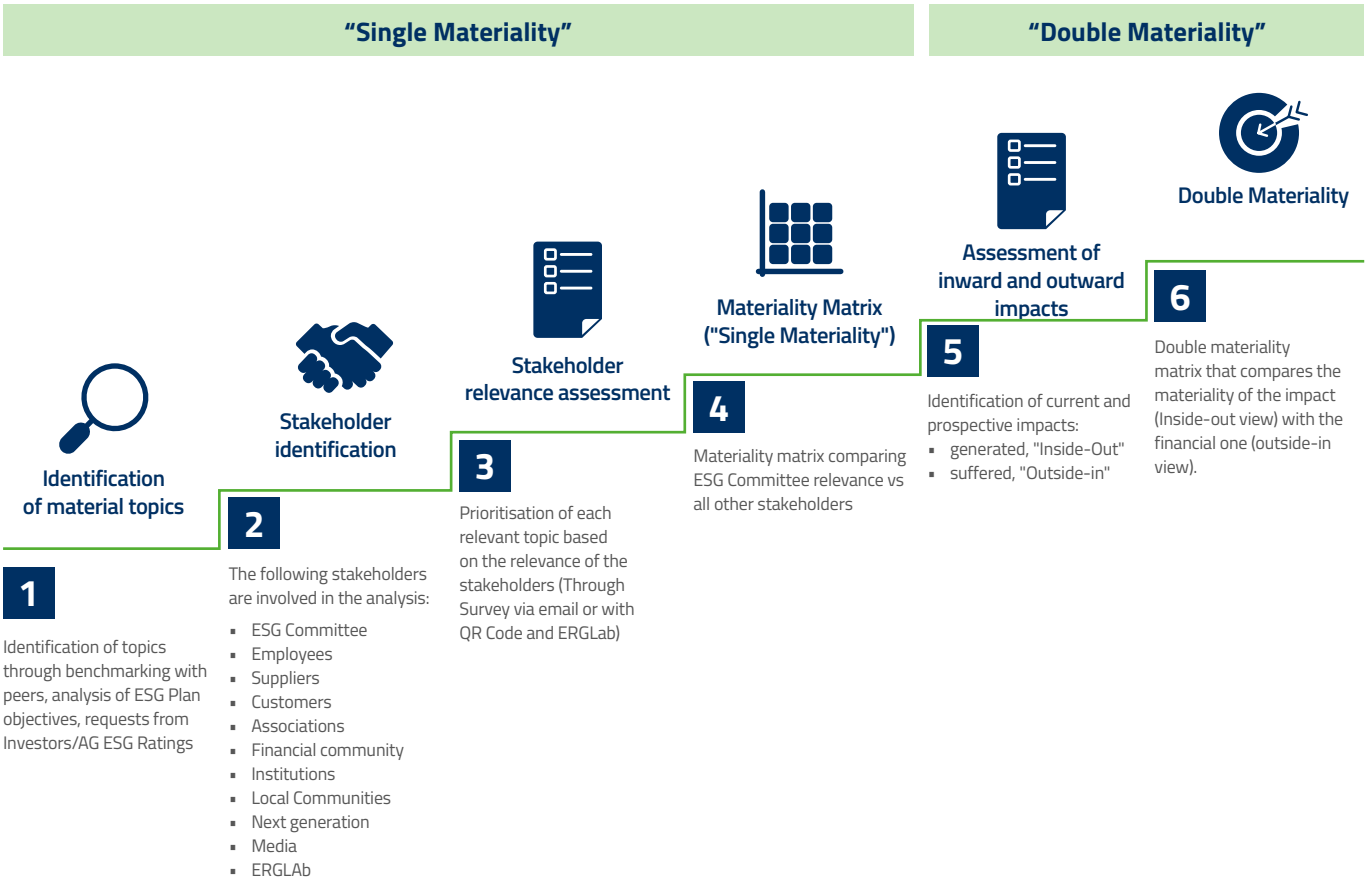
12 The weekly distance travelled takes into account the remote working days agreed with the employee.

13 220 working days per year were considered, corresponding to 44 working weeks.

14 For the calculation of emissions, the SIAPE database was used, which provides emission factors depending on the type of property considered.

# MATERIALITY ANALYSIS

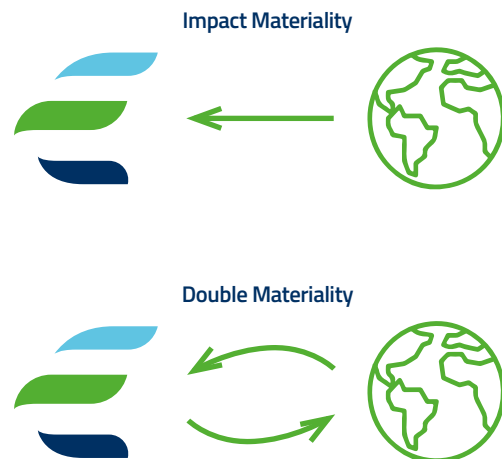
Materiality analysis aims to identify the most relevant aspects for the company and its stakeholders. Below is an outline of the process followed to identify material topics:



In our Group, the materiality process is conducted according to two approaches:

- "**Impact Materiality**": an which allows the identification and evaluation of priority issues for the company and its main stakeholders, which are then represented in the Materiality Matrix;
- "**Double Materiality**", with the entry into force of the new Corporate Sustainability Reporting Directive (CSRD) which envisages the Double Materiality approach, the analysis also considered this approach, which analyses:
  - the current or potential significant impacts generated by the company (Impact Materiality) in the short, medium or long term;
  - the actual or potential impacts suffered by the company (Financial Materiality). Material topics are those that generate risks or opportunities 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 materiality analysis is updated at Group level annually, involving all key stakeholders.



The materiality analysis was developed taking into account the most recent publications by international standards such as the GRI standard 2021 (latest version, published in 2022 and mandatory as of 1 January 2023). Moreover, the 17 Sustainable Development Goals (SDGs) of the United Nations were also taken as a reference for the analysis.

## ERG Lab and the new ESG format

We organised an ERG Lab on the materiality analysis in 2023 which involved a number of key stakeholders (including institutions, the financial community, customers, suppliers, trade unions and the third sector, as partners in social projects).

Through a round table, we took note of the specificities of the local communities, discussed the most important issues for us and for our stakeholders, contributing to the development of ideas and projects in line with the Group's objectives.

The discussion examined the crucial challenges that shape the future of corporate sustainability, focusing on the most relevant areas of impact. In particular, we addressed various issues regarding our decision-making process, focusing on the environmental and social dynamics that could influence the strategies of the ERG Group. We also examined the ESG parameters the Group should focus on in its activities and subsequent reporting.



*The ERG Lab round table*

## MATERIALITY MATRIX

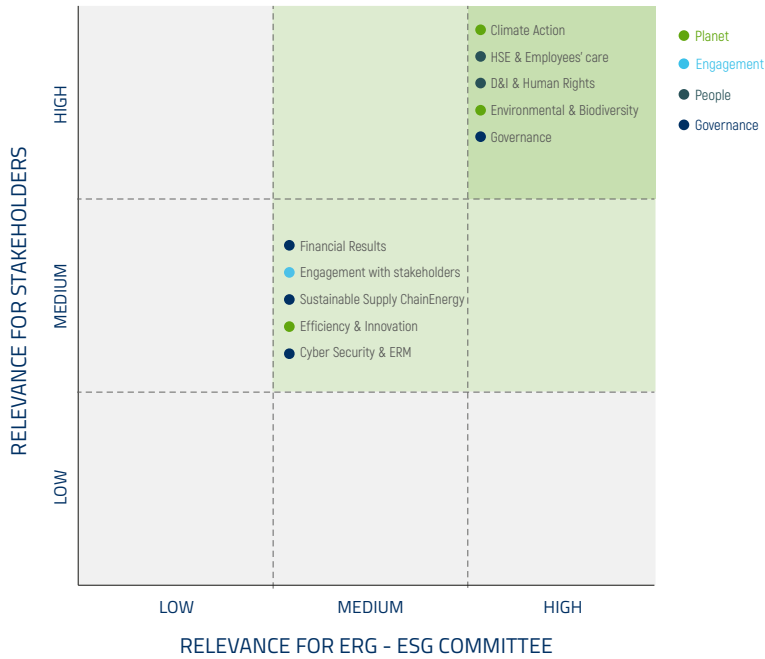
In 2023 we updated the materiality matrix following an analysis of several areas (e.g. ESG strategy and plan analysis; investor demands; ESG rating agency assessment; benchmarking with companies in the sector and the objectives in the international arena including the 17 SDGs).

In addition to the usual online questionnaires, we continued to broaden our stakeholder engagement by using innovative tools, such as the publication of the survey on LinkedIn and the direct engagement of young people at the Science Festival in Genoa, with QR codes to access the online questionnaire.

The results of the analysis substantially confirmed the 10 topics identified previously. The 2023 Materiality Matrix was submitted for approval by the ESG Committee on 6 December 2023 and the Control, Risk and Sustainability Committee on 12 December 2023. The material topics are aligned with those presented in the 2022 NFS.

The 2023 Matrix is the graphic representation of the outcome of the materiality analysis (Single Materiality).

## 2023 MATERIALITY MATRIX



### SINGLE MATERIALITY: IMPACT ASSESSMENT

We updated Impact Materiality in 2023, identifying the impacts generated by the ERG Group on the economy, the environment and people, including human rights. In summary, we assessed:

- the main "negative" events that do not allow us to achieve the objectives stated in the Business Plan as risks (including those in the ESG Plan);
- positive events as opportunities, which conversely enable us to achieve our strategic goals.

The project involved the ESG Committee as the main stakeholder, and the scope of analysis included the Wind & Solar business and all the countries in which we are present as at 31 December 2023.










The main risks, both negative and positive, current and prospective, generated by the ERG Group were:

- assessed according to their degree of severity, negative in the case of risks and positive in the case of objectives, according to a "high, medium, low" scale;
- evaluated in terms of both inherent risk (without mitigation strategies) and residual risk (after implementation of mitigation strategies), identifying the mitigation strategies adopted.

A summary of the results is shown below:



High Severity Medium severity Low Severity

Relevant Topic	Severity (Inherent Risk)	Mitigation strategy (Main actions)	Severity (Residual Risk)
 <b>Climate Action</b>	High Severity	<ul style="list-style-type: none"> <li>- Development strategy of RES sources 100% aligned with the EU Taxonomy;</li> <li>- Technological and geographical (Wind &amp; Solar) diversification of the generation portfolio;</li> <li>- Decarbonisation objectives of the ERG Group throughout the value chain (including the supply chain).</li> <li>- Asset efficiency programmes (Repowering / Revamping)</li> </ul>	Medium severity
 <b>D&amp;I &amp; Human Rights</b>	Medium severity	<ul style="list-style-type: none"> <li>- HR policies and procedures (Code of Ethics; Sustainability; Human Rights; D&amp;I; Anti-Harassment and Bullying; Gender Equality);</li> <li>- D&amp;I objectives in the ESG Plan (gender balance; gender equality certification; etc.).</li> <li>- Human Resources Committee</li> <li>- Whistleblowing process</li> </ul>	Medium severity
 <b>Energy Efficiency &amp; Innovation</b>	Low Severity	<ul style="list-style-type: none"> <li>- Technological innovation targets in the Industrial Plan (storage) to accompany RES penetration and the decarbonisation process;</li> <li>- Energy efficiency targets and programmes (Repowering Wind and Revamping Solar) added to the ESG Plan integrated in the Business Plan</li> </ul>	Low Severity
 <b>Engagement with stakeholders</b>	High Severity	<ul style="list-style-type: none"> <li>- Mapping of stakeholders with identification of expectations and engagement methods;</li> <li>- Stakeholder engagement model and programme based on transparency and valorisation. Relations with stakeholders</li> </ul>	Medium severity
 <b>Environment &amp; Biodiversity</b>	Medium severity	<ul style="list-style-type: none"> <li>- Development of 100% RES sources aligned with the EU Taxonomy;</li> <li>- Sustainability Policy with section on Environment and Biodiversity;</li> <li>- Biodiversity targets in the ESG Plan;</li> <li>- Decarbonisation objectives of the ERG Group throughout the value chain (including the supply chain);</li> <li>- Impacts on Biodiversity assessed during permitting for our Wind &amp; Solar plants;</li> <li>- Monitoring programme to reduce impacts on Biodiversity (where envisaged).</li> </ul>	Medium severity
 <b>Financial Results</b>	High Severity	<ul style="list-style-type: none"> <li>- Risk Policy and Risk Committee to support the CEO in the management and monitoring of eco / financial risks</li> <li>- Assessment of each new investment on the impact it may have on eco-fin results;</li> <li>- Systematic cash generation by its business activities;</li> <li>- Continuous monitoring of the final and expected results and of the financial balances.</li> </ul>	Medium severity
 <b>Governance &amp; Ethics</b>	High Severity	<ul style="list-style-type: none"> <li>- Code of Ethics and Policies ("Sustainability"; "Human Rights"; "D&amp;I" etc.) approved by the BoD;</li> <li>- Supervisory Committee, established pursuant to the 231 Model, acting as "Ethics Committee";</li> <li>- Endorsement of the Corporate Governance Code for Listed Companies issued by Borsa Italiana;</li> <li>- Internal Control and Risk Management System compliant with other standards and best practices.</li> </ul>	Medium severity
 <b>HSE &amp; Employee care</b>	Medium severity	<ul style="list-style-type: none"> <li>- OHSAS 18001 certified management systems;</li> <li>- HSE on-site audits + Third-party audits (RINA);</li> <li>- Periodic HSE reporting;</li> <li>- Specific well-being objectives in the ESG Plan (e.g. Remote working).</li> </ul>	Medium severity
 <b>Risk management</b>	Low Severity	<ul style="list-style-type: none"> <li>- Risk Policy defining the most effective strategies to respond to the risks to which the Group is exposed;</li> <li>- Enterprise Risk Management process for identifying, assessing, managing and monitoring the main (current and emerging) risks;</li> <li>- Crisis Risk Management Policy for the management of corporate crisis events;</li> <li>- Cybersecurity processes and procedures to mitigate ICT risks;</li> <li>- Insurance policies covering damage.</li> </ul>	Low Severity
 <b>Sustainable Supply Chain</b>	High Severity	<p>Sustainable Procurement Project involving (main actions):</p> <ul style="list-style-type: none"> <li>- Selection of suppliers who manage their production processes from an ESG perspective;</li> <li>- Use of a "K-technique" for tenders &gt; EUR 100K that favours the most ESG-friendly suppliers;</li> <li>- Contracts with safeguard clauses (Code of Ethics, Supplier Code of Conduct, etc.).</li> </ul>	Medium severity

## DOUBLE MATERIALITY

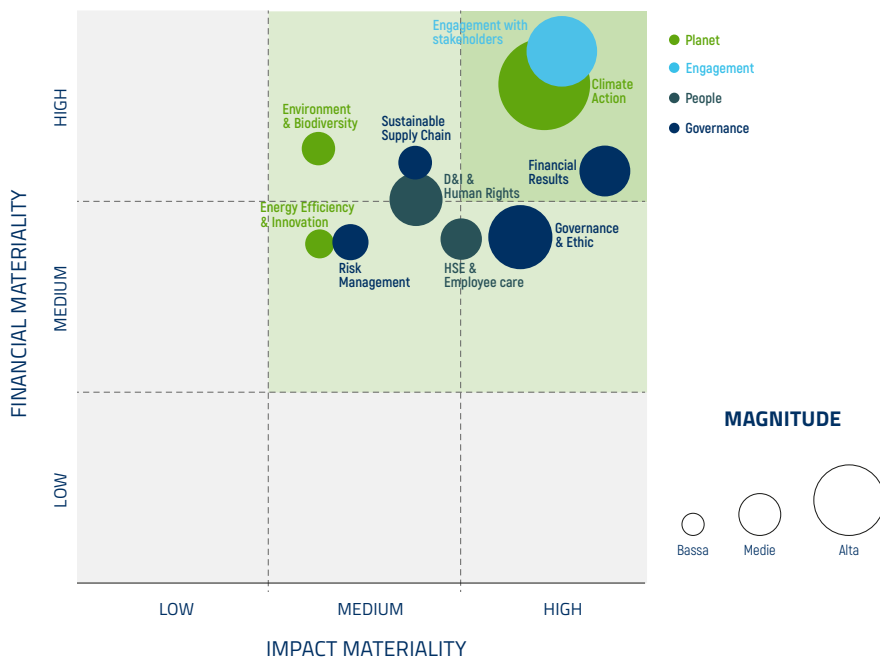
As anticipated, the Single Materiality was flanked by Financial Materiality, resulting in the definition of the Double Materiality. In the 4 pillars of the ESG Plan - Planet, Engagement, People & Governance, Top Management was involved in identifying the risks and opportunities associated with the significant topics. The current and prospective impacts were then assessed according to a "high, medium, low" scale, and mitigation strategies were identified.

Once the impacts 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. In addition, each material topic was assigned a magnitude, with 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.

The following matrix shows the results of the double relevance analysis for each ESG topic.

## DOUBLE MATERIALITY 2023





## Planet

### Our key figures

**6.1 TWh**

renewable energy produced (3.3 GW installed)

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**96%**

consumption covered by green energy

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**100%**

wind circular economy (in recovered materials)

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**93%**

solar circular economy (in recovered materials)

# PLANET



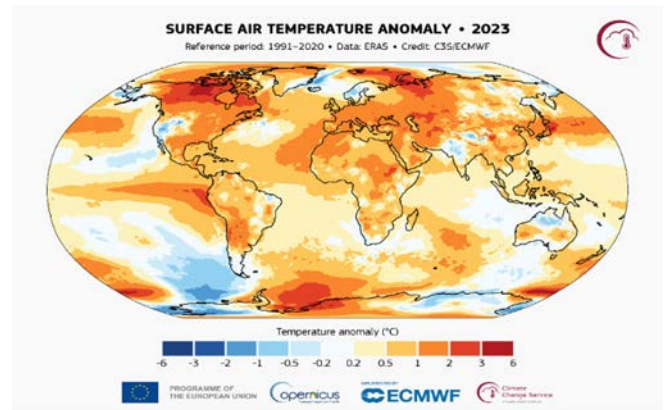
## THE REFERENCE CONTEXT

2023 was the hottest year ever recorded globally, replacing 2016, while at European level it was the second warmest year (after 2020) ever recorded: temperatures in Europe were higher than average for 11 months in 2023 and the European winter (December 2022 - February 2023) was the second warmest winter ever. Heavy rainfall has triggered significant and widespread flood events since spring. In brief, these are just some of the results reported in the Global Climate Highlights 2023 study conducted by Copernicus<sup>1</sup>.

The international scientific community is unanimous in stating that climate change is a consequence of human activities and a real threat to future generations. Fighting the climate crisis is the primary challenge that companies, institutions and citizens must urgently face.

In this difficult context, we at ERG - by vocation and commitment in the renewable energy sector - will continue to contribute to the achievement of the global decarbonisation objectives through the

significant investments in renewables set out in our Business Plan, in which our ESG Plan is integrated for a socially fair green transition.



## COP 28

In December 2023, the delegates of the 198 countries participating in COP28, the United Nations Climate Change Conference, unanimously approved the 'First Global Stocktake' document, which sets out the commitments made and the actions to be taken in order to achieve the objective of zero emissions in 2050.

Their commitment is unanimously established to contribute, with methods defined at national level, to the reduction of greenhouse gas emissions in line with the objective of limiting average global warming to a maximum of 1.5 degrees Celsius compared to the pre-industrial period. This is achieved through:

- transitioning away from fossil fuels in energy systems, in a 'just, orderly and equitable' manner, accelerating action in this critical decade, so as to reach net zero by 2050;

- tripling the global renewable energy capacity and doubling the average annual rate of energy efficiency improvement by 2030;
- the acceleration of zero- and low-emission technologies: renewable energy, nuclear, carbon capture and use and storage in sectors that are difficult to abate, and in the production of low-carbon hydrogen;
- the acceleration of global efforts towards net-zero emission energy systems, using zero and low carbon fuels well before or around the middle of the century;
- the elimination, as soon as possible, of inefficient subsidies to fossil fuels that do not address energy poverty or just transitions;
- the acceleration of efforts to gradually reduce the energy produced by unabated coal.

## Science Based Target approves our decarbonisation targets

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 Electric Utilities and Independent

Power Producers sector to have obtained certification of its decarbonisation targets by the SBTi.

ERG is committed to achieving Net Zero by 2040 through a number of specific actions both in the short term to 2027 (near-term target) and in the long term (long-term target)<sup>2</sup>.

<sup>1</sup> Copernicus is the European Union's Earth observation programme, dedicated to monitoring our planet and its environment.

<sup>2</sup> For details, see the Press Release of 7.07.2023

# BECOMING NET ZERO BY 2040

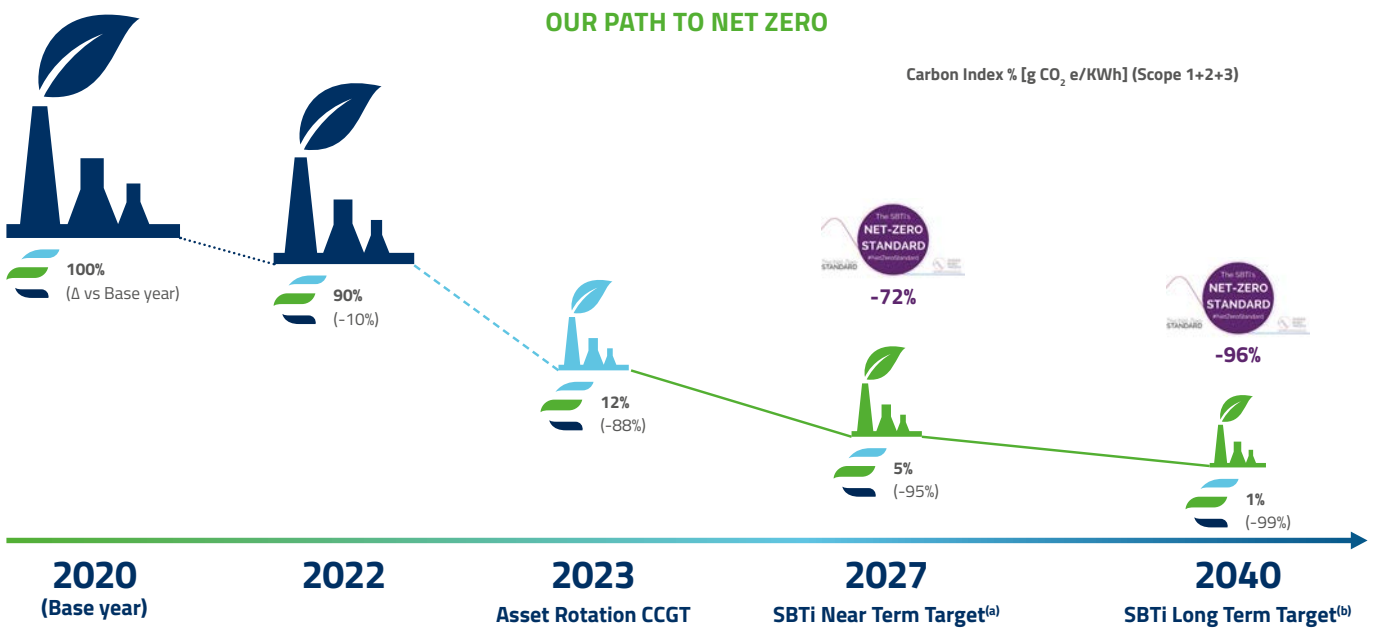
Our most ambitious commitment in the ESG Plan is to become Net Zero by 2040. With the exit from the thermoelectric sector that took place during 2023, 100% of ERG's generation is based on renewable sources, perfectly in line with the EU Taxonomy.

Our path to decarbonisation has three stages:

1. production and sale of 100% renewable energy;
2. consumption of our plants and facilities based exclusively on 100%

- renewable energy;
3. decarbonisation of our supply chain, by accompanying our main suppliers on an emission reduction pathway, certified by the Science Based Targets (SBTi).

The goal is that at least 75% of our major suppliers (with a turnover of more than EUR 1 million) receive SBTi certification in terms of their emission reduction by 2030 and at least 90% by 2040.



## NET ZERO target approved by SBTi

- (a) In the near-term:
- reduction of direct GHG emissions (Scope 1) and indirect emissions from energy consumption (Scope 2) of 72% per MWh by 2027 from a 2020 base year;
  - increase of active sourcing of renewable electricity from 94% in 2020 to 100% in 2030;
  - reduction of direct GHG emissions (Scope 1) and indirect emissions from fuel and energy related activities covering all sold electricity (Scope 3) of 70.4% per MWh by 2027 from a 2020 base year.
- (b) In the long-term:
- reduction of direct GHG emissions (Scope 1) and indirect emissions from energy consumption (Scope 2) from power generation of 94.8% per MWh by 2040 from a 2020 base year;
  - reduction of direct GHG emissions (Scope 1) and indirect emissions from fuel and energy related activities covering all sold electricity (Scope 3) of 95.3% per MWh within the same timeframe;
  - reduction of all other indirect GHG emissions (Scope 3) of 97% per MWh within the same timeframe.

# European Regulatory Framework: RED III

On 20 November 2023, the new Renewable Energy Directive (EU) 2023/2413, known as RED III, came into force. Member States will have to transpose the directive into national law by 21 May 2025 (18 months after entry into force).

Compared to the previous RED II, RED III further increases the target for the share of renewable energy in the Union's final energy consumption to 42.5% (RED II: 32%).

The most far-reaching reform concerns the authorisation system. Within 27 months after entry into force (i.e. by mid-February 2026), Member States must identify 'renewable energy acceleration areas.' In these areas, authorisations for new projects must be obtained within a period of 12 months, which can be extended to 18 months in particular situations, while for project repowering the deadline is 6 months, extendable up to 9 months in exceptional cases. Within these areas, environmental impact assessments are not conducted for each

individual project but on a zonal basis. The development of the network/ infrastructure is included in the authorisation procedures. The legislation aims to speed up the authorisation process, thus facilitating the installation of wind and solar farms by ERG in Europe.



Early transposition is envisaged by 1 July 2024 for some articles; in particular, with regard to the definition of the guidelines on the authorisation procedure, the acceleration of permitting for limited increases in power (<15%), the authorisation procedures for the installation of solar energy equipment, the implementation of the principle of prevailing public interest in the authorisation procedures for renewables.

## CO<sub>2</sub> AVOIDED: RENEWABLES FOR THE FUTURE OF THE PLANET

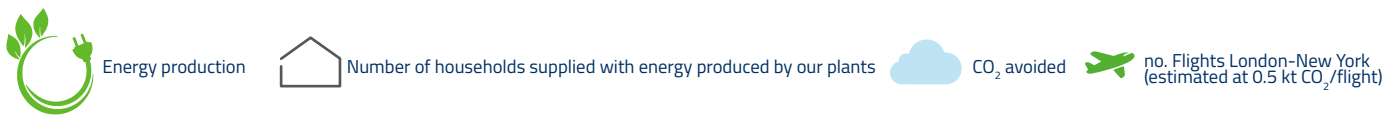
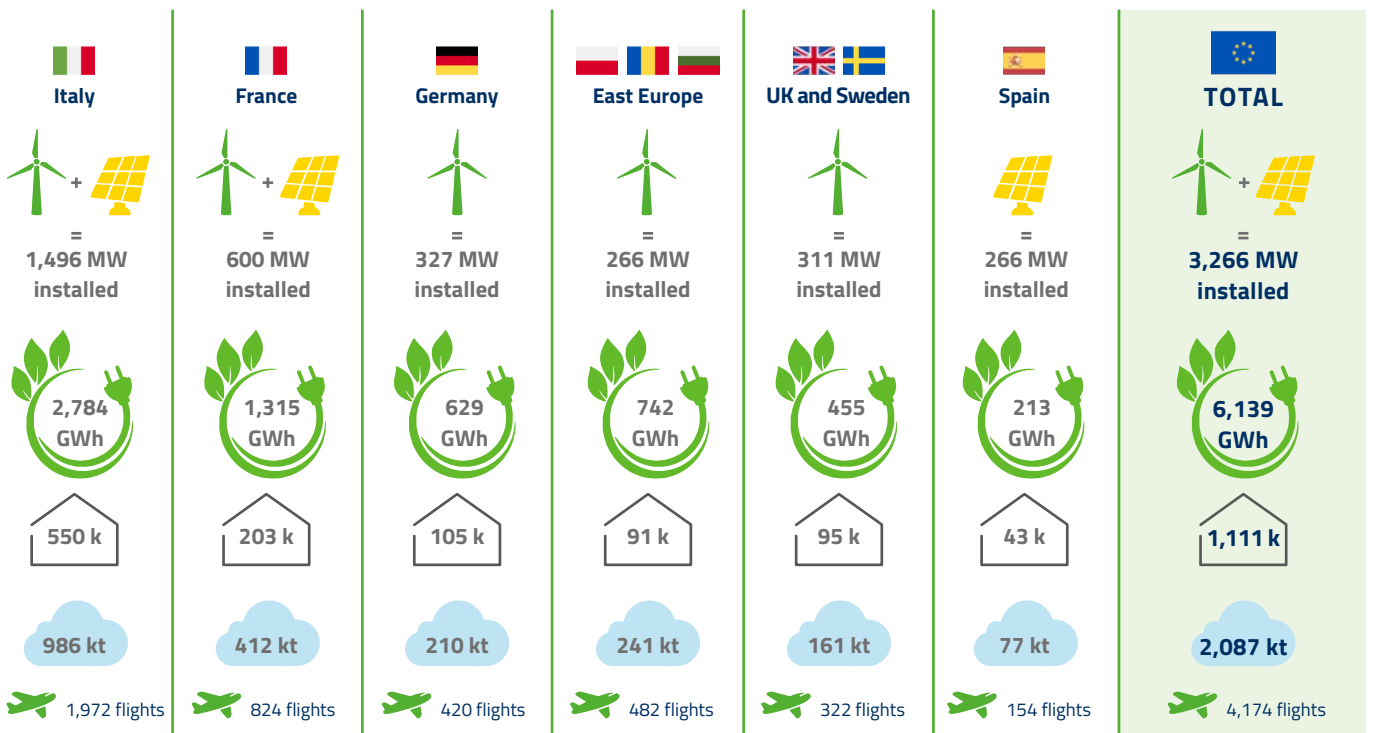
The ERG Group has been active in the world of energy for more than 80 years: in this long period of time, the sector has undergone profound and rapid changes, particularly since 2015, the year of COP21 in Paris. Since then, the world's attention has turned to combating climate change, with the goal to create a decarbonised economy and replacing traditional electricity generation, which is responsible for around 30% of emissions, with renewable generation.

Anticipating these trends, ERG started investing in the wind power sector as early as 2006 and, after exiting refining in 2008, we identified the increase in installed capacity in renewable energy,

wind and solar power plants as our only development direction.

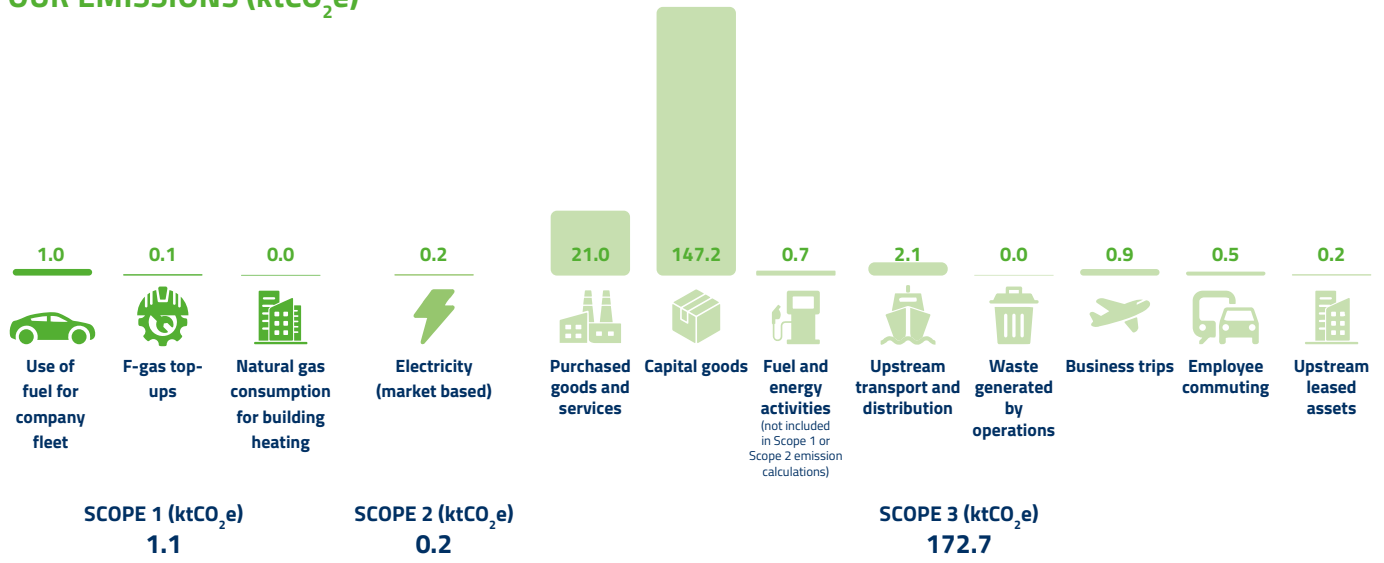
This approach was subsequently confirmed in the 2022-2026 Business Plan and with the sale of the Combined Cogeneration Cycle Gas Turbine (CCGT) plant in November 2023, the Group completed its transformation into a Pure Renewable Player.

Thanks to the clean energy production (wind and solar), ERG avoids the emission of several million tonnes of CO<sub>2</sub> each year: in 2023, the figure is 2,087 kt CO<sub>2</sub>, equivalent to 4,174 London New York flights<sup>3</sup>.



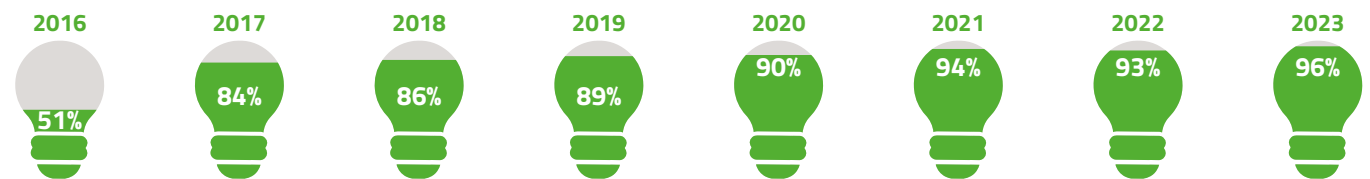
<sup>3</sup> It is assumed that flying from London to New York round trip generates about 1,000 kg CO<sub>2</sub> per passenger; assuming about 500 passengers each way equals 500 tonnes CO<sub>2</sub> per flight.

## OUR EMISSIONS (ktCO<sub>2</sub>e)



For more information on the calculation of emissions, please refer to the methodological note.

## OUR RENEWABLE ENERGY CONSUMPTION



## THE CONSTANT IMPROVEMENT OF ENERGY EFFICIENCY

As an industrial operator, ERG always strives to achieve the highest standards of energy efficiency in the management of its plants in order to maximise production, optimise producibility and guarantee high levels of plant availability.

The Group has focused its commitment on efficiency processes that follow different strands:

**1. Repowering:** the study and creation of new layouts for existing wind parks involving the replacement of old wind turbines with latest-generation models with better output, reducing the total number of WTGs by about half, while at the same time increasing the overall power of the wind farm (twofold, on average) and its producibility (threefold, on average), all without increasing land use.

- 2. Revamping:** updating and improving existing photovoltaic systems by replacing obsolete or less efficient components (such as solar panels, inverters and monitoring systems) with cutting-edge technologies. This process aims to optimise the operating efficiency and energy output of the plant, potentially increasing producibility without requiring a significant expansion of the occupied area. Although the nominal power of the plant may remain unchanged, revamping may result in greater energy production and an improvement in plant reliability and sustainability. In some cases, the reduction of the utilised area allows the expansion of the existing park with the installation of new capacity (solar repowering).
- 3. Predictive analysis:** implementation of more effective maintenance processes, accompanied by new machine monitoring tools.

## THE WIND REPOWERING PROCESS

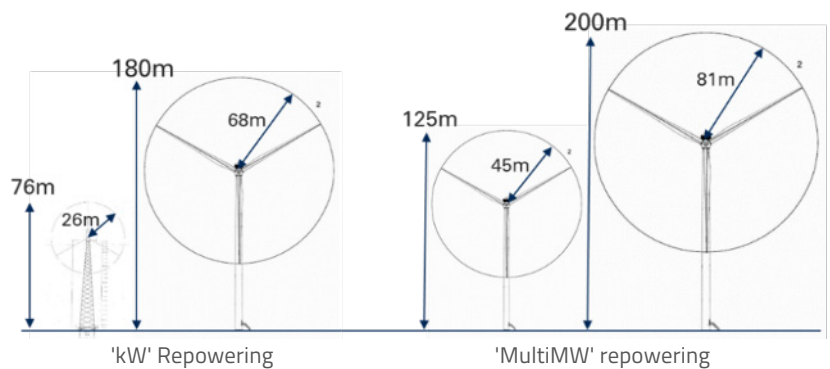
Wind repowering is an innovative strategy in the field of renewable energy, aimed at improving the performance and sustainability of existing wind farms. This practice focuses on updating and optimising key components, allowing older plants to adopt cutting-edge technologies. A crucial aspect of repowering is the optimisation of energy production through the use of advanced technologies. Replacing the blades of old wind turbines with longer and lighter models significantly improves efficiency. In addition, the installation of more modern wind generators and inverters maximises the overall plant yield.

In addition to the benefits on energy production, repowering contributes to making wind farms more reliable and compliant with constantly

evolving environmental standards. This updating makes it possible to:

1. install fewer wind turbines while **maintaining the same surface area** (about 50% less), reducing the visual impact, increasing power (about double) and productivity (about three times), improving efficiency and adopting more innovative technologies;
2. **maximise the use of the windiest sites**, where the oldest wind farms are located;
3. **reduce the virtual saturation of the network**, exploiting the existing infrastructure;
4. **reduce the overall environmental impact**, limiting the need to build new wind farms and minimising the occupation of new land, resulting in less alteration of ecosystems.

### IMPACTS OF REPOWERING



Repowering not only improves performance but also extends the useful life of plants, delaying the need for decommissioning and allowing them to continue to contribute to the production of renewable energy.

In addition to the benefits on energy production from renewable sources, repowering has further advantages, including:

1. greater consensus from local communities and institutions;
2. simplified permitting procedure;
3. limiting grid works and simplified connection procedure.

ERG has adopted repowering as a fundamental driver of development, starting an intensive programme in 2018 for the technological renewal of its wind fleet, especially in Italy.

The permitting process for repowering was launched at the competent authorities (Ministry of the Environment, Energy Safety and the Regions) for a total installed capacity of approximately 400 MW, which will reach approximately 800 MW following the interventions. Currently, around 183 MW are under construction (mainly in Italy), while another 212 MW are fully authorised.

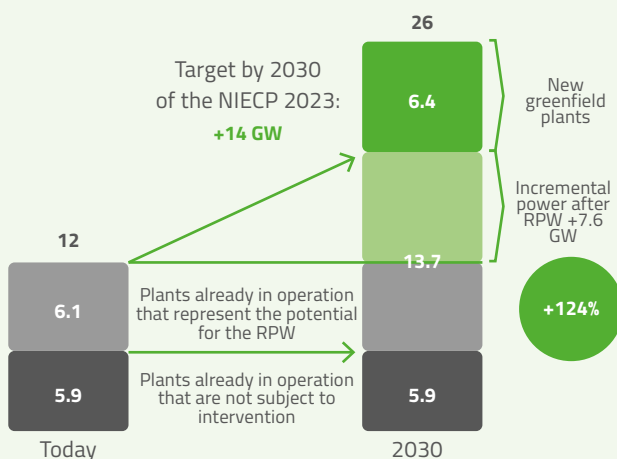


## The great potential of Repowering

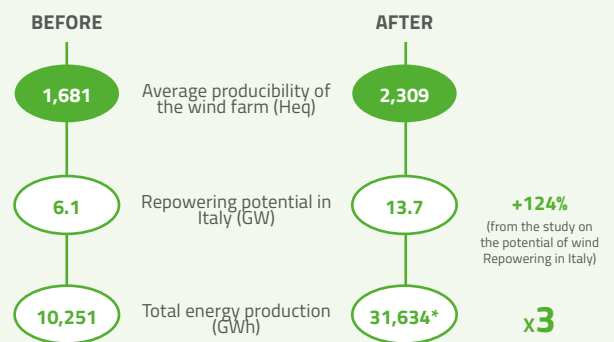
At systemic level, wind repowering is a key strategy for achieving the 2030 objectives of the National Integrated Energy and Climate Plan (NIECP) and promotes the transition to a more sustainable energy economy. The increase in electricity production that can be achieved with repowering, thanks above all to technological evolution, makes it profitable and appropriate to replace all of the wind turbines, not only the most obsolete ones. The development potential of the wind power sector through repowering thus rises to an even higher level, assigning this technology a fundamental role in achieving the electricity decarbonisation objectives by 2030.

According to the most recent study by Elemens - presented at our inauguration of the first wind repowering in Italy - it was shown that repowering in Italy could significantly contribute to the objective of net increase in wind capacity by 2030. Taking full advantage of its potential, wind repowering in Italy could contribute to the target set by the NIECP by 2030 for wind technology (equal to 26 GW) with a total power of 13.7 GW, of which 7.6 GW incremental, equal to more than 50% of the 14 GW gap compared to today.

### WIND REPOWERING IN ITALY



### Analysis of producibility, before and after Repowering



In addition to the increase due to the greater post-repowering operating power, the producibility also reflects the benefits brought about by the performance of the new wind turbine models

Elemens research

## The Repowering of Camporeale and the enhancement of the archaeological site of Monte Pietroso

In the heart of Sicily, among the hills surrounding Camporeale in the province of Palermo, is the archaeological site of Monte Pietroso, a historical treasure that is enjoying rediscovery thanks to the repowering construction of ERG, one of the main development projects present in the company's 22-26 Business Plan.

The construction activities of the wind farm involved close collaboration between the bodies responsible for the protection of cultural heritage, with particular reference to the Superintendency for Cultural Heritage of the province of Palermo, and the ERG Repowering team. This synergy has made it possible to develop a project to enhance the archaeological site, also improving its use. With interventions that act on three levels of construction of the landscape: walking (pedestrian use for hiking purposes and cycling with some sections particularly suitable for mountain biking); themed installations (located in some of the free areas following the

dismantling of the generators of the old plant to mark the path along the ridge); enhancement of the site (expected to include objects, furnishings, information displays and vegetation).

Finally, the enhancement project envisages an open-air museum where the most significant archaeological remains visible today are concentrated, which brings together the purely archaeological instances with those of the landscape use of the place, also benefiting from the most suggestive view of the entire park.

The project for the enhancement of this archaeological site will be able to significantly contribute to economic growth and local tourism, demonstrating that modern development and the preservation of historical heritage can go hand in hand, enriching the cultural and social fabric of a community.

## Partinico-Monreale repowering completed: positive effects on the territory

The Partinico-Monreale wind farm in the province of Palermo was the first in ERG's asset portfolio to complete repowering operations in June 2023. This project involved dismantling 19 old wind turbines of 850 kW each, with the replacement of 10 new wind turbines of 4.2 MW each, bringing the total power to 42 MW.

The renovated park generates an estimated annual output of 94 GWh/year, about 4 times that of the existing plant (27 GWh/year): a significant contribution that represents a fundamental step in our country's energy transition.

The repowering of the Partinico/Monreale wind farm is a tangible example of how the adoption of cutting-edge technologies can not only reduce greenhouse gas emissions.

The first positive economic impact was the creation of jobs and the growth of business activities, which helped stimulate the local economy. During the construction phase that lasted about two years, an average of 45 people were employed per day, of which about 25% came from the areas of Partinico and Monreale. Particular attention was paid to the area of Grisi, a hamlet of Monreale with about 1,000 residents, which houses 5 of the 10 new turbines. This is where the base area of the construction site was located, acting as an operational centre for all the construction activities. Overall, around 41 companies were involved in the site, of which more than 50% (23) were local.

The economic impact permeated various sectors, actively involving local businesses, restaurants, accommodation facilities such as hotels and B&Bs, shops and service providers.

In addition to being an effective solution for reducing carbon dioxide emissions (50,000 t/year, equal to 100 London-New York round trip flights<sup>4</sup>), the construction of the repowering facility offered an opportunity for significant economic growth for the local communities involved, consolidating our business model based on the promotion of social and economic sustainability.



Repowering: before and after

Welcome to the  
**PARTINICO-MONREALE WIND FARM**  
 Grisi District - Municipality of Monreale (PA)

10 turbines

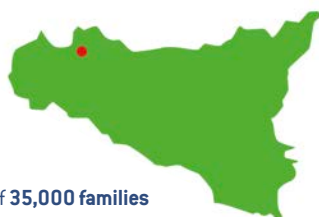
180 meters height

Total installed capacity: **42 MW**

Production: **94 GWh/year**

Coverage of the annual needs of **35,000 families**

CO<sub>2</sub> emissions avoided per year: **50 kt**



The new system installed in Partinico-Monreale

<sup>4</sup> It is assumed that flying from London to New York round trip generates around 1,000 kg of CO<sub>2</sub> per passenger; multiplying by 500 passengers per flight, the total value is equal to 500 tonnes of CO<sub>2</sub> per flight.

## THE REVAMPING PROJECT OF OUR SOLAR FARMS

The Sunrise project involved the revamping - modernisation of a photovoltaic plant with the same power output - of 18 solar farms in ERG's portfolio, all of which had been in operation for at least ten years, and involves a total capacity of around 31 MW.

The replacement of the old devices with a new and more efficient model, combined with the installation of tracker structures, leads to a significant increase in production (approximately +14%), without increasing land use.

### EXAMPLE OF 'STIMOLA' WIND FARM PRODUCTION

Pre-revamping	Post-revamping
607.5 MWh/ha	692.3 MWh/ha

### SOLAR REVAMPING



31 MW



18 photovoltaic plants



160k photovoltaic modules

of which 9.5k are for Social Purpose for Solar Revamping



20% increase in energy production



+4,720 tonnes/year of CO<sub>2</sub> avoided



30% reduction in estimated land consumption

## Advanced performance monitoring of the photovoltaic plants

Advanced monitoring stems from the need to maximise the energy efficiency of ERG's photovoltaic plants through a system that facilitates their management, making it possible to quickly locate which parts of the plant (sections) produce the least, coordinate maintenance interventions by prioritising them and to monitor them even in the absence of an internet connection using GSM (Global System for Mobile Communications) technology.

Once the large section with the worst performance has been

identified, a 'detailed analysis' can be carried out by dividing the largest section into subsections.

Thanks to the constant application of Advanced Monitoring, analysis times will be reduced and the presence of blocked or misaligned trackers will be more easily identified. Maintenance technicians will be more involved in solving problems, which they will be able to identify and resolve independently when the system is automated. All this will make it possible to obtain greater performance from the photovoltaic plants.



'Throughout its history, ERG has developed and promoted a work method that has allowed it to become a leading player in the national and international energy scenario. Reactivity and agility are two key concepts that will help the Group to find new technologies and innovations, making the production of clean energy more efficient for people and for the planet.'

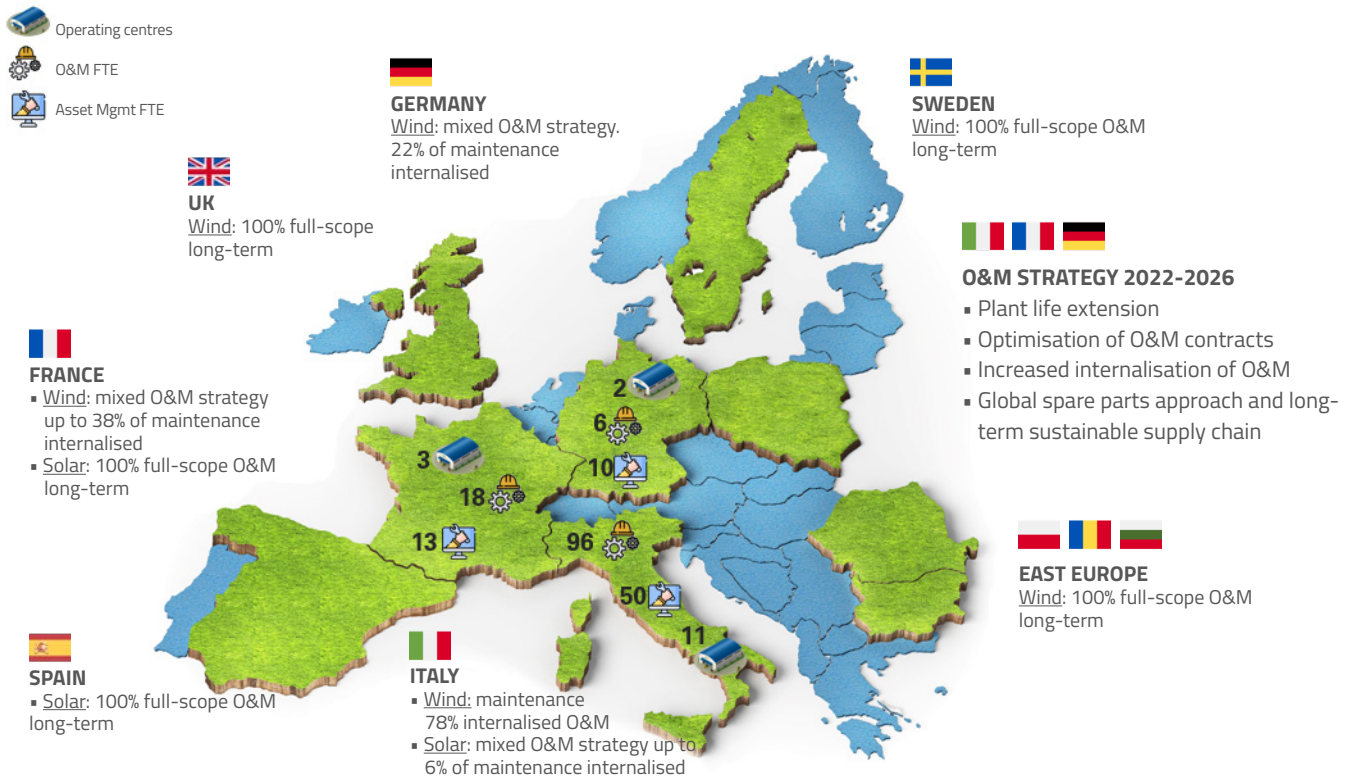
**Renato Sturani**  
Generation & Market

## EFFICIENCY IN OPERATIONS & MAINTENANCE THROUGH PREDICTIVE ANALYSIS

In order to minimise the consumption of energy resources, we have launched projects to identify opportunities to improve the efficiency of all our facilities, both by improving current processes and adopting

new and more modern and efficient technologies. In our wind farms we have internalised operations & maintenance activities by adopting the logic of a predictive maintenance approach.

### O&M STRATEGY IN EUROPE



By monitoring the operating conditions of the wind turbine, we can identify the defect of a component directly at the source and thus anticipate any decisions on corrective actions to be taken. As a result, we have developed an approach to maintenance based on the principle of Condition Based Maintenance, then defined preventive maintenance schedules for turbines and customised maintenance activities and cycles, redistributing activities, times and working methods.

To facilitate the machines' monitoring, we have installed sensors on most of the multi-megawatt wind turbine fleet (748 turbines, totalling 1735 MW between Italy, France, Germany, Eastern Europe and the UK). These are real monitoring systems, which together form what is known as a Condition Monitoring System (CMS).

The systems enable us to monitor the operating condition of the main components (rotor bearings, gearbox and generator) which are the most vulnerable to failure and have the greatest economic impact. The installation of these devices is also considered a basic requirement for the delivery of all new machines in our fleet.

These initiatives went hand in hand with new machine monitoring capabilities, through the automatic analysis of the data obtained from the machine monitoring systems with purpose-built modules, which make it possible to identify any anomalies in turbine operation. Lastly, data analysis, performance monitoring, "customised" maintenance based on our knowledge supported by technological improvements have therefore enabled us to make our plants more efficient, minimising breakdowns, increasing production, and decreasing the waste generated by maintenance activities.

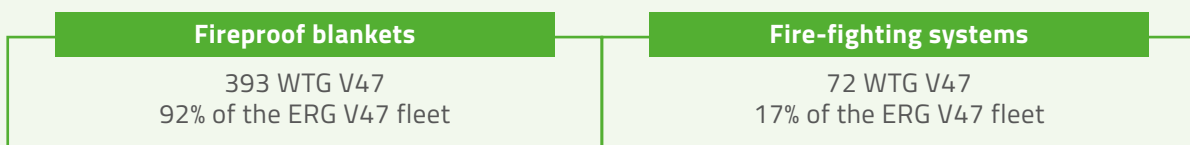
## Fire prevention project

One of our main objectives in O&M is safeguarding and protecting assets in order to prevent, and if possible avoid, damage to plants. In this regard, starting from 2021, an internal working group was established to analyse events, for example fires, which in the past mainly affected our oldest wind assets (Vestas V47 type turbines) and which were particularly concentrated in the 2019/2020 two-year period.

The possible causes of failure were identified during the analysis

and mitigation actions were identified, classified in order of priority. In order to improve the reliability of older turbines and reduce the risk of fire, the following was planned:

- the installation of fire-retardant blankets which involved 393 WTGs (92% on the V47 fleet) and was completed in 2023;
- the installation of fire protection systems: completed in 2023, it involved a total of 72 WTGs selected on the basis of proximity to roads and/or buildings.



'Our strength lies in being able to imagine the challenges of the future and to start working on them right away. Thanks to our DNA focused on dynamism and flexibility in the decision-making process, we are able to intercept the trends and opportunities of the future in advance, helping to accelerate the path of energy transition.'

**Constantine Deperu**  
Engineering Development

## ERG'S COMMITMENT TO THE CIRCULAR ECONOMY

Following the repowering and revamping activities, the components that are disassembled and/or replaced must be managed in a circular manner. In the 2022-2026 ESG Plan we have defined specific targets on the circular economy, to which remuneration objectives for Top Management in the short (MBO) and medium/long-term (LTI) are also linked.

### THE CIRCULARITY OF OUR WIND REPOWERING

The planning of the destination of the assets at the end of the year was integrated from the initial stages of the repowering project. Despite their long period of operation, the turbines in question still have the capacity to generate renewable energy in sites other than those of the first installation. We therefore worked in the technical

and commercial field to ensure that the dismantled turbines could be re-used in the secondary market.

The dismantling of ERG wind turbines was supported by the accredited supplier Ventos Metodicos, which dismantled and collected the wind turbines of which it became the owner, placing them in a virtuous process of reuse and recycling. A total of 88 WTGs were dismantled in 2023.

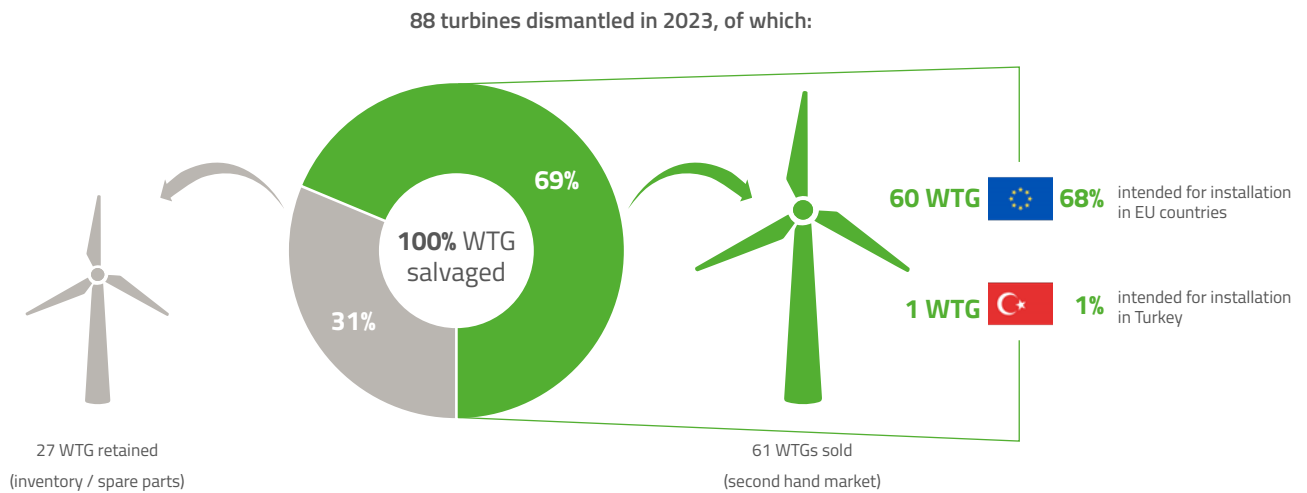
For the wind turbines that were sold without the tower, the latter was demolished and assigned to a dedicated recovery center in the region, fully recovering the ferrous fraction and thus minimising material movements. This process made it possible to entirely avoid sending the wind turbines and their components to landfills.



## Circular Repowering



### RECOVERY OF WIND TURBINES (WTGS) - REPOWERING 2023



## WIND NEW LIFE: RECYCLING BLADES AND CONFERRAL FOR RESEARCH PROJECTS

Since 2021, we have set ourselves the goal of addressing the end-of-life of fibreglass turbine blades in a circular and structured way, which still represent a challenging item in terms of recycling and the fully circular management of a wind turbine.

To achieve this goal, we continued the activities already started on two fronts:

1. With the collaboration of the leading associations of the electricity and wind energy sector, Elettricità Futura and ANEV, we followed up on the activities promoted by the inter-associative working group to dialogue with the institutions responsible for defining the end-of-waste measures, which will soon be issued.
2. At the same time, we continued with the design activities for building an experimental blade treatment plant together with two other leaders in the sector and an industrial operator active in the field of waste treatment and management. Called Wind New Life, the objective of this project is to stimulate the creation of a real integrated supply chain in Italy, involving both upstream players - such as wind operators and other industrial players producing composite material waste from their production processes - and downstream operators, to put the produced materials back into circulation.

In 2023, the project was awarded the NRRP call 'Investment 1.2 - Circular Economy Flagship Projects' aimed at implementing highly innovative projects for the treatment and recycling of waste from the strategic supply chains identified in the EU's Circular Economy Action Plan, and thus succeeded in obtaining significant funding for the future construction of the treatment plant.



In the photo, the four V47 blades intended for industrial pilot scale testing

At the same time, inter-organisational project activities continued, with the aim of involving other stakeholders in the composite material dismantling and recycling business, identifying a functional organisational model and a dedicated business model, and defining contractual principles governing future industrial relations.

Four decommissioned wind turbines were also transferred to an industrial operator in 2023 for subsequent research activities as part of a project financed at European level. The objective is to create a systemic, cross-sectoral and demand-oriented solution in the context of the circular economy, which enables the cost-effective reuse of composite materials and components in new high value-added products. The four ERG blades, sheared on site according to well-defined logic, will be used in 2024 as a material base for tests on an industrial pilot scale within the scope of the project. This will allow ERG to access the results of the project, as well as provide an opportunity in terms of further visibility of the recycling chain.

## THE CIRCULARITY OF OUR SOLAR REVAMPING

The solar farm revamping projects also follow the virtuous path of circular economy:

- the modules no longer functioning or with non-repairable defects were transferred to dedicated consortia able to maximise the recovery of the materials that make up the panels;
- the most performing and structurally intact modules,

corresponding to approximately 2 MW (9.5k modules), were intended for social use projects: SOCIAL PURPOSE FOR SOLAR REVAMPING (described in the Engagement section).

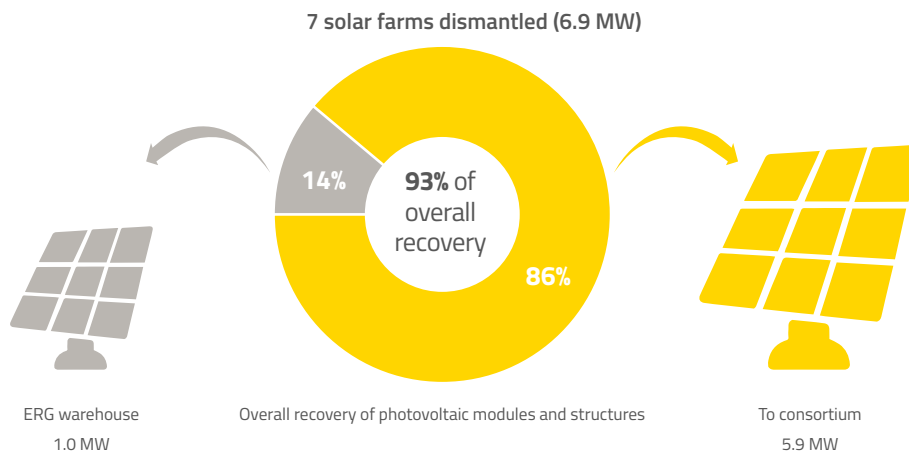
Following this dual approach, in 2023 it was possible to recover 93% of the plants (photovoltaic modules + structures).



### Circular Solar



#### MODULE RECOVERY - SOLAR REVAMPING 2023



## TOWARDS INCREASINGLY CIRCULAR WASTE MANAGEMENT

Minimising environmental impacts must also include the implementation of policies to reduce the waste generated by our business activities. Our waste<sup>5</sup> mainly derives from internalised plant maintenance activities and solar revamping.

The waste is classified according to its origin and the presence of hazardous substances, attributing the relevant identification code from the European waste catalogue to each, discriminating between hazardous and non-hazardous waste. The waste produced is then placed in a well-defined and identified area known as a 'temporary storage area' and recorded in the 'loading and unloading register'. At

the times and in the manners established by the temporary storage management system, the collection and subsequent transport of the waste produced is planned and carried to the facilities authorised under the regulations. Activities are planned with the help of the 'intermediary', who must be included in the National Register.

Based on the type of waste and its location, and following the identification of suitable destination plants, the 'effective' management methods are shared, following determined priorities in the choice of final destination: recovery, treatment, waste-to-energy and - only as a last resort - disposal in landfills.

In 2023, almost 91% of the waste produced by the Group was earmarked for recovery.

<sup>5</sup> the waste generated by office activities is negligible for us in qualitative and quantitative terms and is treated according to local administration regulations on waste similar to municipal waste.

## LIFE TIME EXTENSION

The Life Time Extension (LTE) process was designed to identify the critical structural and safety issues of wind farms; this is made possible thanks to in-depth engineering studies and the experience gained in the field by the ERG Group during asset management and maintenance. The objective is to implement specific monitoring and maintenance plans aimed at maximising the operational life of the plants. The effects of the Life Time Extension process are manifold: in addition to ensuring safer and more accurate asset management, it also enables a reduction in the environmental impact of our plants by postponing their decommissioning and subsequent disposal. The LTE process aims to extend the operating life of wind turbines beyond the twenty-year validity of the 'Type Certificate' provided by the manufacturer; this process also continued in 2023: overall, 32 plants were certified, representing an installed capacity of over

400 MW in Italy and Germany. 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 a similar goal. At the same time, preliminary technical and economic assessments have been launched on another 900 MW distributed across all the countries in ERG's portfolio: the 2024 'certification' plan will continue, involving another 22 plants for about 320 MW of installed capacity, and for the first time, 9 plants located in France will be certified.

The maintenance campaign on V47 wind turbines, the oldest in ERG's portfolio, continued in Italy in 2023. Aimed at extending the useful life of the structural components of the machines, this activity was carried out entirely by internal staff on 210 WTGs and will continue in the coming years, with the extension of the V47 platform to a further 157 WTGs in 2024.



**210 LTE maintenance on Italian V47 turbines:** designed in-house by ERG, aimed precisely at extending the life of the machine.



**71 V47 mainframes repaired:** the frames of the nacelles tend to crack



**8 certifications obtained,** of which 4 in Italy (63.4 MW) and 4 in Germany (82.7 MW)

## OPERATING WITH RESPECT FOR THE ENVIRONMENT AND BIODIVERSITY

The protection of the environment and biodiversity is a crucial issue for ERG, which certainly requires a global commitment from various players.

Europe's biodiversity strategy includes a commitment to protect at least 30% of the Union's marine and land areas (including forests, grasslands, coastal ecosystems) by 2030 and establishes that at least 10% of marine and terrestrial areas remain undisturbed (including existing primary forests and other carbon-rich ecosystems).

ERG's strategy is aimed at the constant growth of energy production from renewable sources and focuses on combating climate change, decarbonisation and sustainability, following the United Nations Sustainable Development Goals (SDGs) and preserving biodiversity as much as possible.

Protecting the environment and safeguarding biodiversity are among the Group's strategic objectives and are regulated in the Code of Ethics, the Sustainability E and the Environment, Health and Safety Policy (also called HSE); they are applied in the objectives defined in the ESG Plan.

## MITIGATION HIERARCHY

### Preference



#### Offsetting residual negative impacts with compensatory works

e.g., reforestation or planting in compliance with the principle of "no net loss" of biodiversity and, where applicable, with a positive *net gain*



#### Implement remedial actions that may limit their effects

e.g., by restricting plants where they are affected by the presence of particular bird species and protecting nesting on the ground during construction phases



#### Minimising possible damage



#### Avoiding and preventing negative impacts on biodiversity

## BIODIVERSITY PROTECTION IN THE SUSTAINABILITY POLICY

The Sustainability Policy approved by the Board of Directors of ERG SpA on 13 October 2022 clearly explains our active and ongoing commitment to the protection of biodiversity more explicit: in all the plants we build, we respect the '*mitigation hierarchy*' principle, seeking to avoid negative impacts on biodiversity, minimise any damage and compensate for residual impacts only as a last resort. Furthermore, we are committed to preserving the habitat around our plants by avoiding operating in protected areas and deforestation as much as possible, and always in compliance with the authorisations obtained.

These commitments are in line with the Sustainable Development Goals defined by the United Nations at global level. As confirmation of our commitment to minimising possible impacts on nature and biodiversity, in addition to the commitments stated in the Sustainability Policy, we have defined objectives in the ESG Plan to assess impacts on the environment and biodiversity for all internally developed plants. This impact is assessed before the start of construction, during design and when obtaining a permit which, in accordance with EU Directive 2014/52/EU, assesses all environmental and biodiversity aspects related to the project in all the countries where we operate. Following authorisation, we also monitor impacts over time and any mitigation actions.

By way of example:

- in **Italy**, the authorisation process for a new wind farm is particularly complex and is coordinated by 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 focuses on 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 blades on surrounding surfaces. The MIC instead focuses more on landscape and archaeological impacts. After obtaining the EIA Decree (environmental impact assessment), we proceed with the single authorisation process coordinated by the relevant region, which

authorises the construction and operation of the wind farm. In some cases, especially in the presence of migratory passage areas, more in-depth studies on the interaction of the wind farm with seasonal migration and also monitoring activities after the wind farm's operation may be necessary.

- The permitting process for a wind farm in **UK** involves various environmental monitoring to be carried out depending on the area concerned. In particular, birdlife monitoring is one of the issues with the greatest impact, as the relative study has to be carried out two years before a project is submitted. Other topics can include the analysis of the visual impact on the territory and the noise produced by the operation of the plants.
- In **France**, measures are implemented to protect animals, such as planning construction to avoid works taking place during the most sensitive periods for fauna. During the operational phase of the wind farms, various measures are then implemented to protect fauna, for example the use of **bird detection systems** to reduce collisions between birds and moving wind turbines, or the restriction of turbines at night for the passage of bats.
- In **Germany**, there is a list of breeding birds at risk of collision with wind turbines, for which environmental assessments are carried out and measures are taken to reduce the risk of collision, such as the use of anti-collision systems or stopping turbines during the planting period in fields. Measures can also be offset by nature conservation measures or species assistance programmes.
- In **Poland**, we have been monitoring resident and migratory birds and bats since the farm was built in 2016. Ongoing monitoring covers activity in the air and on the ground and the breeding process. The observations suggested that the farms have minimal impact on the activities of the birds.
- In **Spain**, according to the environmental licence ('DIA'), additional land was secured for Tabernas and Almansol to implement compensatory environmental measures. Among the measures applied on this additional land, the most notable are crop rotation and the safety of areas with habitats of community interest. The DIA 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.

## ENVIRONMENTAL MONITORING IN FRANCE

In the Saint-Maurice-la-Clouère wind farm located in central-western France, there is an agricultural landscape that includes hedges and forests.

Prior to the construction of the park, we implemented bird nests or bat roosts around the site to improve the reception of local biodiversity. To this end, various experts in the field of ornithology and the study of bats first assessed the species present in the area: the Minerva Owl and the Hoopoe, but also the Common pipistrelle and Kuhl's pipistrelle. Subsequently, the model of nests or shelters and their location on the site were chosen considering their preferences in terms of living environments. To ensure their sustainability, the houses were positioned in agreement with local

farmers. At least 20 houses were installed during the summer of 2023.

We have also entered into contracts with local farmers to plant more than 2,200 metres of hedges, against 276 explanted metres (corresponding to a factor of 8). Furthermore, to create a mosaic of habitats favourable to numerous species, and in particular birds, the conversion of a crop into uncultivated grassy land on an area of 1.5 hectares is planned. Lastly, an environmental expert was tasked with defining the specifications to ensure the effectiveness of these measures: location, choice of plant species, management methods, technical intervention methods.

All these measures will be monitored during the farm's operation to ensure that the local fauna uses them and to demonstrate their effectiveness.



*On the right, the hoopoe's nest and on the left the house of the bats near the Saint-Maurice-la-Clouère wind farm*

## SAFEGUARDING BIODIVERSITY AND PROTECTING FAUNA IN NEW PHOTOVOLTAIC INSTALLATIONS IN SPAIN

For the Garnacha photovoltaic plant, an agronomic plan will be implemented on an alternative plot of land outside 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 following measures will be taken:

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

With regard to fauna, a building was installed for the conservation and recovery of the lesser kestrel, 6 heaps that serve as a refuge for small mammals and invertebrates, 40 nesting boxes and 10 perches for birds of prey. In addition, reflective plates have been included in the perimeter fence to prevent bird collisions against the fence and small passages for wild animals to ensure the proper circulation of the fauna in the area. Finally, a plant screen was installed with the purpose of

reducing the visual impact from the observation points most frequented by the population of the municipality.

As instead regards the Fregenal photovoltaic plant, the most important measures to protect biodiversity include the implementation of anti-killing barriers for amphibians, planting trees to form a plant barrier in the south of the project and the control of the internal vegetation of the plant with sheep grazing.



*In the photo, the Fregenal solar farm in Spain*

## Respect for Biodiversity in Repowering in Sicily

Repowering allows to avoid the new construction of a plant, with a lower impact on the environment and biodiversity. For example, the Salemi/ Castelvetrano plant in the province of Trapani makes it possible to preserve the ecosystem through:



the continuous protection of the local biodiversity, respecting the plants' 'familiarity' with the environment. In this regard, there is a monitoring plan for resident or migratory birds that is based on procedures relating to the 'National Observatory Monitoring Protocol on wind and fauna' drawn up in collaboration with ISPRA, ANEV (Associazione Nazionale Energia del Vento) and Legambiente non-profit organisation and according to industry practices;



reduction of noise pollution, with lower noise emissions thanks to more innovative blades;



the reduction of the barrier effect and land use, with positive effects on the landscape, thanks to the significant reduction in the number of wind turbines installed;



the reduction of waste production by at least 50% as a result of reducing the number of wind turbines;



the restoration of the areas currently occupied and which will be dismantled, returning the land to its original natural and plant version.

## Managing and Minimising Water Use

ERG plants use water in minimal and negligible quantities:

- wind farms do not use water resources in their production processes;
- photovoltaic plants only use negligible amounts of water to wash the panels and to maintain the greenery in the relevant areas

of the plants (1,176 m<sup>3</sup>). The water is demineralised, no type of substance harmful to the environment is used, and returns directly to the natural water cycle after washing the panel, as it is absorbed by the earth.

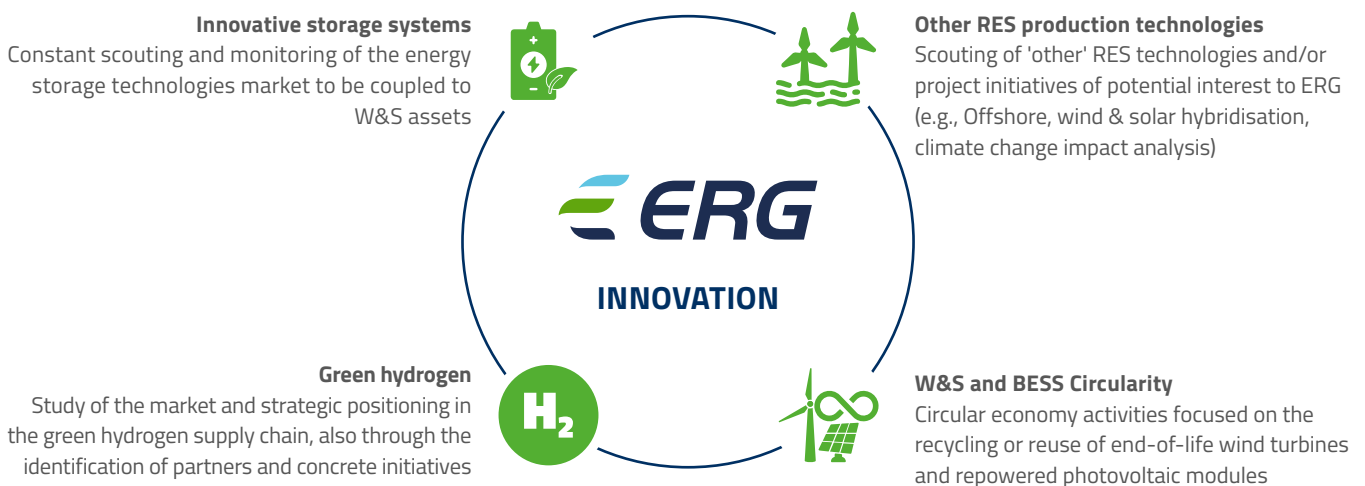
# INNOVATION: STRATEGIES FOR A MORE SUSTAINABLE FUTURE

The Innovation Projects department is not merely focused on pure R&D (Research & Development) activities, and therefore does not follow the canonical flow that passes through research, deployment and industrialisation of new technologies. On the contrary, this department has the objective of coordinating the management of all the technological innovation opportunities of the ERG Group consistent with the strategic lines of the Plan - also through co-development with other industrial entities, participation in pilot projects, the establishment of joint ventures or collaboration with research organisations and innovative start-ups. It also ensures the directional coordination of the various project teams in managing and guiding their activities, monitors the markets and technological solutions of greatest interest and identifies innovative opportunities

with the greatest potential in terms of profitability and sustainability in the short and medium term. Therefore, the cost budget allocated for innovation project activities has a limited capacity and is commensurate with the performance of the above, mainly translating into sector and market studies, technical analyses and expert support.

The Innovation Projects department works closely with different business areas, in particular with Engineering Innovation. The main strategic innovation strands are the 4 shown in the following graph, in line with the objectives of the Group Business Plan in which our ESG Plan is also integrated:

## THE 4 STRATEGIC STRANDS OF ERG INNOVATION



Other power generation technologies monitored in 2023:

- **floating offshore wind power:** we carried out an in-depth study at the technological, regulatory and market level aimed at assessing floating offshore wind power overall. With particular reference to Italy, the competitive context and the reference regulatory framework were addressed; moreover, a detailed analysis was carried out on some projects under development. At the same time, the framework of the Italian supply chain was considered and the aspects relating to development activities and costs were examined, as well as the investments necessary for the implementation of this type of project. In addition, we actively participated in inter-association groups (ANEV) and engaged in constructive dialogue with other industrial entities of interest. After a careful assessment, we opted to monitor the evolution of the market, refraining from commitments in development initiatives in the short term.
- **On-Site PPA (Power Purchase Agreement):** still in the field of Innovation, focus was also placed on the analysis of the On-Site PPA market, or behind-the-meter PPAs, focusing on the regulation, competitive context, underlying business models and assessing their profitability.

- **Hybrid Power Plants (HPP):** the other power generation technologies monitored in 2023 also include Hybrid Power Plants, i.e., plant configurations which
  - combine solar PV and wind technologies (with or without storage)
  - are co-located and interconnected
  - are connected to the grid with a single connection point.

At this juncture, the main innovative feature of a hybrid plant is to be found in the ability to optimally integrate the two W&S technologies in the design and management phase. An in-depth analysis was carried out in 2023 with the aim of understanding the potential of hybridisation in the development of the ERG portfolio, leveraging the network connections of existing assets. The outcome led to the identification of some favourable sites to host a potential first hybridisation project. The evaluation activities related to the potential of hybrid and the implementation of a first pilot project in Italy will continue in 2024.

## Recharge Project - Vicari

Storage systems are crucial to support and accompany the development and penetration of non-programmable renewable sources, such as Wind & Solar technologies, as they are able to perform a fundamental task in balancing the grid: their role is to store the electricity and make it available when there is greater need, acting as a balance between supply and demand and helping to stabilise the electricity grid.

At ERG, we are aware that storage is a crucial solution to provide the necessary flexibility, stability and reliability to the energy system of the future, considering it an essential component to guarantee the structured growth of our Wind & Solar assets.



**First investment in storage**

**12.5 MW capacity**

**under construction**

Planned **commissioning in 3Q 2025**

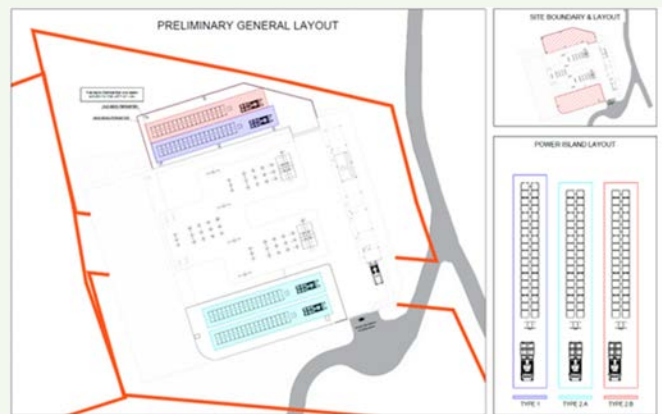


For this reason, the batteries were already present in the 2021-2025 Business Plan with the Recharge Project launched in September 2021. From that moment on, an internal multidisciplinary group has launched detailed technical-economic studies, profitability simulations and in-depth analyses (technological, authorisation and legal) on the feasibility of installing a first ERG battery near one of our wind farms. All this work led, at the end of 2023, to the finalisation of the first EPC (Engineering,

Procurement and Construction) contract for a lithium-ion battery (CATL technology) that will be installed in Vicari, Sicily, with a size of 12.5 MW and will affect two areas: one internal and one near the existing substation (Vicari and Roccapalumba wind farms). The installation of this BESS (Battery Energy Storage System), whose COD (Commercial Operation Date) is scheduled for August 2025, actually formalises our entry into the Italian storage market.



Installation area in the substation



Vicari Battery Layout

## Start-up Thinking

In 2023, ERG participated in the ninth edition of the Start-up Intelligence Observatory organised by the School of Management of the Milan Polytechnic Institute. The Observatory is a platform that supports dozens of companies in tackling new innovation models to promote the spread of a culture of Open Innovation and entrepreneurship through interaction with the start-up world and the community of innovators. ERG's participation in the Observatory

brings it into contact with the main technological and business innovations introduced in various areas, such as Cybersecurity & Artificial Intelligence, Digital Identity, Predictive Maintenance & AI, Smart City, and Digital for Sustainability. Joining the initiative will also offer access to a rich digital knowledge base, constituting an interesting and unique training opportunity for anyone with a greater interest in digital innovation topics.



In the photo, the participants in the Kick-Off of the tenth edition of the Start-up Thinking Observatory on 4 October 2023

## Digitalisation

We continued to digitise our Wind & Solar plant management systems in 2023. The aim is to equip ourselves with advanced digital tools that can improve wind and solar production forecasts, optimise predictive maintenance and make energy management processes more efficient. There were many activities aimed at the digitalisation stream in 2023:

- firstly the BOOST Project was completed, launched in 2022 and aimed at evaluating the adoption of an advanced analytics platform capable of reducing the multitude of company systems;

- activities continued for the in-house development of a production forecaster to be tested on various wind plants;
- the DIGILITY Project was launched, a digital transformation project based on a new platform integrated into the ICT ecosystem and connected to all company DataLakes for the autonomous development (and coding) of scripts, products and internal models by the team of data scientists and digital analysts.

### DIGILITY PROJECT



### DIGITALISATION



ERG Datalake



Cloud and Hybrid Cloud



Data Democratisation



Analytics Platform



Low Code No Code



## Engagement

### Our key figures

**23 memberships**

in trade associations

**23,407 students**

involved in education activities on ESG topics

**1.2% of revenue**

contribution to local communities

**0 (Zero)**

disbursements to political parties

# ENGAGEMENT



'Today ERG is an international player, committed to implementing the energy transition process at global level. By expanding our presence in other markets, we have the opportunity to share best practices and know-how in the different countries where we operate. Through fruitful dialogue with institutional stakeholders, and by presenting solutions and opportunities for renewables, we want to continue to grow in terms of business, contributing to the achievement of the objectives of the United Nations 2030 Agenda.'

**Luca Bragoli**  
Regulatory & Public Affairs

## THE REFERENCE CONTEXT

European companies that were struggling to recover after the pandemic following the Russian-Ukrainian conflict were faced with an unprecedented rise in the cost of raw materials.

Rising inflation, persisting even after a reduction in the cost of energy, has created difficulties for the European economy and has prompted the most active European countries in renewable energy to update government revenue stabilisation mechanisms (known as CFD auctions), on which much of the development of new wind and photovoltaic installations rests.

In this challenging economic context, it is increasingly important to dialogue with stakeholders and communities to make them understand the importance of investments in renewable energy sources (RES). In fact, RES contribute to both the decarbonisation of the energy sector and energy security, progressively replacing purchases.

We are an established industrial operator in Italy with over 85 years of activity known and appreciated due to our repositioning from the oil sector to renewable energy. We are also strengthening the international dimension achieved in recent years, expanding into new geographies through various acquisitions in Europe and entry into the USA.

In light of this, we are increasingly convinced of our model as independent producers of electricity from renewable sources. In the various countries where we are present, we develop local engagement and support initiatives to strengthen our relationships with key stakeholders, in particular institutions, communities and the media. Thanks to the engagement and dialogue with all our stakeholders, in 2023 we successfully continued the investments envisaged in the Business Plan.



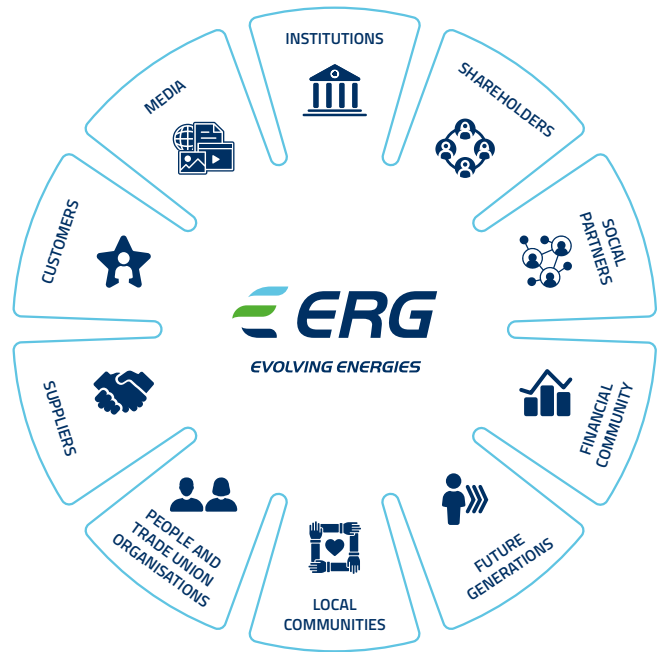
# DIALOGUE WITH OUR STAKEHOLDERS

ERG operates at European level and is currently present in 9 countries: Italy, France, Germany, UK, Poland, Romania, Bulgaria, Spain and Sweden. In addition, in December 2023 we signed an important agreement in the United States aimed at creating a strategic partnership for the development of renewables through a 75% stake in a wind farm and a solar farm. The closing of the transaction is expected by the end of the first half of 2024.

Our portfolio of activities includes the development and construction from scratch of wind farms (known as greenfields), the management and optimisation of existing plants as well as their complete renovation (known as repowering), as well as the sale of energy on the spot market and, increasingly, through long-term power purchase agreements (PPAs, Contract for Differences awarded through auctions).

Through relations with external and internal stakeholders, we seek to make a concrete contribution to the development of solutions to mitigate climate change by raising awareness and creating shared and sustainable value.

Our principles of legality, honesty, fairness, equality, confidentiality, equity, integrity, transparency and responsibility, represented in the Code of Ethics, inspire and guide us in our relationships with institutions, local communities, authorities, suppliers and shareholders, our people and the next generation.



## RELATIONS WITH INSTITUTIONAL STAKEHOLDERS

The electricity sector where we operate is highly 'regulated', since its purpose is to provide a public utility service. It is therefore subject to the constantly changing national and European regulations, now more than ever in the context of the transition towards a less vulnerable, decarbonised economy.

Our relations with the institutions are therefore aimed primarily at participating in and contributing to this development. In such a dynamic context, dialogue with trade associations (such as Confindustria, Elettricità Futura, ANEV, WindEurope, SolarPower Europe and the national wind and solar energy associations in the various countries where we operate<sup>1</sup>) and with the main players in the sector makes it possible to develop and strengthen our demands as an operator in the renewable energies sector, while supporting decarbonisation policies that are fundamental for our business and for the fight against climate change.

In 2023, we again actively participated in several energy and environmental policy working groups and documents, providing our industrial expertise and knowledge of the sector. The most relevant are related to:










- The **Fit for 55 package** implementing the European ecological transition policy, the first geographical area to have legally adopted the goal of net carbon neutrality by 2050 and a 55% reduction in greenhouse gas emissions by 2030 compared to 1990 (compared

to the 40% previously enshrined in the Clean Energy Package). This last objective has led to raising the target of renewables coverage on gross final consumption to 42.5% in 2030, as envisaged in the new Directive for renewables (known as RED III);

- the review of the electricity market currently being formalised by the Commission, with the introduction in the market design of long-term energy sales contracts in the form of Contracts for differences (CFD) and long-term contracts between private individuals (PPA).
- the preparation and signing of the **European Wind Energy Charter**, to commit the European and national institutions to undertake the actions established in the Wind Power Action Plan;
- the debate on the **simplification of authorisation** for existing and new plants, which are now equally eligible for RES auctions, and the complex process of defining low-bureaucracy 'renewable areas';
- 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;
- analysis of the potential of revamping (modernisation) wind farms in Italy;
- the **extraordinary taxation** measures (windfall profit tax) approved by several European countries and the European Union, which have impacted the renewables sector (in particular with regard to the adoption of limitations on total revenue from electricity, what is known as *inframarginal cap-prices*).

<sup>1</sup> For the complete list of trade associations, please refer to the tables on pages 61 and 64

## OUR STAKEHOLDERS: EXPECTATIONS AND ENGAGEMENT METHODS

Stakeholder	Stakeholder expectations	Engagement methods	Engagement activities 2023
 <b>Institutions</b> European Union, Governments, Ministries, Regulatory bodies, Public Administration, Trade associations.	<ul style="list-style-type: none"> <li>- Collaboration, technical support and sharing of information.</li> <li>- Participation in the territorial planning of activities.</li> <li>- Respect for the legislation in all countries where we operate.</li> </ul>	<ul style="list-style-type: none"> <li>- Dedicated meetings.</li> <li>- Work tables.</li> <li>- Conferences.</li> </ul>	Active participation in: <ul style="list-style-type: none"> <li>- Wind Europe – Copenhagen.</li> <li>- Wind Europe – Cascais.</li> <li>- Salon des maires – Paris.</li> <li>- Colloque National Eolien - Paris.</li> <li>- Forum Energie France-Italie – Paris.</li> <li>- Key Wind – Rimini.</li> <li>- Energia y Humanismo – Spain.</li> <li>- Events and round tables on the topics of energy and environment.</li> <li>- Observatories in the energy &amp; environmental field (Polytechnic Institute of Milan, AGICI, Althesys, SUSDEF).</li> <li>- ERGLab think- - tank.</li> <li>- Accreditation from central and local institutions in countries where we operate.</li> <li>- Involvement of 18 institutions in the inaugural event for the first repowering in Partinico-Monreale.</li> </ul>
 <b>Shareholders and the Financial Community</b>	<ul style="list-style-type: none"> <li>- Creation of value.</li> <li>- Representation of minorities.</li> <li>- Transparency and timeliness with regard to economic and financial information.</li> </ul>	<ul style="list-style-type: none"> <li>- Shareholders' Meeting.</li> <li>- Webcasts.</li> <li>- Press releases.</li> <li>- Roadshows.</li> <li>- Events related to the presentation of the Business Plan and the ESG Plan.</li> <li>- Continuous dialogue with shareholders and investors in general (Policy for the management of dialogue with stakeholders).</li> </ul>	<ul style="list-style-type: none"> <li>- Webcasts to present quarterly results.</li> <li>- Meetings with analysts and investors.</li> <li>- Ongoing information about the Group's activities (press releases and news). Italian Sustainability Week (digital).</li> <li>- Management of relations with ESG rating companies.</li> <li>- Participation in industry conferences.</li> </ul>
 <b>People and trade union organisations</b> Workers with employee contracts, workers without employee contracts, trade unions.	<ul style="list-style-type: none"> <li>- Equal opportunities.</li> <li>- Workplace safety.</li> <li>- Professional development for all employee categories.</li> <li>- Participation in company life and all related initiatives.</li> <li>- Private life/work integration.</li> <li>- Stability.</li> <li>- Trade union agreements.</li> </ul>	<ul style="list-style-type: none"> <li>- Evaluation and internal communication activities and tools: Question time, group meetings, year-end parties, family days, corporate volunteering, team building, climate surveys.</li> <li>- Information and updating tools such as intranet and newsletters.</li> <li>- Wind &amp; Solar trade union protocol.</li> </ul>	<ul style="list-style-type: none"> <li>- Training.</li> <li>- Internal communication events for employees and their families.</li> <li>- Protocol for industrial relations.</li> <li>- Corporate welfare projects.</li> </ul>
 <b>Local Communities</b> Cultural, religious and research associations, health service, NGOs, Committees of citizens, residents close to production plants.	<ul style="list-style-type: none"> <li>- Consideration of their views.</li> <li>- Creation of shared value.</li> <li>- Contribution to and support for local initiatives and local communities.</li> <li>- Access to information.</li> <li>- Safeguarding of heritage and environment</li> <li>- Health and safety.</li> </ul>	<ul style="list-style-type: none"> <li>- Meetings with local communities in line with ERG's business.</li> <li>- Education projects for future generations on renewable energy and digitalisation.</li> </ul>	<ul style="list-style-type: none"> <li>- Financial and organisational support to social, cultural and health activities in the areas served.</li> <li>- Meetings with the local communities for development projects in the UK and in France.</li> </ul>
 <b>Future generations</b> Schools and Universities.	<ul style="list-style-type: none"> <li>- Raising awareness of sustainability issues, combating climate change, respect for the environment and biodiversity.</li> <li>- Training and sharing know-how Business strategy aimed at reducing the consumption of natural resources.</li> </ul>	<ul style="list-style-type: none"> <li>- Information and education projects for future generations on renewable energy and digitalisation.</li> </ul>	<ul style="list-style-type: none"> <li>- Educational projects in web edition (Next Generation) or in person (Progetto Scuola_ Impresa con ELIS).</li> <li>- Collaborations with universities (Energy and Sustainability UniGE Master's, SAFE Master's).</li> <li>- Partnership with Terre Avenir in France and Fundacion Yuhedi Menhuin in Spain, to bring content on sustainability, climate change, renewable sources, inclusion to schools.</li> <li>- Partnership with the Science Festival: stand, workshop and conference.</li> </ul>
 <b>Media</b>	<ul style="list-style-type: none"> <li>- Transparency and clarity of information.</li> <li>- Timeliness in communication.</li> </ul>	<ul style="list-style-type: none"> <li>- Press releases and press notes interviews for the dissemination of periodic results, the objectives and contents of the business plan, the Group's business activities and extraordinary transactions (M&amp;A).</li> </ul>	Daily and extensive media relations activities carried out by the External Communication office for the consolidation of relations and follow-up after the dissemination of news. <ul style="list-style-type: none"> <li>- Press conference organised for the inauguration of the first Repowering of Partinico-Monreale</li> </ul>
 <b>Suppliers<sup>(a)</sup></b>	<ul style="list-style-type: none"> <li>- Safety of on-site activities.</li> <li>- Transparency in competitive processes.</li> </ul>	<ul style="list-style-type: none"> <li>- Web platform.</li> <li>- Involvement and monitoring on workplace safety and sustainability issues (with focus on D&amp;I, governance, carbon footprint, human rights and supply chain).</li> </ul>	<ul style="list-style-type: none"> <li>- Procurement methods on a competitive basis.</li> <li>- Sustainable Procurement, with ESG assessment of suppliers.</li> <li>- ESG Supplier's day.</li> <li>- 'Sustainability K' factor in all tenders above EUR 100,000.</li> <li>- HSE audits for suppliers carrying out activities at our plants.</li> <li>- ESG Audit Activities for monitoring supplier performance with related improvement plans.</li> </ul>
 <b>Social partners</b>	<ul style="list-style-type: none"> <li>- Creation of value.</li> <li>- Acceptance of common values in the development of the strategy and business management.</li> <li>- Supporting local communities in the socio-economic sphere.</li> <li>- Supporting D&amp;I policy development.</li> </ul>	<ul style="list-style-type: none"> <li>- Conferences.</li> <li>- Face-to-face meetings.</li> <li>- Digital meetings.</li> </ul>	<ul style="list-style-type: none"> <li>- Social Purpose for Solar Revamping Project (Sant'Egidio, Music for Peace, Boki Mamiko, Dynamo Camp).</li> <li>- Training and courses (ELIS).</li> </ul>
 <b>Customers<sup>(b)</sup></b>	<ul style="list-style-type: none"> <li>- Guarantee of electricity supply through the production of renewable energy from new investments and/or existing Wind &amp; Solar assets in compliance with high quality standards.</li> </ul>	<ul style="list-style-type: none"> <li>- Analysis and sharing of requirements with customers and drafting of contracts (e.g. PPA - Power Purchase Agreement) and/or 'ad hoc' solutions.</li> </ul>	<ul style="list-style-type: none"> <li>- Receiving direct enquiries from potential counterparties or active scouting through direct contacts or via advisors.</li> </ul>

(a) For details, please refer to the Governance section, 'Supplier management'.  
 (b) For details, please refer to the Governance section, 'Customer management'.

To ensure maximum consistency in the way we manage our relations with institutional stakeholders, some time ago we adopted an in-house control system based on procedures integrated into the Organisational Model (pursuant to Italian Legislative Decree 231/01 as amended) and supported by a specific system of sanctions.<sup>2</sup>

In line with these principles, we also apply 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.

## ERG AMONG THE SIGNATORIES OF THE EUROPEAN WIND CHARTER

Last December, the 26 Energy Ministers of the European Union, including the Italian Minister, approved the European Wind Charter. Together with the Ministers, over 300 European wind energy companies - including ERG - have signed the Charter, voluntarily committed to supporting and developing the sector at least for the period 2024-2026.

Through the Charter, the governments have committed to:

- accelerate wind growth in line with European targets, speeding up and simplifying authorisation processes;
- improve auctions to encourage companies' participation in the implementation of wind power projects;
- strengthen the supply chain, promoting the production of high-quality wind turbines with high environmental, innovation and IT security standards.



### ADVOCACY ACTIVITIES FOR MANAGING RES AUCTIONS

Together with all the renewable energy players, we believe 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. They are awarded through a Dutch auction - known as "RES auctions", governed by national rules.

However, the energy price resulting from Russia's invasion of

Ukraine and rising inflation have increased the costs of wind and photovoltaic farms, making the previously established auction prices of CFDs no longer realistic.

This phenomenon, together with the lengthening of the authorisation processes and a lack of multi-year planning of auction capacity, has gradually decreased the effectiveness of RES auctions as a tool for the massive dissemination of renewable energy on a competitive basis, contributing to a slowdown in the pace of installations. The result has been a gradual reduction in the level of participation in auctions, precisely in the period in which the need to install new renewable plants is greatest in order to achieve the 2030 targets.

Regardless, we remain determined to continue our plan to increase electricity generation capacity from renewable sources. We therefore implemented a structured advocacy action in 2023, both in the countries where we operate and at European institutions, to raise the alarm on the need to revitalise RES auctions, essentially through:

- adjusting auction prices to changed market conditions and their linkage to inflationary prices,
- streamlining authorisation procedures.

We have implemented initiatives to engage our main institutional and private stakeholders through:

- our think - tank ERGLab, to involve stakeholders on regulatory and scenario issues;
- trade associations, with which we pursue continuous, effective dialogue;
- a programme of targeted meetings with the main institutional parties;
- 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. They have proposed or implemented regulatory interventions in the desired direction, proposing forms for discounting auction prices and the simplification of authorisation procedures for future auctions and future implementing decrees.

<sup>2</sup> Please refer to the Governance section, 'Compliance with Italian Legislative Decree 231/2001'

## OUR INTERNATIONAL RELATIONS

As an international industry player, we constantly follow the activities of the main European institutions on energy and environmental issues, also with the support of the industry associations Wind Europe and SolarPower Europe.

In parallel, we carefully monitor the political, legislative, and regulatory developments in the individual countries where we are present (France, Germany, United Kingdom, Spain, Poland, Sweden, Bulgaria, Romania and the United States since the end of 2023).

Our Business Plan pays particular attention to the markets of France, Germany, the United Kingdom and Spain, where we aim 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 us to build significant partnerships and relationships with other operators, the media and institutional stakeholders, supporting the development of the entire Group's business.

In line with the strategic objectives indicated in our Business Plan, which envisage 100% focused growth in renewable energies, the main national and international associations in which we participate 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 Community.

## MAIN ASSOCIATIONS IN WHICH ERG ACTIVELY PARTICIPATES

Association	Purpose	ERG participation
<b>Confindustria</b>	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 (Chairmanship Genoa Confindustria) and Technical groups
<b>Elettricità Futura</b>	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
<b>ANEV</b>	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
<b>AIEE</b>	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.	Working groups
<b>Assonime</b>	The Association of Italian Joint Stock Companies works towards improving industrial, commercial, administrative and tax legislation in Italy.	Governance bodies
<b>Fondazione Sviluppo Sostenibile</b>	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
<b>Fondazione Civita</b>	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
<b>Fondazione Magna Carta</b>	The Foundation is dedicated to scientific research, cultural reflection and the development of proposed reforms on the main themes of political debate.	Governance bodies
<b>Genoa Smart City</b>	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.	Working groups

Association	Purpose	ERG participation
<b>Wind Europe</b>	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
<b>SolarPower Europe</b>	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.	Working groups
<b>SER - Syndicat des Energies Renouvelables</b>	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
<b>France Renouvelable</b>	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.	Working groups
<b>Renewable UK</b>	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.	Working groups
<b>Renewable NI</b>	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.	Working groups
<b>SR - Scottish Renewables</b>	Association for the development of renewable energy in Scotland. Its members work with all renewable energy technologies.	Working groups
<b>BWE - Bundesverband WindEnergie</b>	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).	Working groups
<b>PWEA - Polish Wind Energy Association</b>	Polish national association of wind power operators.	Working groups
<b>RWEA – Romanian Association for Wind Energy</b>	Romanian national association of wind operators.	Working groups
<b>UNEF – Unión Española Fotovoltaica</b>	The main association of the solar photovoltaic industry in Spain, with more than 750 member companies.	Working groups
<b>APPA - Asociación de Empresas de Energías Renovables</b>	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.	Working groups
<b>EFET – European Federation of Energy Traders</b>	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.	Working groups
<b>IREGG - Independent Renewable Energy Generators Group</b>	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

## ERG and CONFINDUSTRIA in support of SMEs

The issue of sustainability is one of the most important challenges that all companies, especially SMEs, have to face. It involves efforts to integrate ESG aspects into the company strategy (sometimes up to rethinking business models), as well as investments in terms of both financial resources and specialist skills. ERG was involved in the advanced training project called 'Business Sustainability and ESG', developed in collaboration with Confindustria Genoa, University of Genoa and SDA Bocconi and with the technical partnership of RINA. The Group participated in the conception, design and execution phases, up to supporting SMEs in the analysis of the main ESG topics, including:

- defining an ESG Plan, with the identification of defined and measurable objectives;
- calculating the carbon footprint, analysing the methodologies and standards to be followed in reporting;
- involving the Supply Chain in ESG topics, providing concrete examples of supplier engagement in the reporting of ESG objectives included in our Sustainable Procurement project<sup>3</sup>.

The project started in 2023 and will be repeated in subsequent years. The course is based on the study of management methodologies and tools to assess environmental and social impacts, up to the point of drawing up a real ESG plan integrated into the company strategy.



<sup>3</sup> For further details on the topic, please refer to the 'Governance,' Sustainable Procurement section

# Inauguration of the ERG Wind Farm in Partinico-Monreale

The role of repowering as a strategic tool for achieving decarbonisation objectives and the role of the energy transition process were the key topics discussed during the event 'Repowering and Energy Transition: The ERG Model' organised at the end of October in Sicily at the inauguration of the Partinico Monreale wind farm, the first ever in Italy and in ERG's portfolio to have completed a repowering intervention.

ERG managers, representatives of institutions and specialists in the renewable energy sector met at the two panels of the conference organised in Villa Igia, Palermo.

- The first panel, introduced by the President of the Sicilian Region, Renato Schifani and the Chairman of ERG, Edoardo Garrone, took stock of the status quo of the energy transition, highlighting the slow progression of the ongoing decarbonisation processes and possible solutions to accelerate their development.
- The second, introduced by the presentation of the Elemens study update, discussed the function of repowering in energy transition processes, the important contribution of ERG and the prospects for the future.



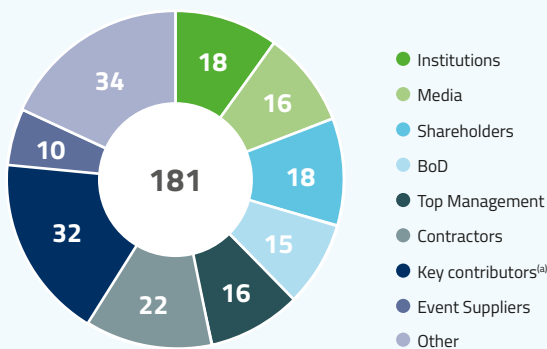
The event at Villa Igia



The inauguration of the farm

## EVENT PARTICIPANTS

181 of which:



(a) central ERG people in project implementation



Partinico/Monreale Wind Farm

## 'RENEWABLE THINKING' Forum

ERG's CEO Paolo Luigi Merli spoke at the first edition of the 'Renewable Thinking' Forum, which aims to raise awareness of the strategic role and evolution of renewable sources in promoting the energy transition in Italy.

The event was attended by the major Italian energy operators and leading figures from the academic and institutional world, including the Minister for the Environment and Energy Safety, Gilberto Pichetto Fratin, and the chairman of the Energy Services Manager (GSE), Paolo Arrigoni. In particular, our CEO illustrated the complexity of the scenario that renewable energy operators must face.



CEO Paolo Luigi Merli speaks at the 'RENEWABLE THINKING' Forum

## ERG at Key Energy

In March 2023, we participated in the 16th edition of Key Energy in Rimini, the benchmark event in the Italian energy and decarbonisation scene, an important meeting point for the main players in renewable energy in Italy.

It provided us with the opportunity to share our experience and expertise in the renewable energy sector by discussing strategies and the most effective ways to contribute to the energy transition process with institutional stakeholders, potential business partners and other RES operators. Our presence at Key Energy was made more business-effective through a stand dedicated to both commercial and institutional meetings.

On the occasion of the event, our Global Operation Unit obtained the UL 4143 certificate relating to the extension of the useful life of wind turbines in some wind farms in Italy, issued by the certification body UL Solutions.



The ERG team at the event



50,000  
visitors



over 10 different  
countries



reached 28,000  
profiles



over 3,400  
reactions to posts



over 14 press  
articles

## ERGLab Increasingly International

ERGLab, our think-tank on the topics of energy and ecological transition, is about to celebrate its tenth anniversary. It 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'<sup>4</sup>. ERGLab thus allows an open exchange between our 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.

In 2023, we organised eight ERGLabs, five of which were held in Rome, two in Belfast in the UK and one in France, addressing the topics of greatest relevance for the advancement of decarbonisation and renewables.

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.



## Onshore Wind Conference

At the Onshore Wind Conference 2023, jointly organised by Scottish Renewables and Renewable UK, the Head of Legal Affairs Wind & BD of ERG UK led the debate on the development of the network, chairing a session sponsored by ERG entitled 'Pounds and Pylons'.

During the session, experts from the wind industry and the government explored the legislation and regulations on the grid, discussing the importance of investments to support the development of renewable energies.



<sup>4</sup> The possibility for participants to use the information but not to disclose the identity and affiliation of participants

## International forums and events

During 2023, we participated in the most important events in our key markets in Europe.



## Wind Europe CEO retreat

In October, the CEO retreat of Wind Europe took place in Cascais (Portugal), in which the CEOs of the main companies operating in the wind business in Europe addressed strategic issues for the sector. The need was emphasised to keep the European wind industry competitive and protect it from Chinese competition, to increase and

speed up the capacity to integrate renewables in the grids in order to respond to the increasing number of connection requests that in the various European countries is currently managed according to the 'first-come first-served' rule and to improve the mechanism of CFD auctions, especially for the offshore world.

## ERG France awarded for excellence in public consultation

In November 2023, ERG France received the 'Participation and Consultation' Award at an event organised by a major think-tank in support of public consultation, in the presence of parliamentarians, mayors and local stakeholders.

The trophy recognises the exceptional quality of the consultation process conducted for 'Six Chemins', a 25 MW wind project in the municipalities of Autruy-sur-Juine and Panecières in Loiret, France. It testifies to the Group's commitment to involve local stakeholders in decision-making processes and maintain positive relationships with the communities in which we operate.

In particular, ERG was rewarded for the high standards in terms of local presence, regular exchanges, diversity of the actors involved (public officials, residents, environmental associations, communities...), space for co-construction and transparency of information throughout the process development.

We also engaged with residents in the development of site positioning scenarios during a dedicated workshop, collecting their requests. The consultation process was made accessible to a wider audience through various tools: preliminary consultation dossier, letters, information panels, website, information sessions and visits to an operating wind farm. This approach led to an increase in engagement and participation among residents, while opposition seemed to decrease.

Lastly, we proposed an ambitious support measure to actively involve local citizens: in collaboration with an expert in energy requalification, we plan to offer administrative and financial assistance for the energy renovation of homes in the two host communities, subject to the approval of the wind power project.

## Our guidelines on sharing value

To support the achievement of the ESG Plan objectives, guidelines have been defined for engagement initiatives in the territories where we are present, and in particular for the management of expenses incurred for ESG, promotional or educational purposes.

In order to be authorised, the initiatives must be included in one of these four areas:



The guidelines explicitly prohibit the use of funds for political or 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).

# STRENGTHENING ENGAGEMENT WITH LOCAL COMMUNITIES

Our wind and solar power plants have a strong positive impact both on the economy of the places where we invest and on combating climate change, while also reducing energy dependency.

During the construction of plants, we pay 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.

Our 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. We do not limit ourselves to issuing disbursements to entities and associations that propose initiatives of interest, we work with the most representative institutions and organisations to share the value of initiatives with the entire community. Here are some concrete examples.



## SHARING VALUE FOR THE GROUP

CONTRIBUTIONS TO LOCAL COMMUNITIES (EUR k)	2023	2022	2021
Sharing Benefits paid to local communities	7,090	8,122	7,880
Support to local communities in relation to emergency situations	708	477	-
Sponsorships	353	300	305
Other donations	769	452	520
NextGen training	141		
<b>COMMUNITY TOTAL</b>	<b>9,061</b>	<b>9,351</b>	<b>8,705</b>
Group revenue (Reported)	740,931	713,840	601,407
<b>COMMUNITY SHARE AS A PERCENTAGE OF REVENUE</b>	<b>1.22%</b>	<b>1.31%</b>	<b>1.45%</b>

### Support for emergency situations

We have always been attentive to the problems of the areas where we operate, and we want to make a direct contribution in emergency situations. In keeping with our sensitivity to certain fundamental values (human rights, sovereignty, responsibility and international cooperation) we decided to allocate around EUR one million to initiatives in the social sphere between 2022 and 2024.

During 2023, a total of EUR 208,000 was donated for emergency situations, including EUR 159,000 related to the war in Ukraine (in Italy for our collaborators: 2 temporary work contracts and a contribution for housing) and EUR 49,000 for the flood emergency in Emilia Romagna.



## ERG ACADEMY FOR THE NEXT GENERATION

In line with our 2022-2026 ESG Plan, in 2023 we launched the 'ERG Academy for Next Generation', our learning ecosystem. ERG Academy addresses our people and future generations, teachers and parents, to spread a culture linked to ethical values and sustainability, making them understand the importance of the energy transition and the role of renewable sources. The aim is also to make people discover job opportunities related to the ecological transition and to create opportunities for intergenerational exchange.

ERG Academy offers events, meetings, experiences, lectures in schools and universities, both with in-person initiatives and via a digital platform, also acting in partnership with organisations that share our values and mission.

In 2023, we reached over 23,000 students in Italy, France, Spain and the United Kingdom.



### ACADEMY 2023 - INVOLVEMENT OF THE NEXT GENERATION



## Missione Ambiente



### GENERAZIONI A SCUOLA DI SOSTENIBILITÀ - SECONDARY SCHOOL PROGRAMME IN PARTNERSHIP WITH TIM

Together with TIM we designed 'Missione Ambiente, generazioni a scuola di sostenibilità' [Mission Environment, generations at school for sustainability] as part of the PCTO programme of the Ministry of Education and Merit: real dialogue between generations on the preservation of our planet, where school and company meet and exchange ideas on environmental sustainability.

The numbers for the school year 2023-24:

- 10 stops around Italy
- 10 secondary schools
- 10 provinces
- around 700 students



## Science Festival: the official launch of ERG ACADEMY



In 2023, the partnership with the Science Festival coincided with the launch of ERG Academy, allowing us to reach over 4,700 people with 3 different initiatives.



### 'SDGsContributors' multimedia stand

Set up again this year in the atrium of the Doge's Palace, the main venue of the Festival, the stand provided multimedia content for all ages:

- ERG and ERG Academy institutional videos
- video on the Repowering of Partinico-Monreale
- videos made during the PCTOs of some high schools
- interactive game in two versions (one for older and one for younger children) on the Global Goals

The stand was supported by the scientific animation of volunteers from the Science Festival and the presence of ERG People for in-depth information on the company and on Green Jobs.



### 'Green Energy Makers' Workshop

Designed by our experts and the Science Festival team, the workshop gave primary school children the opportunity to experience how a company is run in which production, technological innovation, environmental and social sustainability are integrated. The workshop is a board game with a human dimension. The classes place wind turbines and solar panels on the playing field (a carpet with a drawing that includes a rural area with a village, hills, watercourses, vegetable gardens, forests...) to define a development strategy and respond to unforeseen events with managerial choices that determine a score in megawatts and in sustainability.



### Conference promoted by ERG with an introduction by Alessandro Garrone

Held on 31 October, the conference included an interdisciplinary discussion on ecological transition. Alessandro Garrone introduced the conference by offering the audience and speakers the perspective of an entrepreneur strongly committed to environmental and social issues.

## TERRE AVENIR: Science and Sustainable Development in French Schools

Thanks to our partnership with Terre Avenir, a French association that promotes education for sustainable development and the dissemination of scientific culture in schools through the collaboration of public institutions, research organisations and industrial operators, we reached 4,564 students at 75 schools.



Terre Avenir's educational proposal includes lectures, technical talks by experts, experiential workshops and/or visits to plants in the area focusing on energy and climate change.

It also invites children to learn about the role that everyone can play in reconciling social and economic progress with environmental protection. In the field of energy, students were offered insights into three fundamental questions: 'What are our needs? What resources do

we have? What are the solutions for current and future challenges?' The topics developed during the events dedicated to climate change were based on the indicators that signal global warming, the possible impacts and the solutions proposed by scientific research.

## FUNDACIÒN YEHUDI MENUHIN ESPAÑA: art in support of sustainability in schools in Spain

In 2023, we launched a partnership with Fundaciòn Yehudi Menuhin, which allowed us to reach 8,809 children (in Extremadura, Cataluña, Andalusia, Castilla La Mancha, Comunitad de Madrid, Comunitad Valenciana, Galicia and Comunitad de Ceuta), through the commitment of 34 artists (15 women and 19 men).

Fundaciòn Yehudi Menuhin activates multiple educational programmes, including Mus-e, with the aim of bringing guided activities to schools that develop the issues of sustainability and renewable energy, using art as a training tool for the development of creativity and imagination, the enhancement of diversity and the importance of emotional intelligence.

## MASTER SAFE: project work on environmental compensation

The Master in Energy Resource Management, promoted by SAFE - Risorse con Energia, represents excellence in the panorama of professional training in the energy sector. Consolidated by over two decades of activity, this multidisciplinary and operational path stands out for its breadth and quality, actively involving over 150 teachers and more than 100 companies and institutions in the sector.

### A multidisciplinary and concrete approach

The educational programme is structured in preparatory and specialisation modules offered by a large pool of players including institutions, trade associations, media, academia and leading companies in the energy and environmental sector. In this context, as a partner, we at ERG not only contribute through lectures, but also through practical projects that enrich the training experience of students.

### Development of renewable sources and environmental compensation

In 2023, the project addressed the issue of 'RES development and the recognition of environmental compensation works for local communities'. The objective was to identify an effective and sustainable compensation strategy, at both local and national level, with positive environmental and social impacts. Through an in-depth analysis of the regulations in force and the definition of specific projects, the focus was placed on 'environmental compensation works' suitable for a company like ERG, with a strong historical link with the territory.

### Promoting the sustainability and well-being of the communities involved

The manual aims to provide concrete and practical tools to implement environmental compensation strategies. The ultimate goal is to promote the sustainability and well-being of the communities involved, ensuring a positive long-term impact. This initiative testifies to the commitment of SAFE and its partners, such as ERG, to go beyond theory and translate the knowledge acquired into concrete actions for the sustainable progress of the energy sector.

### Practical manual for partner municipalities

The tangible result of this project was the creation of a practical manual for the partner municipalities. This complete, easy-to-use tool includes a detailed list of possible environmental compensation works, divided by thematic clusters. These include environmental improvement, energy efficiency, promotion of renewable energy sources and awareness of local communities.

### TOPICS COVERED (MAIN):



Sustainable development and climate change management



Waste cycle management



Energy efficiency



Renewable energy sources

## STEM Workshop on Wind Farm Development - Ireland

In line with the objectives of ERG Academy for Next Generation and together with 3DW, a company focused on 3D solutions mainly related to wind farms, we organised a STEM (Science, Technology, Engineering, Mathematics) workshop lasting two days in Northern Ireland in September 2023, focused on the technical aspects of the design and construction of onshore wind farms.

The students were divided into small groups and simulated the development of a wind farm for one day.

Each student had a specific role (e.g. Project Manager, Financial Manager, Technical Adviser or Public Relations Consultant), and the participants designed and planned the layout of a wind farm considering the constraints and obstacles encountered in reality. In addition, they had to trace the path to connect their wind farm to the national grid and then assess the construction and operating costs and determine whether their project was financially feasible. They lastly used virtual reality to visualise the projects, creating an excellent immersive experience.

The students were able to bring into play not only STEM knowledge during the two days, but also cross-cutting skills related to leadership, collaboration, problem solving and project presentation. At the end of the workshop, ERG's Northern Ireland Project Manager provided insights into what it means to develop and build a real wind farm and answered questions and curiosities.



*Classroom activities*

### Other initiatives related to future generations



#### STEM Role Model: a different perspective

ERG's Role Model mentors, women graduates in STEM disciplines, met with students from middle and secondary schools to talk about their experiences and support their choice of scientific paths, involving 140 students.



#### Second Level Master's Degree in Energy and Sustainability

We are a partner of the second-level Master's Degree in Energy and Sustainability (MES) at the University of Genoa, which aims to train a new professional figure in sustainable economy who can meet the needs of businesses in the energy sector. The initiative is the result of a strong impulse by - together with other Genoese companies in the energy sector - and confirms our desire to invest in the new generations with projects in the area. Our contribution was organisational, content-related, didactic and also economic.



#### Green Energy Revolution

We supported Legambiente Campania's energy education courses for local students and schools. This initiative makes use of active and participative methodologies (workshops, laboratories, co-design activities, guided visits to companies and universities, analysis and monitoring, citizen science actions). The project is sponsored by the Regional School Office.

## SOCIAL PURPOSE FOR SOLAR REVAMPING

Activities continued in 2023 on the four 'Social Purpose for Solar Revamping' projects, approved in 2022 by the ESG Committee and 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.

In doing so, we intend to be one of the first companies internationally to lay the foundations for a new re-use chain for solar modules, motivating the industry to manage plant modernisation projects from a circular economy perspective.

The four projects developed and/or followed in 2023 will support, once energised, the work of some NGOs in the reference areas, thus ensuring the energy self-sufficiency of clinics, schools and social structures.

Two of these projects are located in Italy and are carried out respectively with the NGOs Music for Peace Creativi della Notte - Associazione Onlus of Genoa, and Fondazione Dynamo Camp ETS of Limestre (Pistoia). In both cases, these are on-grid photovoltaic installations (connected to the grid), operational since the end of 2023.

The two projects in Africa are underway and should be completed in the first half of 2024.

	<h1 style="text-align: center;">SOCIAL PURPOSE</h1> 	 
<p>Dynamo Camp ETS Foundation Pistoia, Italy Parking shelter 90 kWp on-grid <b>Installation completed</b></p>		<p>Comunità Sant'Egidio Blantyre, Malawi Dream Medical Centre, outpatient clinic 40 kWp off-grid with storage <b>Installation in progress</b></p>
		
<p>Music for Peace OSC Genoa, Italy Rooftop installation 20 kWp on-grid <b>Installation completed</b></p>		<p>Boky Mamiko ETS Maharivaratra Madagascar Saint Joseph School 10 kWp off-grid with storage <b>Installation in progress</b></p>
	<h1 style="text-align: center;">SOLAR REVAMPING</h1>	 
		

### Projects in Italy



#### Dynamo Camp ETS Foundation (Italy - Pistoia)

Non-profit organisation that offers free specific recreational therapy programmes to children and adolescents suffering from chronic diseases, in therapy or in the post-hospitalisation period, thanks to the facilities located in Limestre, in the province of Pistoia, in an oasis of over 900 hectares. With the collaboration of other partners, the ERG project involved the supply of 468 photovoltaic modules to cover three canopies of the car park at the structure and the construction of a 98 kWp plant, whose electricity production will cover part of the energy requirements of the structure.



#### Music for Peace (Italy - Genoa)

Italian NGO based in Genoa and founded in 1994 that provides support to families experiencing hardships in the area and coordinates humanitarian missions in various countries around the world. Launched with ERG and carried out with the collaboration of other partners, the project involves the supply and installation of a rooftop photovoltaic system of approximately 20 kWp at the organisation's headquarters, whose electricity production will cover part of the structure's energy needs.

## Projects in Africa

The other two projects are planned in Africa and are of an off-grid nature; they work with storage battery systems capable of storing any excess

energy produced and returning it as needed.



### Comunità di Sant'Egidio (Africa – Malawi)

The first project has been developed with the Comunità di Sant'Egidio at the DREAM Centre in Malawi, in Blantyre. DREAM is a health programme created on the initiative of the Comunità di Sant'Egidio to treat and prevent AIDS in Africa, active in Malawi since 2005. The project involves the supply and installation of a photovoltaic system on the roof and on the ground of about 40 kWp to service the largest DREAM Centre in Malawi. The installation will take place in Blantyre and the system, also thanks to the presence of 10 storage systems with 3.6 kWp supercapacitors, will guarantee the energy self-sufficiency of the medical centre and the laboratory for the most delicate and critical analysis and treatment activities. The project will be fully operational in 2024.



### Boky Mamiko ETS (Africa – Madagascar)

The second project has been developed with the NGO Boky Mamiko ETS, which supports the quality of education in five schools in rural areas in the north-west of Madagascar (Saint Joseph School of Maherivaratra). The photovoltaic plant will have 10 kWp with 3 storage systems with 3.6 kWp supercapacitors, and will be mounted from an engineered container, or adapted and equipped to act as an energy island. The solar plant will provide the school with essential access to electricity, allowing the development of new activities and programmes (extension of teaching hours, offer of evening courses for adults, possibility of accessing online educational resources). This project will also be fully operational in 2024.

A dedicated budget has been set aside for these projects, which is necessary to support the design and installation costs (e.g., procurement of main components, electronics, facilities and logistics) as well as the costs associated with the disposal of the modules when they reach the end of their life.

The project would not have been possible without the involvement and support of a rich network of industrial and institutional partners who enthusiastically joined the initiative, providing their expertise for the design, logistics, component procurement and training phases. The strength of the Social Purpose for Solar Revamping projects was the creation of this multi-stakeholder partnership, led and coordinated by ERG, which made it possible to pool the different concrete contributions, creating shared value.

## Multi-stakeholder partnerships



**MSC Foundation:** has made a fundamental contribution to logistics management and the transport of the photovoltaic modules stored at the ERG warehouses to the final destinations, also donating two containers for projects in Africa and lastly managing the international maritime shipping.



**Adverteaser:** supported the communication of the two projects in Africa.



**Uflex-Renewable Energy Division:** supported the projects both in the design and in the supply of essential components.



**Eletec 2000:** provided electrical design support services in Malawi.



**Comoli Ferrari:** provided support in the design and supply of components.



**Elettrici Senza Frontiere:** contributed to the installation of the Genoa plant.



**BFC Sistemi S.r.l.:** dealt with the engineering of the container for the Boky Mamiko - Madagascar project.

## SUPPORTING SOCIAL DEVELOPMENT



### Radura della Memoria

We contributed to the creation of 'Radura della Memoria', the new public area below the San Giorgio Bridge in Genoa. It is an open and inclusive space, born from the desire to support the rebirth of this area of the city which was heavily affected by the fall of the Morandi Bridge.



### Flying Angels Foundation Onlus Association

We support the Flying Angels Association, which helps children in need of emergency life-saving medical treatment and organises transportation by air to hospitals.



### Sicilia Carbon Free 3rd edition

Since 2021, we have supported Legambiente Sicilia's 'Sicilia Carbon Free' campaign dedicated to spreading the principle of energy efficiency and providing correct information on renewable energy sources.



### Mus-e Onlus Foundation

We support the Mus-E ONLUS Foundation, which promotes projects for elementary schools with a high proportion of immigrant children or children with difficult socio-family situations, engaging them in artistic creation projects to help their integration in primary schools.



### Urban Regeneration

COMUNE DI PARTINICO  
Città Municipale di Partinico  
Progetti di Rigenerazione Urbana

We supported the urban regeneration project of the municipality of Partinico (PA). This initiative envisaged the restoration of the greenery on the main roads of the town through the installation of plants with non-invasive roots and securing the trees in a state of deterioration, keeping only the trunks within which wooden sculptures were made.



### "Sostenibil-mente Pensa Sostenibile"

On the National Day for Energy Saving and Sustainable Lifestyles, we participated in the event 'Sostenibil-mente - Pensa Sostenibile [Sustainably-minded - Think Sustainable]' organised by Associazione Eccellenze in Camporeale (PA) under the patronage of the Presidency of the Sicilian Region. Prominent speakers from the institutional and academic world discussed sustainability. About 150 students from the schools of Camporeale, Roccamena and Grisi also participated in the meeting.

## PROMOTING CULTURE



### The Edoardo Garrone Foundation

We support the Edoardo Garrone Foundation, which aims to design and implement educational projects to involve youth in authentic and concrete experiences of active and responsible citizenship. Please refer to the specific section of the document for an in-depth analysis of the activities carried out.



### INDA Onlus Foundation

ERG renewed its support for the INDA Foundation which organises shows of ancient Greek tragedies at the Greek Theatre in Syracuse.



### Stelle nello Sport

We were a partner in the 24th edition of 'Stelle nello Sport,' an event we have supported since the first edition. By sharing and disseminating the values of sport, the project promotes inclusion and a healthy lifestyle. The 2023 edition involved more than 200,000 people, with a special focus on youth, families and the school world. Stelle nello Sport is also characterised by its commitment to the promotion of lesser-known disciplines in the media, supporting and promoting Paralympic sports. It also has a charity purpose in favour of the Gigi Ghirotti Association of Genoa, to which EUR 45,000 was donated.

# EXTERNAL COMMUNICATION AND CONSOLIDATING OUR REPUTATION

External communication activities focused on protecting and consolidating the Group's reputation in 2023, supporting its leading role in the energy transition process. The press office activities, communication on social media, events and sponsorships, now managed entirely within the Group, have made it possible to spread our key messages to the most important stakeholders in the media, political-institutional and entrepreneurial spheres.

Numerous external communication initiatives have actively involved the controlling shareholders and Top Management of the Group:

- Over 3,800 articles published in the national, international and sector press, online and traditional, including exclusive interviews with Top Management in the main generalist and economic-financial newspapers;
- Consolidation of media relations through meetings and constant follow-up activities with the main sector journalists;

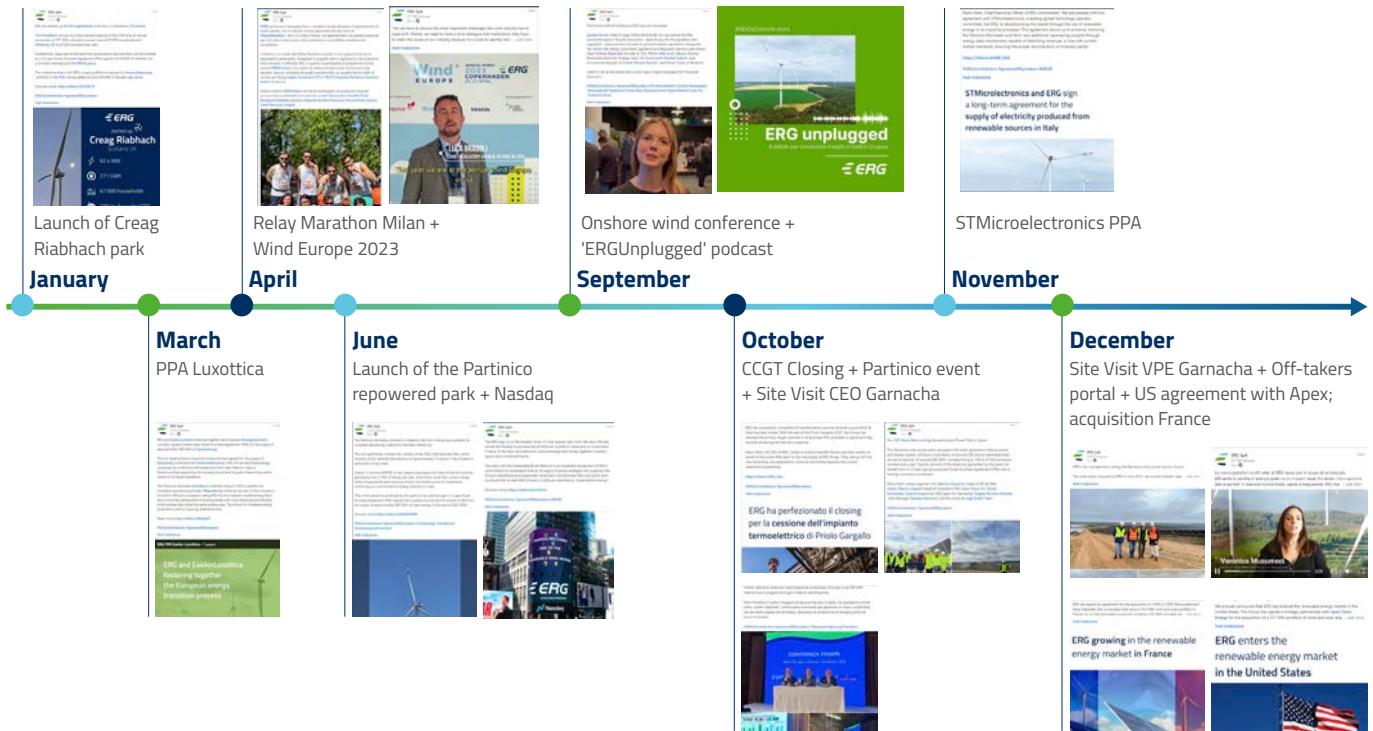
- Constant growth of followers and engagement on social channels, in particular on LinkedIn, the Group's main profile;
- Participation in events and trade fairs in Italy and abroad;
- Organisation of events such as IR Day and the inauguration of the Partinico Monreale wind farm, in line with the Group's business and market needs;
- Support for the participation of Group managers in conferences, panels and discussion tables, with a view to advocacy;
- Networking with press offices and communication managers of peers and other companies, favouring the exchange of information and media relations activities;
- Coordination of foreign communication agencies in the various countries where we are present, supporting the increasing internationalisation of our business.

## 2023 A YEAR TO TELL: INTERVIEWS WITH TOP MANAGEMENT

The timeline shows the following media appearances:

- April:** *L'Economia* (article: "ALESSANDRO GARRONE LE RINNOVABILI VINCENDANO MANIPOLATE LE RIBANANZE")
- October:** *Nuova Energia* (article: "Meris: 'Siamo pionieri della rivoluzione green'"); *Il Sole 24 ORE* (article: "Garrone: 'ERG, 85 anni una storia di valori, passione e persone'"); *Il Secolo XIX* (article: "Alcantonio Meris: 'Erg sbarca negli Stati Uniti mercato competitivo e in crescita'")
- November:** *Expansion* (article: "El grupo ERG quiere estar en el top 5 de las renovables en España")
- December:** *Rep tv* (video: "Energia, finanza e visione: la svolta rinnovabile di ERG"); *Il Sole 24 ORE* (article: "Erg, grande alleanza negli Usa: «Investimento da 270 milioni»")

## ERG'S SOCIAL YEAR - MAJOR CONTENT



## Our CEO at the Italian Energy Summit

In September 2023, our CEO Paolo Luigi Merli participated in the 23rd edition of the Italian Energy Summit, one of the most important meetings in the national energy sector, organised by the economic daily Il Sole 24 ore.

Paolo Merli highlighted to the institutional and industrial audience present at the event the need to simplify authorisation processes and define a clear regulatory framework in order to bring the pace of growth of renewable energy installations up to the levels required by the adopted medium-term targets.



# Il Sole24Ore 'ERG, alliance in the US is a historic step for the group'

The signing of the agreement for the joint venture with Apex Clean Energy, which on 21 December 2023 marked ERG's entry into the US electricity market, was the subject of Sole 24 Ore's exclusive interview with Paolo Merli.



# ERG in the Spanish press

2023 saw our consolidation in Spain - the latest European market we entered - thanks to the acquisition of the Garnacha photovoltaic park, the largest in ERG's portfolio.

In November, on the occasion of the official visit of our executive Vice-Chairman Alessandro Garrone to Spain, the external communication team organised an exclusive interview with Expansion, the main Spanish economic-financial daily. The full-page article represented our début in the Spanish media landscape, essential for supporting and encouraging business requests among the industrial and financial community.




# Repowering as seen by the British magazine 'Windpower monthly'

Windpower Monthly, the British trade media dedicated to the world of wind power, printed an article about the inauguration of the Partinico-Monreale wind farm.

According to the publication, ERG's repowering initiatives represent a case study in the application of technological solutions for the renovation and enhancement of wind farms with a view to sustainability, in particular with regard to reducing environmental impact and collaboration between producers and territories.

Much importance was also given to the model of institutional relations that ERG has applied in its projects in Sicily, indicated as a virtuous example of a process in which the public and private sectors can work together towards common objectives.

Promotional feature




### ERG's visionary approach: Repowering as the key to a more efficient tomorrow

The need to ramp up renewable energy generation has never been more pressing

7 December 2023

[Twitter](#) [Facebook](#) [LinkedIn](#)



According to the IEA's World Energy Outlook 2023 [report](#), wind power continues to be one of our most cost-effective forms of clean energy. Yet, despite the push to increase it for environmental and energy security reasons, obstacles remain.

These include the fact that the timing and structure for permits don't match European deadlines, auction prices don't reflect the real costs of technologies that have gotten more expensive over the past two years due to green inflation, and the grid isn't properly set up for the required amount of additional renewable capacity. With such challenges, the advantages to repowering or upgrading already established sites are huge.

**Repowering as a strategic tool**

ERG believes in using repowering as a smart way to cut carbon emissions, and wants to get the most out of the latest technology to be as efficient as possible.

# 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 our 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 our Top Management can illustrate the strategic lines and the financial objectives of Group business.

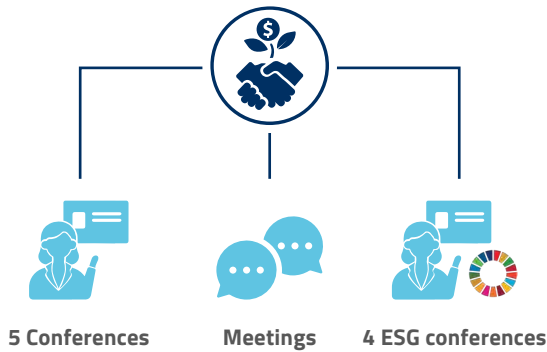
## COMMUNICATION TOOLS

## EVENTS



## INVESTOR RELATIONS ACTIVITIES IN 2023

196 investors met, of which:



### MAIN TOPICS IN THE MEETINGS WITH INVESTORS



Financial topics

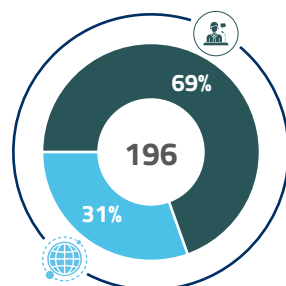
- Impact of energy price and technology asset cost trends
- Guidance reviews and business perspectives
- Asset Rotation and sale of the thermoelectric business
- Acquisitions and impacts on geographical and technological diversification
- Evolution of the regulatory framework (taxation, permitting ...)



ESG topics

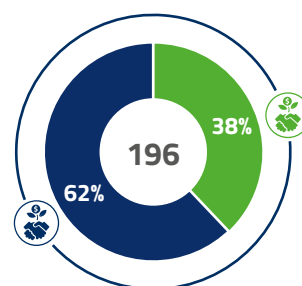
- Inclusion in major financial indices and ESG ratings
- Path to decarbonisation
- 'Net Zero' strategy by 2040
- D&I objectives with a focus on certifications
- Financial strategy and Green Funding

### BY MEETING TYPE



● In conferences ● At roadshows

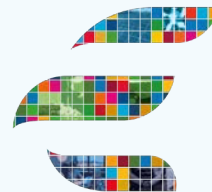
### BY INVESTOR TYPE



● SRI investors ● Other investors

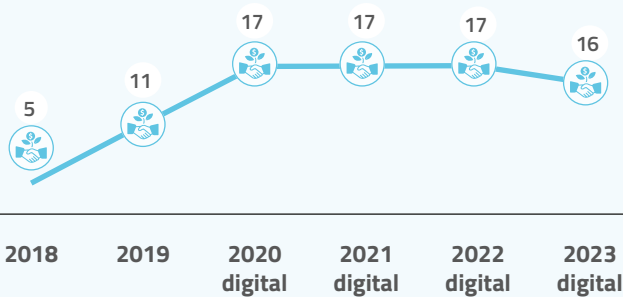
# Italian Sustainability Week 2023

We participated in the Italian Sustainability Week organised by Borsa Italiana in September 2023 for the seventh consecutive year focusing on sustainable finance and ESG topics. The event, also digital this year, involved 62 listed Italian companies (including 19 issuers of ESG bonds listed on the Borsa Italiana/Euronext bond markets), which illustrated their sustainable development and investment strategies to the numerous SRIs (Socially Responsible Investor) present.



## Main topics discussed with SRI investors

Sustainability Week - No. of meetings for ERG



- Updates contained in the 2022-2026 ESG Plan
- SBTi certification of our Net Zero strategy by 2040
- Circular Economy, Biodiversity and D&I Targets
- Exit from the thermoelectric business
- Transformation into a pure Wind & Solar operator
- Growth targets in renewables
- Sustainable financial strategy



## People

### Our key figures

**636**

people in the Group (of which 31% women)

---

**41.7**

Average age

---

**68**

Key Leaders (18% women and 22% abroad)

---

**6.0 days**

of training per person

# PEOPLE



'The added value of ERGPeople lies in its ability to adapt to new contexts, bringing innovative solutions capable of impacting the company. The continuous sharing of information, the culture of feedback, and a "network company" approach where each individual can leave their mark, contribute to making ERG a key player in the decarbonisation process.'

**Giorgio Coraggioso**  
Human Capital & ICT

## THE REFERENCE CONTEXT

2023 continues to be characterised by a profoundly evolving social scenario and a highly competitive labour market, requiring a special effort on the part of our Group on labour sustainability issues. Attractiveness towards talents, the physical, mental and financial well-being of employees and their long-term employability are

increasingly important elements, closely linked to the company's ability to create long-term value, sustainable performance and resilience.

Globally, gender equality indicators have returned to pre-COVID-19 levels, but the pace of change is slowed by converging crises: according to the World Economic Forum's 'Global Gender Gap 2023', it will still take about 130 years to achieve parity.

Again in 2023, we worked for:



**INCLUSION:** creating an open and inclusive work environment that attracts and enhances talent, reducing turnover and at the same time increasing productivity;



**SKILLS DEVELOPMENT:** generating an innovative, digital and systemic vision of the organisation, consolidating and developing the key skills of the leaders of the future through highly specialised training and individual growth plans;



**MULTI-GENERATION AND MULTICULTURAL:** enhancing the soft skills needed to manage 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 highly effective recruitment. Our people include 25 different nationalities, and we have been operating in a multicultural context and market for years.



**WORK-LIFE BALANCE:** placing people's needs, diversity, equity and engagement as central elements of the strategy in human resources management. In particular, we have 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.

## OUR PEOPLE AT THE CORE

In our more than 85 years of history, we have faced innovative and sustainable evolutions and growth processes, mainly thanks to our people. We are 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 our human capital, characterised by talent, skills and relationships, we invest in a stimulating and productive working environment in which everyone can express themselves to the best of their abilities and improve their skills. The principles guiding our approach to our people are described in the Group's Code of Ethics and policies on Sustainability, Human Rights, Diversity and Inclusion, and Preventing Violence, Harassment and Bullying in the Workplace.

# GOVERNANCE IN THE CONTEXT OF PEOPLE



## Human Capital Committee

Consisting of the Executive Chairman, the CEO and all his first reports, it has the task of:

- defining and monitoring the key people development programmes, talent identification and management, and the leadership model;
- providing support to the Executive Deputy Chairman and the CEO in decisions on strategies that determine the value of human capital;
- monitoring the effective implementation of the Human Rights, Diversity & Inclusion, Prevention of Violence, Harassment and Bullying, and Gender Policies and handling any reports of non-compliance.



## Supervisory Body

In its capacity as Ethics Committee, limited to the cases relevant for the purposes of Italian Legislative Decree 231/01:

- it monitors the correct application of the Code of Ethics, with specific regard to respect for human rights, equal opportunities, etc.;
- handles any reports through the appropriate channels (dedicated e-mail and regular mail) made available to all employees and third parties.



## Nominations and Remuneration Committee

- Actively participates in the definition of the short and medium/ long-term variable incentive systems;
- expresses opinions and provides suggestions on the succession policies for Top Management of the Group and on the Diversity & Inclusion policies.



## ESG Committee

Since February 2024, the ESG Committee has also become the 'Steering Committee' responsible for supervising the continuous and effective adoption and application of the Gender Equality Policy.

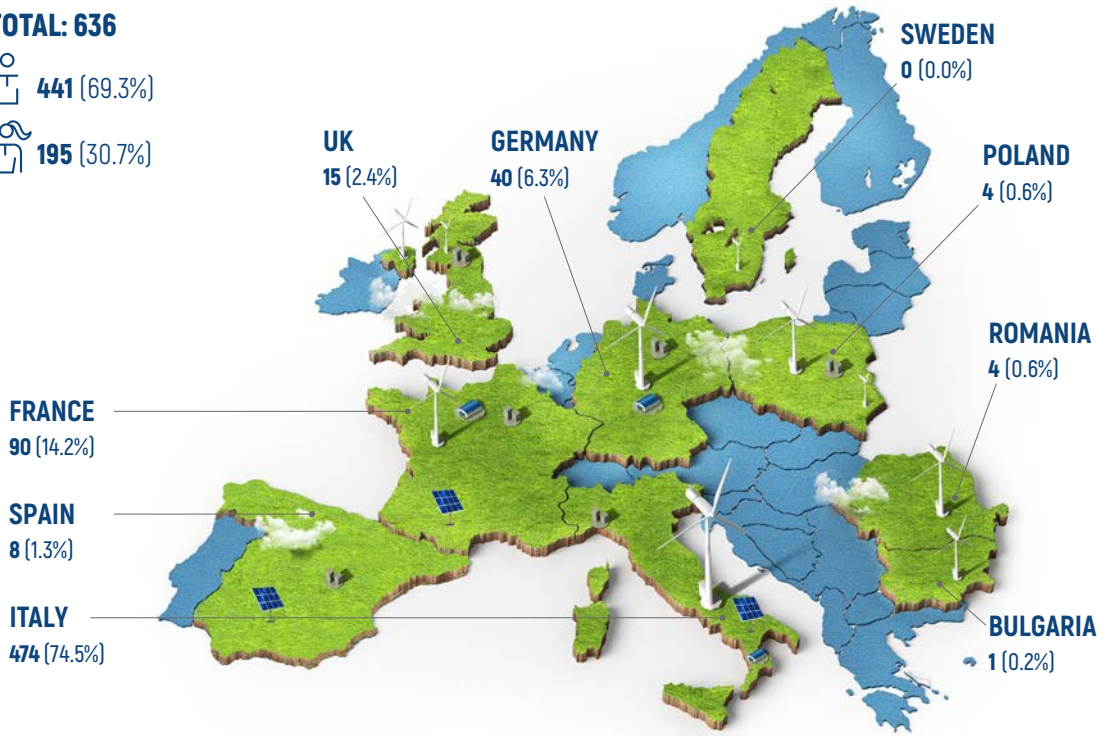
During 2023, the Human Capital Committee met 6 times with 100% participation of its members. The main topics covered were organisational changes, evaluation of the weight of organisational positions, resource development, succession plans, performance management, managerial feedback and the D&I Project.

In view of the preliminary activities carried out by the Whistleblowing Committee, and it was possible to identify the violation of both the Code of Ethics and the employment contract in one case in 2023, and consequently certain measures envisaged by the related sanction system were adopted.

**TOTAL: 636**

 **441** (69.3%)

 **195** (30.7%)

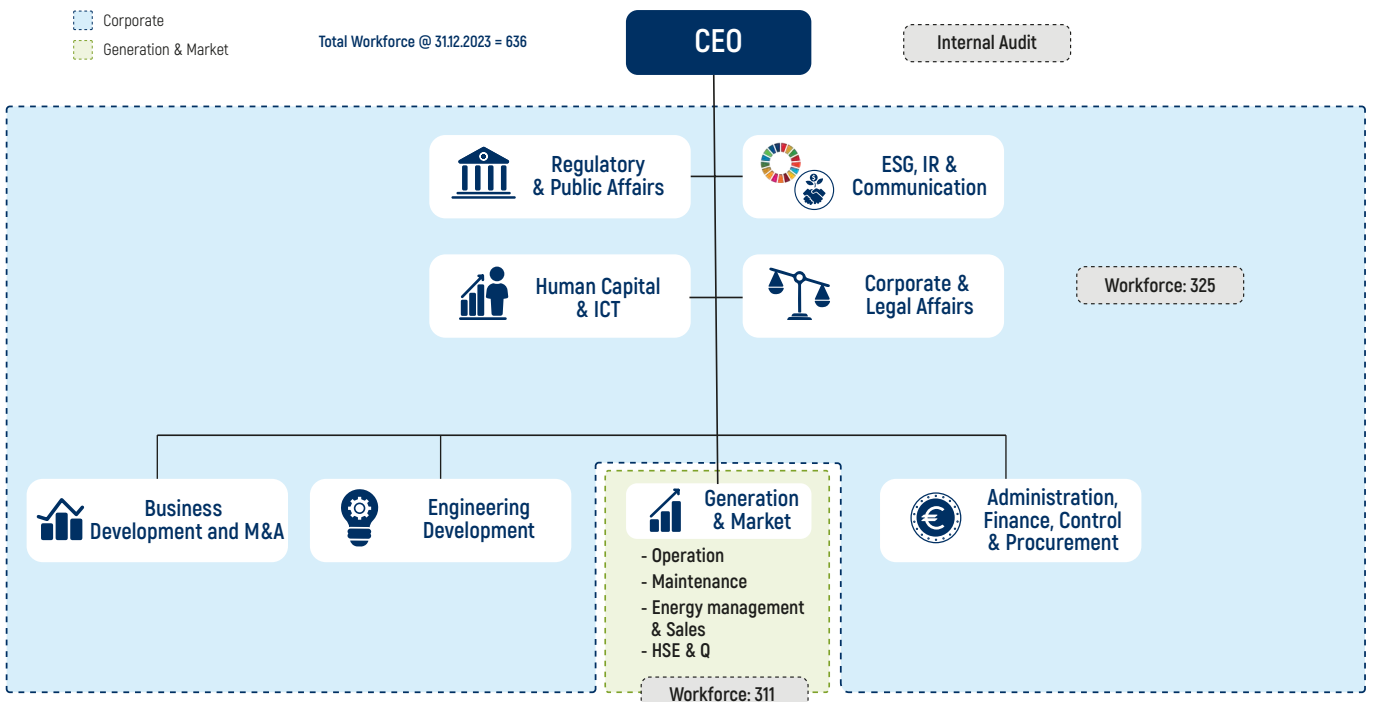


## ORGANISATIONAL MODEL

The Group's organisational structure features a strong focus on process logic and the implementation of strategic business leverage, with two macro-areas:

- **Corporate**, which ensures the strategic direction, is directly responsible for business development and ensures management of all business support processes.

- **Generation & Market**: responsible for the Group's industrial and commercial processes. The main projects are:
  - the management of the Operation & Maintenance activities of the Wind & Solar assets, broken down into production units on a geographical basis
  - marketing the Renewable Energy produced
  - management of Health, Safety and Quality issues (HSE&Q).



In order to continue to grow and achieve the ambitious targets set in the Business Plan, we have implemented a flexible business model suited to the different areas where we are present, taking into account the geographical and technological diversification of the two Wind & Solar businesses.

After the sale of the CCGT was completed in 2023, the evolutionary path of the operating model continued. We focused on strengthening the development, engineering, construction and commissioning processes of all types of new wind and solar plants: internally developed, subject to repowering, deriving from merger and acquisition operations or from co-development agreements.

## 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:

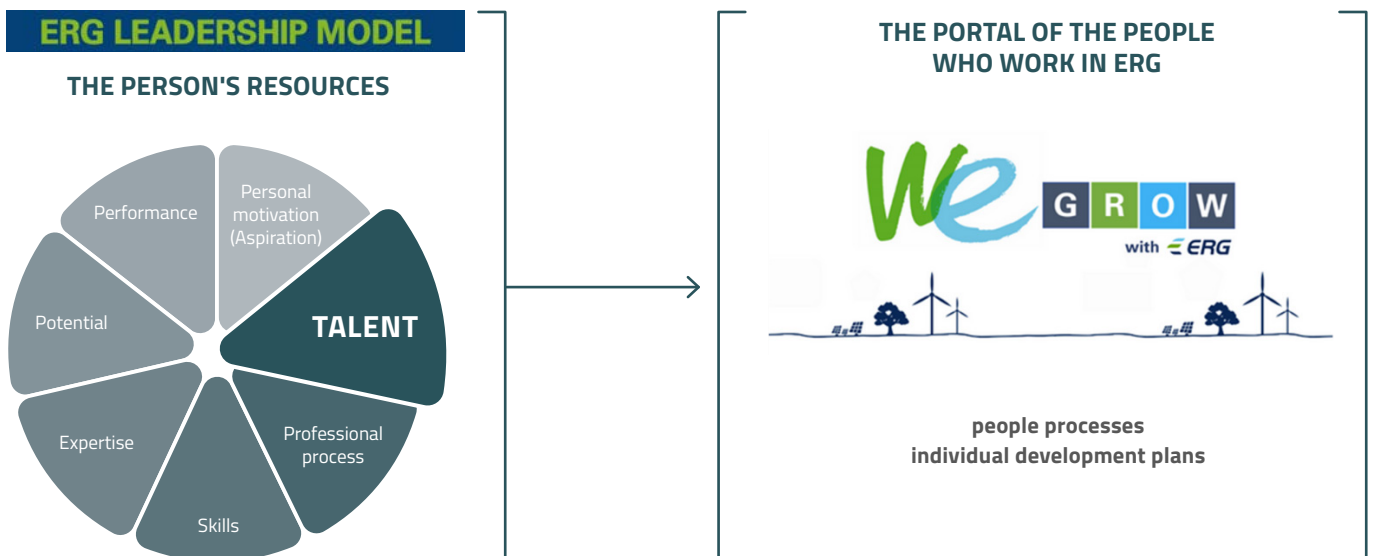
- **Organisational Development:** organisational model, processes, roles and responsibilities aimed at the management and growth of the Group;

- **Talent Management:** recruitment and selection, leadership development, performance, potential assessment, talent management, succession plans aimed at enhancing people's value. Our Leadership Model allows us to relate with people on how to achieve results through values, skills and behaviours that also drive career development within the Group.



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, we suggest 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 we offer paths to recognise it, use it and develop it to grow together with the Group. We regard talent as a founding element of diversity and enhance it precisely because it is an individual characteristic.

## CAREER MANAGEMENT AND LEADERSHIP DEVELOPMENT

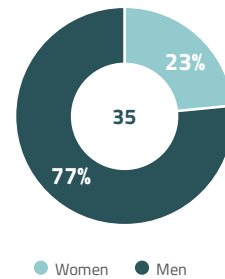
Integrated career management is based on the principles of fairness, sustainability and selectivity, through a growth pathway articulated in different professional qualifications: Specialist, Professional, Manager, Senior Manager, Director.

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 35 people were appointed in 2023: 3 Senior Managers (of which 1 woman), 11<sup>1</sup> Managers (of which 1 woman) and 21 Professionals (of which 6 women).

TOTAL PROMOTIONS 2023



## PERFORMANCE & REWARDING

### REWARDING SYSTEM

Our 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, we seek 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) supported by the D&I Steering Committee (ESG Committee).

We therefore focus our remuneration policy 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

<sup>1</sup> All promotions approved in 2023 by the HCC are considered

## EQUITY AT THE HEART OF THE PAY SYSTEM

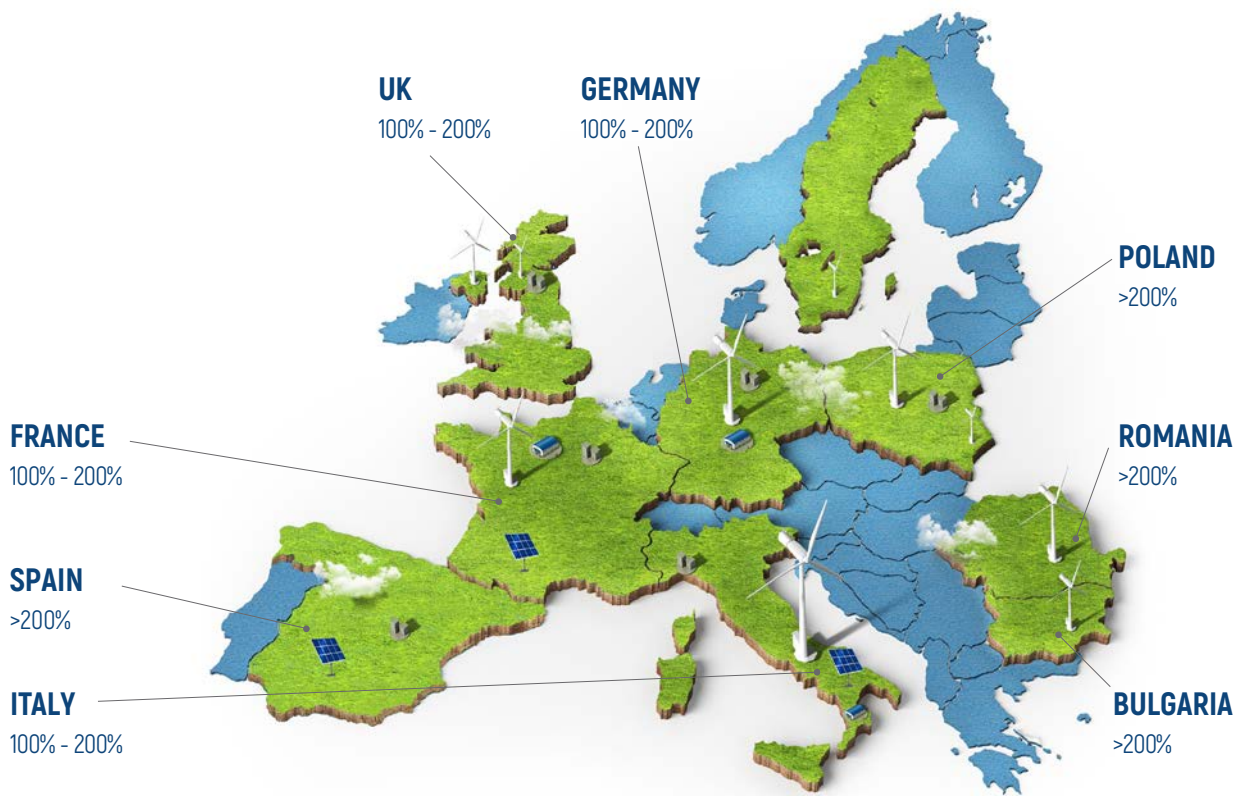
In compliance with local legislation, we apply an integrated pay system to all employees:

- common in all the states in which we operate;
- 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

We make sure that the principle of living wage is respected, committing ourselves to guarantee all our employees a decent wage that allows for an adequate quality of life. We recognise the value of collective bargaining with workers' representatives, when they are present, and we respect national regulations on the matter. In the countries where we operate, the minimum wages we provide 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.



The graph shows the ratio between the minimum wage paid by ERG and the minimum wage stipulated by law and/or by national collective bargaining agreements in each country in which ERG operates.

## PERFORMANCE MANAGEMENT: GENERATING RESULTS AND SHARING SUCCESS

The Performance Management system follows a cascading logic along the organisational structure. We first define the annual objectives of the CEO's first line and progressively those of the employees, and then measure the results achieved during the year. 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 our 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.

47% of beneficiaries work on at least one additional personal sustainability objective, which on average represents 17% of the short-term variable remuneration target.

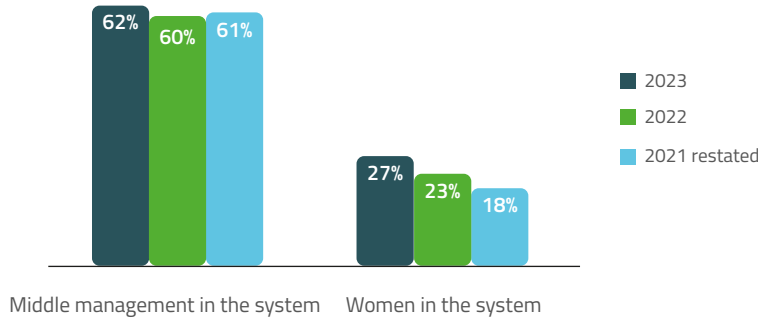
The objectives linked to sustainability issues represent 39% of the total individual objectives assigned.

### Short-term Incentive System

Short-term incentives concern the CEO, senior managers and a selected population of middle management: in 2023, 62% of middle management participated in the system. Women represent 27% of the participants in the system (up from 23% in 2022).

The balancing of objectives - between Group economic, Group sustainability and individual - 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.

#### PEOPLE INVOLVED IN THE INCENTIVE SYSTEM



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.

Sustainability objectives in short-term incentives									
Weight	Objectives	Pillars	Objective	Target	Result	Indicators			% Final value
						Floor 80%	Target 100%	Cap 120%	
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	17,000	23,407	120%			20%
			10% Social Purpose for Solar Revamping (number of projects carried out)	3 projects	2 projects	80%			
20% CEO 10% DRS	40%	People	30% Predictive safety: severity index [SI] <1 and compliance with frequency indices (internal + contractors): general [FI] and severity [SFI]	FI<4.60 SFI<2.00 SI<1	FI=3.09 SFI=1.55 SI=0.11	120%			48%
			10% Diversity & inclusion: Incidence of women in workforce increase	30%	41%	120%			
20%		Governance	Implementation of 3 projects: 1. Extension of the Tax Control Framework in Germany by 31/12/2023 2. Certification of the 'Information Security Management System' (ISMS) by March 2024 3. Sustainable Procurement: average supplier scoring ≥63 points	2 projects	3 projects	120%			24%
<b>OVERALL FINAL VALUE</b>									<b>116%</b>

The objectives and results achieved in 2023 are in line with the targets defined by the remuneration system.

## Medium/Long-term Incentive System

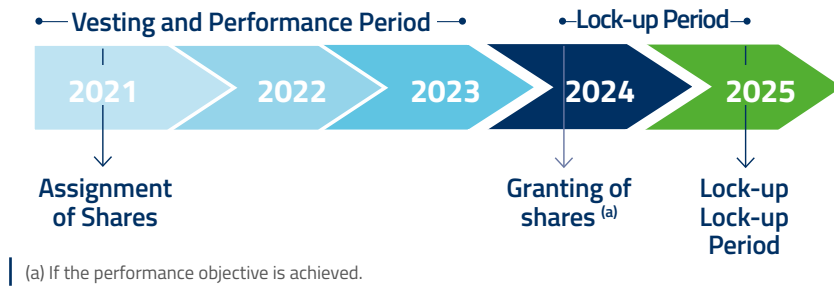
The 2021-2023 Performance Share Incentive System is defined in line with the objectives of the 2021-2025 Business Plan and its time horizon corresponds to the three-year mandate of the Board of Directors. The Plan is intended for the Chief Executive Officer, the Executive Deputy Chairman, the Directors and a small population of Senior Managers defined on the basis of the levers that can be used to achieve the Business Plan.

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 2021-2023 period. The number of shares will be increased or decreased by ±10% depending on the level of achievement of the sustainability objective consisting of specific indicators defined in line with the ESG Plan. At the end of the vesting period, 25% of the shares granted will be subject to a lock-up period of eight months (with a non-transferability restriction during that period). The plan includes a clawback clause.

Alongside the Performance Share Plan, a long-term incentive system has been set up linked to wind and solar development on greenfield projects, applied to French and German business development teams, and which envisages bonus phases linked to the achievement of certified development milestones.



Sustainability objectives in long-term incentive 2021-2023									
Weight Objectives	Pillars	Objective	Target	Result <sup>(1)</sup>	Indicators			%	Performance
					Floor 80%	Target 100%	Cap 120%		
25%	Planet	Circular Wind: repowering recovery of materials and/or energy	96%	100%				120%	30%
25%	Engagement	Education for Next Generation: training programmes in Italy and France (no. young people involved)	10,000	23,407				120%	30%
25%	People	12.5% Predictive safety: HSE Severity index [SI] <1 and improvement of the Frequency Index (internal + contractors)[FI]	No fatalities FI<4.35 SI<1	No fatalities FI=3.42 GI = 0.13				120%	15%
		12.5% Diversity & Inclusion: number of women and employees of foreign offices with respect to total managerial positions	15% women 12% foreign	18% women 22% foreign				120%	15%
25%	Governance	Tax Control Framework	Extension France	Extension France and Germany				120%	30%
<b>OVERALL FINAL VALUE</b>									<b>120%</b>
<b>MULTIPLIER</b>									<b>110%</b>

(1) A 3-year average value was provided for Circular Wind and HSE.

For more details on the incentive systems and the Remuneration Policy in general, please refer to the 'Report on remuneration and compensation paid'.

# UPSKILLING AND RESKILLING

Again in 2023, we drew on the expertise of our people to cope with the complex business environment and the ongoing changes related to the energy transition.

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.

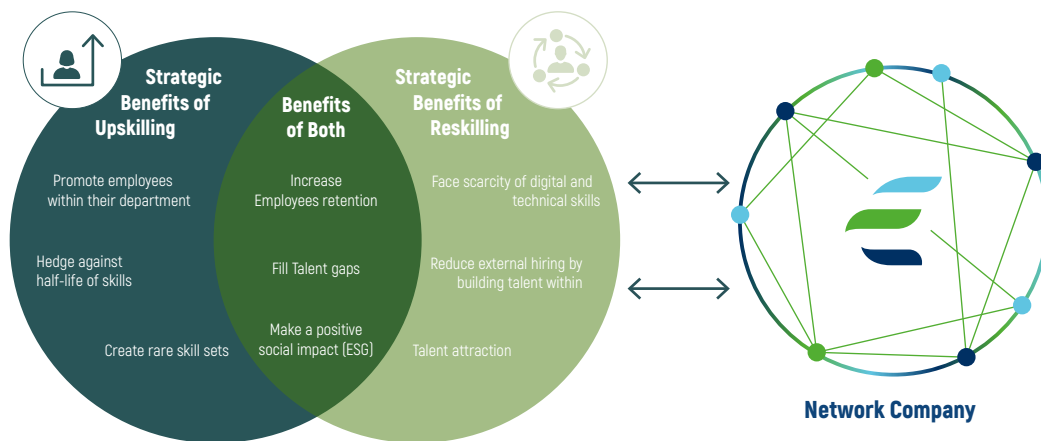
Upskilling and reskilling are therefore confirmed as fundamental levers for:

- attracting new talents;
- making it easier for people to increase their skills and achieve their individual aspirations in the best possible way, thus also fulfilling 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.

Upskilling & reskilling as leverage in a NETWORK COMPANY...



... to speed up new ways to engage with a new culture

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 2023, 23 individual reskilling processes and 19 upskilling processes were generated, 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 our 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. We work to retain talent, improve the perception of our 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 2023, 99 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.

# ERG ACADEMY FOR OUR PEOPLE

ERG's history, results and successes are the fruit of its knowledge, skills, flexibility and its' people's ability to evolve along with the business. For 85 years, ERG's people have been passing on the Group's values and sharing their experience with new colleagues, guaranteeing continuity of know-how and cultural consistency

generation after generation. ERG Academy was established in 2023, as our learning ecosystem designed to facilitate the growth of ERG, the network company and people through the dissemination of values, the development of skills and the sharing of experiences.

## LEARNING ECOSYSTEM



ERG Academy has the distinction of being dedicated to ERG's people and at the same time offering experiences and training content - on the Just Transition and sustainable development - for the Next

Generation in the areas where we operate<sup>2</sup>. Our skills, our values and our history are therefore made available to other stakeholders, first and foremost professional communities.

## Launch of ERG Academy

The ERG Academy was officially launched in October, both at the Genoa Science Festival and with an online event attended by over 480 people from all Group offices. Some teams connected through meeting rooms and in-person training events, temporarily interrupting seminars to participate in 90 minutes of speeches, videos and presentation of the new training methods, the new portal and the App dedicated to training. What do you want to learn today?: this is the question that accompanies the start of each training session managed through the portal, which will become the entire Group's training hub.



<sup>2</sup> For the part relating to NextGen, please refer to the Engagement section

**ERG PEOPLE**



- Upskilling and Reskilling programmes
- Digital upskilling
- Community
- Managerial Training
- Discovering one's talents and purpose
- App for using training content from smartphones
- Language training, with the possibility of extending the opportunity to a person outside ERG
- Intercompany mentorship programmes

**NEXT GENERATION**



- Partnerships with schools and universities
- Partnerships with institutions that promote sustainable development, the Just Transition and/or social inclusion
- Professional guidance
- Digital platform for teachers
- Experiential workshops
- Science Festival
- Meetings with Role Models
- Mentorships
- Project Work
- Internships
- Thesis development

**OTHER STAKEHOLDERS**

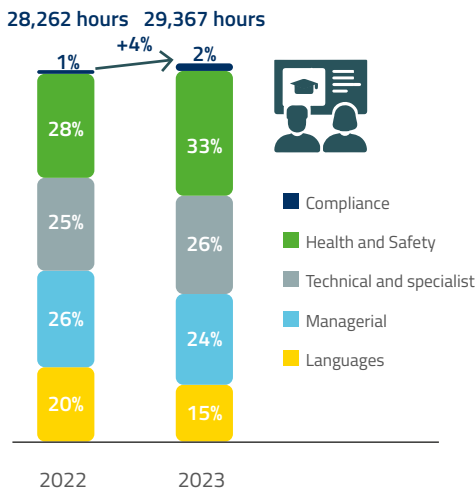


- Seminars, testimonials and content for:
- Professional communities
  - Suppliers
  - Group of teachers for ERG
  - Key Leaders of other companies
  - Mentors and Mentees of other companies
  - Co-design of training programmes in networks with other companies.

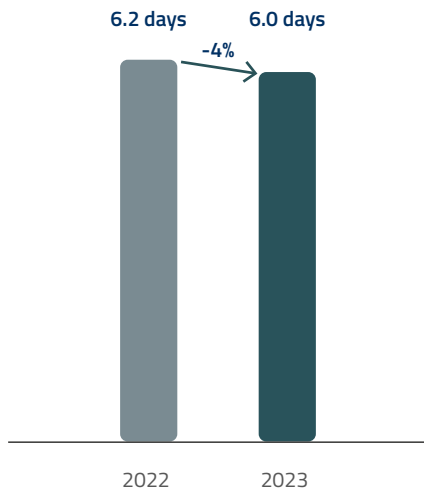
ERG Academy offers training methods suitable for recognising and enhancing all learning styles, with the possibility of using content not only from traditional workstations, but also from smartphones.

In group training activities, we use individual differences to accelerate discovery and as a wealth given by the multiplicity of points of view.

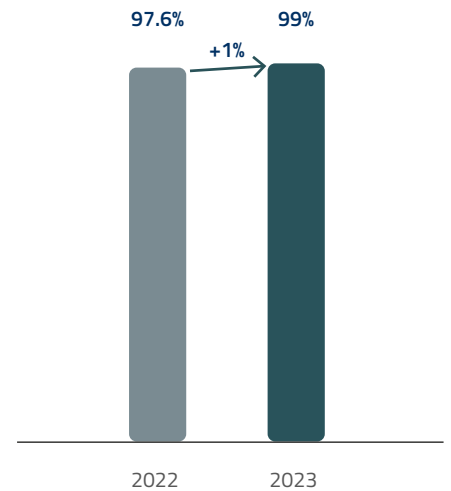
**NO. TRAINING HOURS PROVIDED**



**NO. AVERAGE DAYS OF TRAINING PER EMPLOYEE**



**% EMPLOYEES PARTICIPATING**



## Evolving Talk: human rights in the field

The Evolving Talks are an ERG Academy format dedicated to the dissemination of human rights through the voice and experiences of people who practice activism, research and dissemination at international level, with an interesting perspective for the countries in which we operate. The Evolving Talks are held online on the

occasion of the international days of the UN, at times that also allow the participation of people with part-time schedules. The format stimulates direct interaction in Q&A sessions. The sessions are recorded and made available on our new portal 'We Grow with ERG.'

## Managerial Training

We involve every person in management training regardless of their role, professional seniority, personal background, business sector, work location, and contract hours. Everyone is invited to choose which training paths to attend within a catalogue.

Management training has multiple objectives, both at individual and Group level:

- To learn the values, skills and behaviours of the Leadership Model;
- To exercise and improve their skills;
- To create opportunities for discussion and exchange with people from across the Group;
- To value diversity and train to be more inclusive;
- To help the person to discover and act on his or her talents and purpose.

## MENTORS, ROLE MODELS, AMBASSADORS: THE WEALTH OF INTERGENERATIONAL EXCHANGE

Surveys involving generations of ERG People over the years have always highlighted a strong passion for work and an important alignment in values between people and the company. 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, with the participation of 8 women with scientific degrees and professional experience;
- **Ambassadorship initiatives**, with some of our colleagues telling their stories before secondary school classes: they talk about their experience at ERG, what it means to be GreenenERGymakers and how they faced their choices of study paths and career opportunities.



## PEOPLE ENGAGEMENT

People Engagement has always been one of our 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.

## THE TOOLS FOR STRATEGIC ALIGNMENT AND BELONGING INITIATIVES

### TOOLS FOR STRATEGIC ALIGNMENT

### INITIATIVES FOR BELONGING



## CORPORATE EVENTS

- **Family Day and corporate volunteering:** the day involved partners, sons and daughters of ERG people, and was dedicated to cleaning Bosco dei Frati, near the Sanctuary of Madonna del Monte in Genoa. The activity was carried out with Legambiente and met with considerable success both for the result (over 200 kg of waste collected) and for the aspect of inclusion and usefulness for the local area.
- **End-of-year events:** the traditional end-of-year season's greetings events involve all ERG people. In 2023, they were held

in Edinburgh, Paris, Hamburg and Genoa, as well as in the Italian operational centres. They also represent a moment to recognise colleagues who have reached 30 years of seniority and boys and girls who have completed their studies while achieving the highest grade (scholastic excellence).

- **Sporting events:** experiencing sport as an opportunity for well-being and the development of new relationships. For this reason, ERG's people participated in events organised at Group level in 2023, such as the Charity Relay Marathon in Milan, the World Renewable Cycling Championships held in the Ardennes (France), the Millevele in Genoa, and the Windsor Marathon.



Corporate volunteering: Plogging Day



Participation in the Windsor Marathon



The year-end party in Edinburgh

## SURVEY

Also in 2023, as foreseen in the commitment made in The Policy to Counter Incidents of Violence, Harassment and Bullying, we have activated a survey addressed to all ERG people to measure their perception of inclusion, involvement and satisfaction.

In 2023, we noted a further slight improvement compared to 2022 with respect to both involvement in one's job (Job Engagement,

+0.17) and the sense of involvement in ERG (Organisational Engagement, +0.1).

Job Satisfaction is very positive, with an average of 3.89 out of 5, further improving on 2022 (+ 0.12). There are no significant differences between Italy and the other countries. More details are available on our website at the following link: <https://www.erg.eu/it/lavorare-in-erg/green-energy-makers/people-satisfaction-survey>

### JOB ENGAGEMENT

Total Average 2023: 3.88  
(2022: 3.71)



2023: 3.96  
2022: 3.69  
2021: 3.89



2023: 3.85  
2022: 3.73  
2021: 3.85

### ORGANISATIONAL ENGAGEMENT

Total Average 2023: 3.80  
(2022: 3.70)

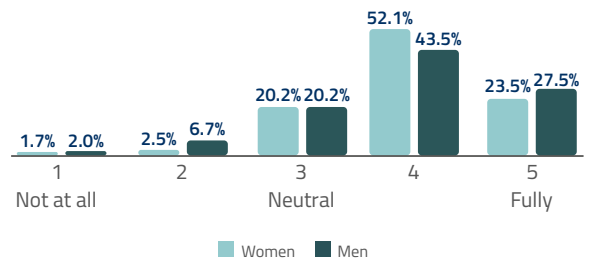


2023: 3.73  
2022: 3.67  
2021: 3.65



2023: 3.84  
2022: 3.72  
2021: 3.69

### JOB SATISFACTION



## Employer Value Proposition

Our Employer Value Proposition is based on 3 pillars for a Just and Inclusive Transition.

- **We are GreenenERGymakers and SDGs Contributors:** we produce 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:** everybody is responsible for building their own 'sustainable future' by keeping skills up to

date and discovering and enhancing their talent. Every year, we ask people to design their training path and to propose professional experiences of interest for their individual career path.

- **Talent:** each of our people learns to connect their personal talent with that of others, with the company purpose and with our way of working.

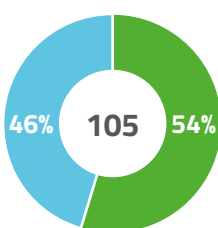
For some years now, our career website and use of social media have been our fundamental channels, and the national and international awards we have received from Potentialpark (a Swedish company specialising in the analysis of online talent) confirm the effectiveness of our strategy.

## NEW TALENTS RESEARCH

Our Talent Attraction and Talent Acquisition Strategy enhances the company culture on the one hand and the values and professional expectations of candidates on the other, in order to improve performance and production processes. In recent years, and in particular in 2023, the HR function has implemented Employer Branding actions for:

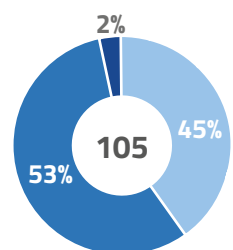
- sharing the identity and culture of ERG;
- clearly communicating our Employee Value Position, based on inclusion and diversity and on the promotion of every initiative for the well-being and work-life balance of our employees;
- giving relevance to culture and international mobility in the professional paths we offer.

### HIRES BY GEOGRAPHY



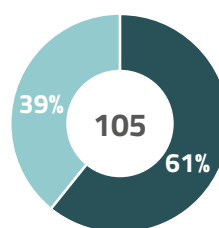
● Italy ● Abroad

### HIRES BY AGE BRACKET



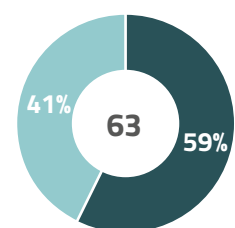
● <30 years ● 30-50 ● >50 years

### HIRES BY GENDER



● Women ● Men

### NET WORKFORCE INCREASE



# CORPORATE WELFARE AND WELL-BEING AT THE HEART OF OUR STRATEGY

The integrated welfare model is built around people, with the aim of meeting the needs of our 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. Our model covers the five areas of well-being (Purpose & Career,

Physical, Financial, Mental and Social). We accompany 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. We have exported the 'solidarity holiday' model to the various countries and we will continue with the harmonisation

of benefits, in line with the specific needs of each nationality. In addition, we will make remote work structural, as a concrete sign of attention to the community in terms of both environmental sustainability and social well-being.

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 reimbursement of health expenses in public and private healthcare institutions.
		Occupational and non-occupational accident policy	Additional and improved insurance coverage compared with legal and contractual obligations.
		Prevention programmes and nursing care	Prevention protocols differentiated by the types of risk associated with the workplace (head offices, production sites). Voluntary cancer screening programmes. Flu vaccination campaign.
		ERG Wellness programme	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 at sites not sufficiently served by a public transport system.
		Agreements	Insurance policies, bank credit cards, agreements for the purchase of goods and services, agreements with CAAF.

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 compulsory leave of absence	During compulsory parental leave, the parent keeps the company benefits and the allowance is paid at 100%.
		Nursery & Preschool	Agreements or reimbursements.
Social welfare		Scholastic excellence	Scholarships for the most deserving children of our employees.
		Free time	Family Day and corporate volunteering projects.
		Erg4Sport	Direct participation in national and international sports events.
		Events	Christmas gift and Christmas Party. 30 years together.

## Flexible Benefits

Following the trade union agreement signed in 2023, starting from 2024 we offer our employees the possibility of converting a portion of the performance bonus into welfare goods and services, taking advantage of the tax and contribution opportunities set out by regulations and an additional company contribution (+15% on the

converted value) which increases the amount available to the employee. The individual flexible benefits are freely chosen based on individual and family needs through a dedicated web platform, which also gives access to a wide range of agreements for the purchase of products and services at advantageous prices.

## The “mese corrente” initiative

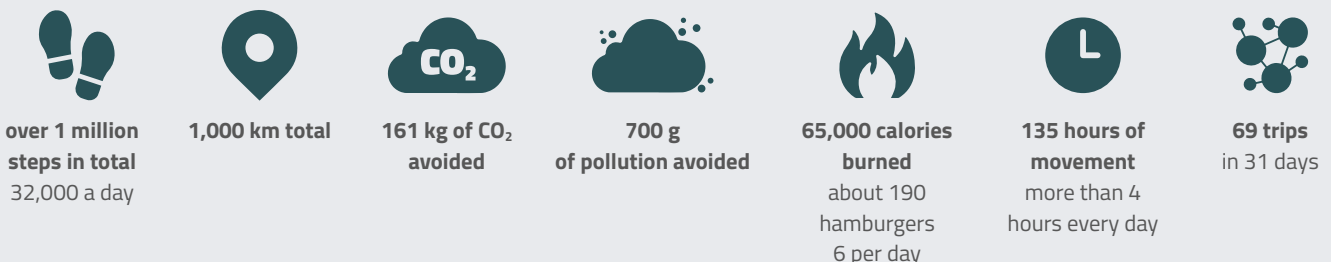


In October 2023, one of our people decided to no longer use any engines ever again and to make all their daily trips on foot, walking or running, without changing anything in their work and family habits.

He did this to help all of us reflect on the possibilities we have to change the world around us with our daily actions.

The analysis of the results shows how the reduction of car use in favour of walking can generate significant benefits, both individually and collectively, eliminating the negative impacts that characterise private motorised mobility.

### DANIELE PERSICO'S RESULTS FOR THE MESE CORRENTE



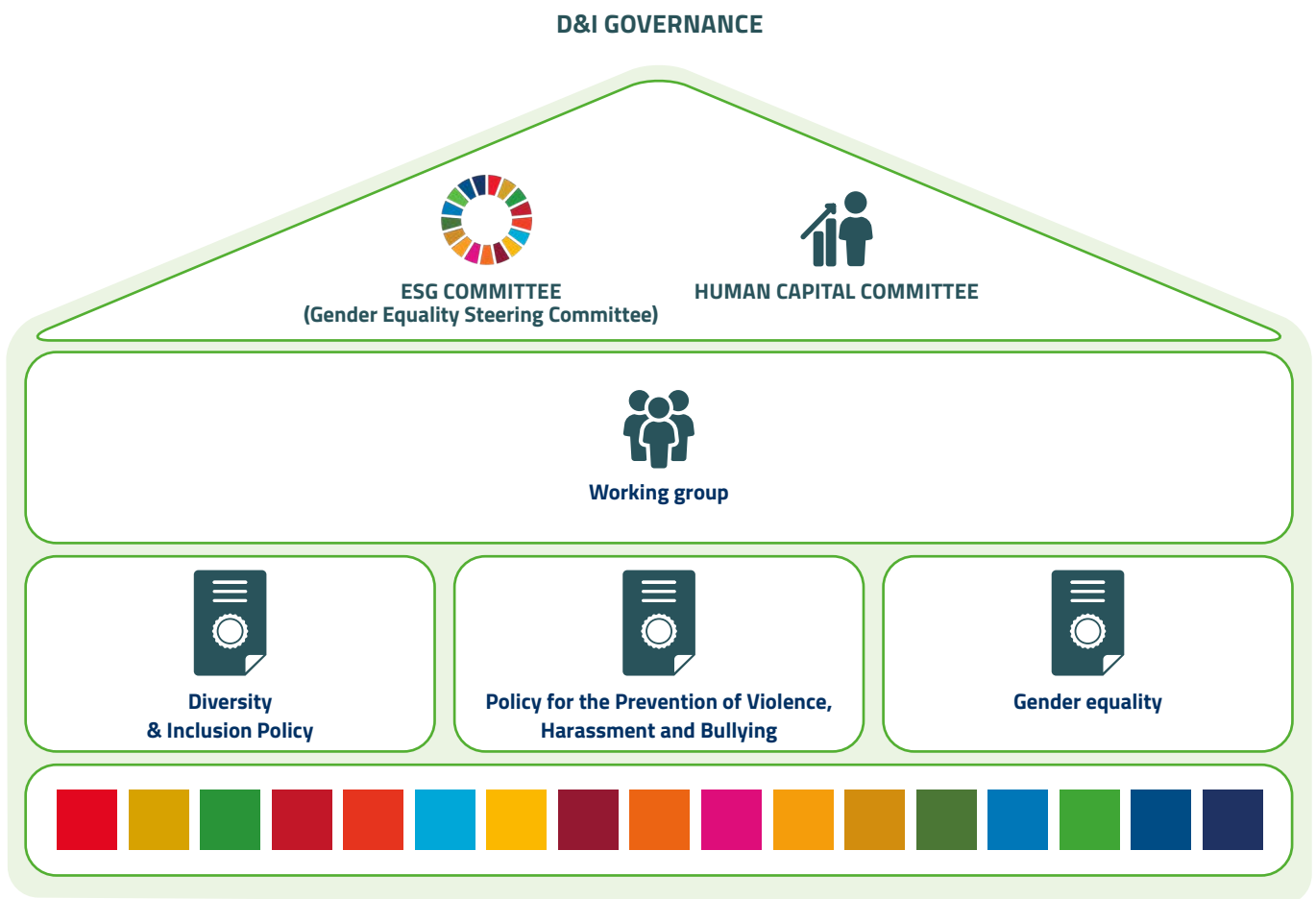
# DIVERSITY & INCLUSION

'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










## INNOVATIONS INTRODUCED IN 2023

- **Creation of an inter-departmental working group** dedicated to D&I, to monitor the effective implementation of actions related to equal opportunities and inclusion and to propose any improvement initiatives. 2023 was dedicated to updating processes related to people acquisition, career development, gender pay gap, training and communication, work-life integration, parenting and caregiving management, to further strengthen our ability to overcome stereotypes and prejudices. The result of this important work was consolidated in the Gender Equality Policy adopted in February 2024.
- **Support for parenting and caregiving**, also through trade union agreements to confirm the possibility of working remotely 8 days a month (10 days for parents and people with caregiving responsibilities).

- **Participation in 4 Weeks 4 Inclusion**, the largest D&I event held in Italy. We provided a one-hour talk that involved two of the most authoritative voices currently on inclusion and activism issues: Irene Facheris and Lorenzo Gasparri. Their intervention on individual and collective responsibility for inclusion from an intersectional perspective is available to everyone on the open platform and on the 4 Weeks 4 Inclusion app.
- **Strengthening of ERG Academy initiatives in schools**, to facilitate intergenerational alliances and tackle the challenges of climate change and just transition together with common objectives.
- **Mentorship course**, carried out with the technical, methodological and network support of Valore D and Hermes and open to 10 other companies. The initiative was dedicated to 20 Middle management, involving 20 Mentors senior managers of the participating companies for a period of 8 months.

## ERG'S DIVERSITY & INCLUSION JOURNEY

	2019	2020	2021	2022	2023
	AWARENESS	CHANGE DESIGN FOR CULTURE AND PROCESSES	D&I A KEY ELEMENT OF OUR ESG PLAN	IMPLEMENTATION OF OUR ESG PLAN	PEOPLE AND PARTNERSHIP PROCESSES UPDATE
KEY ISSUES	<ul style="list-style-type: none"> <li>Endorsement of <b>Valore D</b></li> <li><b>Definition of guidelines and involvement of ERG People</b></li> <li>✓ Survey on D&amp;I aimed at all ERG People</li> <li>✓ "Valore D" Inclusion Impact Index as the basis for defining KPIs</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital Committee: <b>monitoring KPIs</b></li> <li>Gender Equality Assessment</li> <li><b>Involvement of People Managers</b></li> <li>✓ Training course:                             <ul style="list-style-type: none"> <li>- Inclusive leadership</li> <li>- Inclusive language</li> <li>- Unconscious bias</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li><b>Increase of women on the BoD</b> from 33% to 42%</li> <li><b>D&amp;I targets in the short- and long-term Incentive System</b></li> <li><b>Training</b></li> <li><b>Our survey</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Update of ESG Plan</b></li> <li><b>Cultural development through social learning</b> <ul style="list-style-type: none"> <li>✓ mentorship programmes</li> <li>✓ launch of Bias Detectors</li> </ul> </li> <li><b>Collaboration with socially engaged stakeholders</b> (Dynamo Camp, Mus-e)</li> <li>Agreement on <b>remote working</b></li> </ul>	<ul style="list-style-type: none"> <li>Creation of <b>D&amp;I Working Group</b></li> <li><b>People Processes update</b></li> <li><b>ESG Plan update</b></li> <li><b>Code of Ethics update</b></li> <li><b>Partnership with other stakeholders</b> <ul style="list-style-type: none"> <li>✓ Mentorship programmes</li> <li>✓ Launch of Bias Detectors</li> </ul> </li> <li>Agreement <b>parenting and caregivers</b></li> </ul>
MILESTONES	 <p>Launch of <b>'The Power of Diversity' Project</b></p>	 <p><b>Experimental period of remote work</b> (before the pandemic)</p>	 <p><b>D&amp;I Policy</b></p>	 <p>Inclusion in <b>Bloomberg Gender Equality Index</b></p>  <p>Adoption of <b>Women's Empowerment Principles</b></p>  <p><b>Policy for the Prevention of Violence, Harassment and Bullying</b></p>	 <p><b>Gender Equality Policy</b></p>

## Community for a More Inclusive ERG: Bias Detector

The 'Communities' continued their journey in 2023, welcoming new colleagues. They currently consist of more than 30 people who meet periodically, overcoming all hierarchical, functional or territorial barriers to accelerate ERG's inclusive evolution through moments of sharing, listening, studying, all actions to spread messages and involve other colleagues.

The people in these groups have voluntarily chosen to join them to become true allies and agents of change.

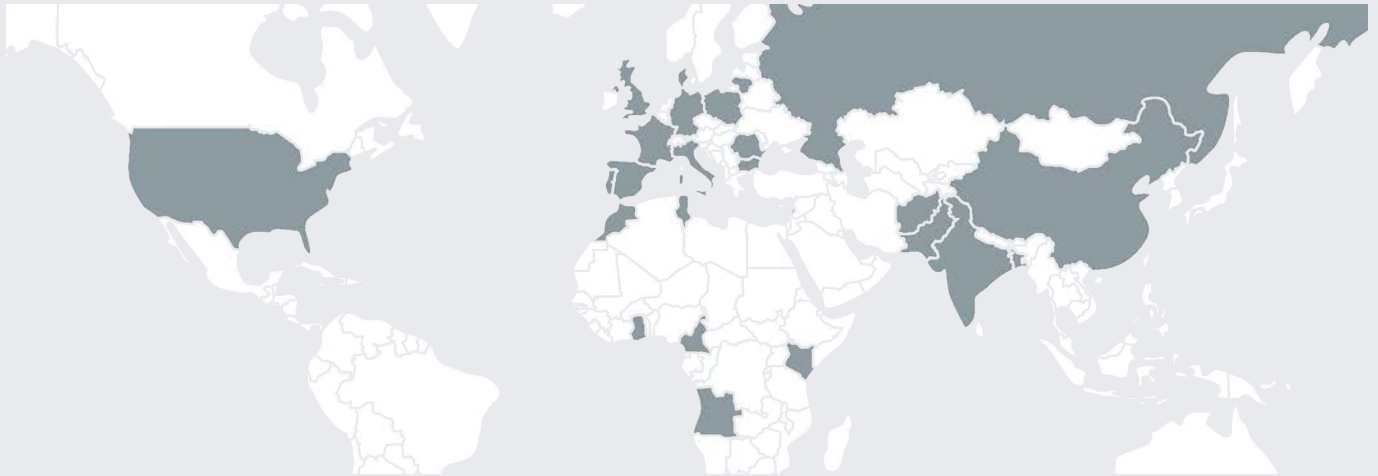
In recent months, the Communities have worked in particular on intergenerational exchanges, gender equality and cognitive biases that can affect the Group's decision-making and cultural evolution and inclusiveness.

The proposals for innovations in the field were shared with Top Management and were followed by:

- the Code of Ethics was updated, introducing the reference to age discrimination;
- corporate volunteering day was implemented;
- the campaign on the adoption of inclusive language continued, the benefits of which we verified in the survey analysed in the spring.



## Our multiculturalism



**636 PEOPLE  
25 CITIZENSHIPS**

## Our Generations



Baby Boomers  
26



Generation X  
248



Millennials  
292



Generation Z  
70

**636 PEOPLE  
4 GENERATIONS**

## Partnership for a multi-stakeholder approach

Developing partnerships with suppliers, customers, associations and other stakeholders allows us to enhance the impact of our actions and increase their effectiveness: an approach that is particularly evident when we work on issues related to D&I through cultural change programmes and the dissemination of empowerment opportunities.

**valore<sup>D</sup>** By joining Valore D, we have the opportunity to interact with companies that are committed to the same challenges as us, combining the growth programmes of some people and creating opportunities for discussion.

**TIM GRUPPO TIM** TIM is the promoter of 4 weeks 4 inclusion, which in 2023 saw over 300 organisations involved in a marathon of events on current inclusion issues. TIM is an ERG customer thanks to a PPA signed in 2023, and also a partner in a training programme.

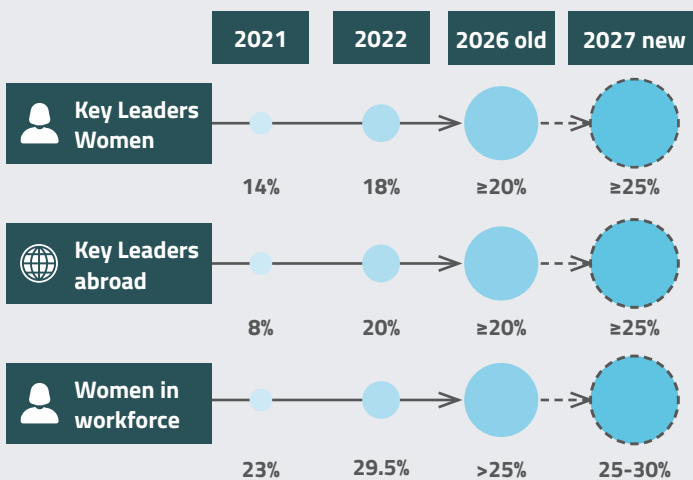
**elis** With its Scuola-Impresa programme, ELIS promotes the choice of school paths and STEM careers in schools, with an approach that is based on intergenerational dialogue and on enhancing the professional paths of women graduates in scientific disciplines, who are role models for girls and boys of primary and secondary schools.

## Gender Equality Index (GEI)



For the second year in a row, we were included in the Bloomberg Gender Equality Index (BGEI) again in 2023. It measures companies' commitment to gender equality by promoting a more inclusive environment, ensuring a transparent and comprehensive representation of

information. The result rewards our efforts in the D&I area, and in particular: the specific objectives in the ESG Plan relating to gender equality; the inclusion of targets in the short-term variable incentive systems (MBO); the assignment of responsibilities to Top Management; the company department dedicated to D&I issues; the introduction of the D&I assessment in the supply chain.



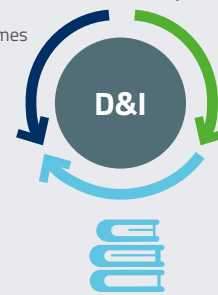
### GOVERNANCE

- ✓ D&I Policy
- ✓ Anti-Harassment and Bullying Policy
- ✓ D&I KPIs into remuneration schemes
- ▶ D&I Certification



### PROCESSES

- ✓ People development processes in line with D&I policy
- ✓ Individual learning paths



### COMPANY CULTURE

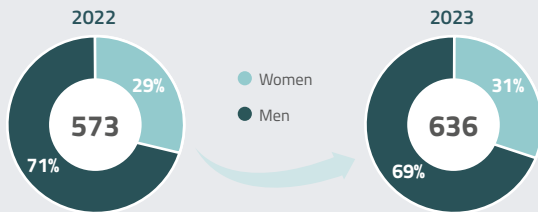
- ✓ Learning about inclusive mindset
- ✓ Mentorships
- ▶ ERG Academy
- ▶ Well-being programmes

## Gender balance

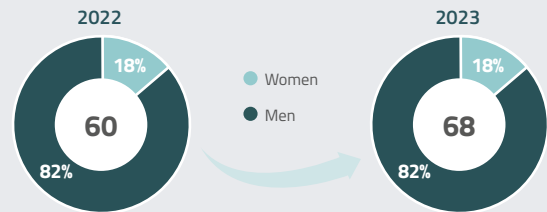
On our path to progressively and sustainably pursuing gender balance, we have increased the percentage of women in the workforce in 2023,

while we have kept the percentage of women as key leaders more or less constant.

### TOTAL WORKFORCE



### KEY LEADERS – MANAGERS AND SENIOR MANAGERS



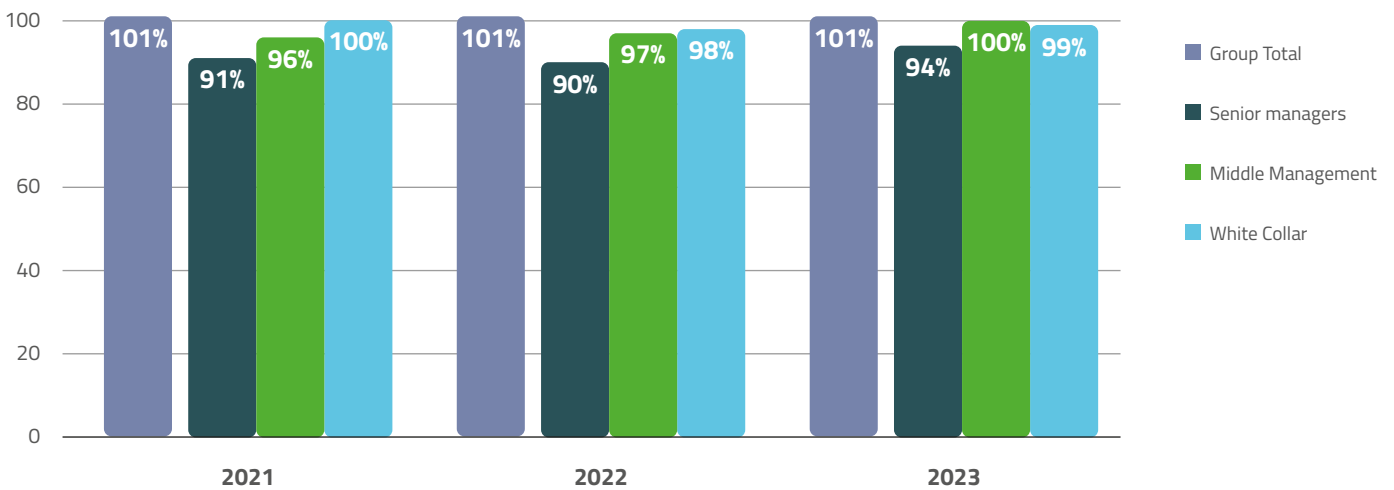
## GENDER PAY GAP

We believe in the importance of gender pay equity at all levels, and we periodically monitor the performance of this indicator. The 2023 data show a substantial alignment between the remuneration of the female and male population, in line with our objectives: 101% with reference to fixed remuneration and 97% with reference to total remuneration. Gender pay equity is calculated for homogeneous qualifications, as the ratio between the average fixed and total

remuneration of the female gender compared to the average fixed and total remuneration of the male gender both at Group level and in Italy.

The graph below shows the gender pay ratio data for fixed remuneration.

### GENDER PAY GAP - GROUP



The detailed analysis shows an improvement in the homogeneous categories (+4 percentage points for women senior managers, +3 percentage points for Middle management and +1 percentage point for Specialists). This improvement comes both from our actions on the development and remuneration levers to reduce the pay gap, and from the different combination of new hires and exits.

In the chart and tables below, the breakdown by professionalism is calculated for the categories where both genders are represented (therefore Senior managers with strategic responsibilities and blue-collar workers are excluded, where only the male gender is present). The total pay ratio instead includes all Group employees.

GROUP % (women vs men)	Fixed remuneration			Total target remuneration		
	2023	2022	2021	2023	2022	2021
<b>Total pay ratio</b>	<b>101</b>	<b>101</b>	<b>101</b>	<b>97</b>	<b>95</b>	<b>95</b>
Senior Managers	94	90	91	93	92	84
Middle Management	100	97	96	97	94	93
Specialists	99	98	100	98	97	99

Also considering the total target remuneration at Group level, we note an improvement compared to last year both in 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.

The following table shows the data referring only to Italy, a country which includes about 75% of our employees. There is a substantial balance at the overall level: 101% with reference to fixed remuneration and 96% with reference to total remuneration. Also considering the CEO, the gender pay gap on fixed remuneration is 100%.

ITALY % (women vs men)	Fixed remuneration			Total target remuneration		
	2023	2022	2021	2023	2022	2021
<b>Total pay ratio</b>	<b>101</b>	<b>103</b>	<b>103</b>	<b>96</b>	<b>96</b>	<b>96</b>
Senior Managers	94	91	91	93	92	84
Middle Management	98	96	97	95	93	93
Specialists	102	101	102	102	101	102

### 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. We have defined specific targets in our ESG Plan in order to accelerate this process.

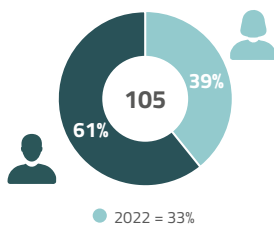
The levers used to bridge the gender gap translate into actions and initiatives that influence all the phases of women's journey in the organisation, from entry into the workforce to development in

positions of responsibility, paying attention to balancing the work impact on life in the most relevant moments<sup>3</sup> (becoming parents and/or personal/family care).

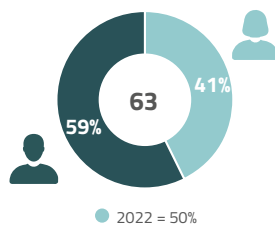
We act through processes governed by specific policies: staff selection, annual remuneration review, promotion paths and succession plans, with the aim of preparing a suitable audience for managerial appointments in the near future. We guarantee fair remuneration for the same job, skills and seniority within these processes.

● Women ● Men

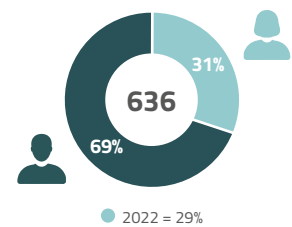
#### RECRUITMENT



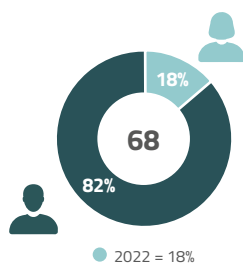
#### NET WORKFORCE INCREASE



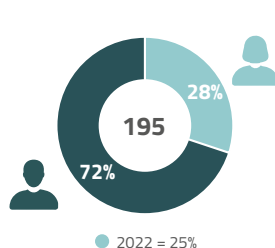
#### TOTAL WORKFORCE



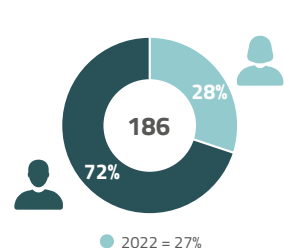
#### MANAGERS AND SENIOR MANAGERS



#### SUCCESSION PLANS



#### STEM ROLES



<sup>3</sup> Through agreements or reimbursements for nursery and pre-school, access to company benefits during maternity leave, payment of 100% of leave during the mandatory maternity period for both the primary and secondary parent, 2 additional remote work days each month for parents of children under 14 and caregivers.

# INDUSTRIAL RELATIONS

During 2023, the relationship with trade unions was characterised by dialogue, collaboration and transparency, consolidating a working method that has proved effective and efficient over time. These factors have played a key role in reaching significant agreements at both national and local level, bringing tangible improvements to the quality of work and ensuring the company's long-term competitiveness in the face of the complex challenges of the national context.

## PERFORMANCE BONUS

The renewal of the regulatory and economic part of the Supplementary Agreement on the Performance Bonus for the three-year period 2023-2025 in June 2023 was particularly significant. With this update, the essential role of variable remuneration in involving employees in the company's operating mechanisms and in promoting work efficiency was reaffirmed. The new formulation envisages:

- the activation of welfare tools with the possibility of converting the Performance Bonus into goods and/or services, taking advantage of government tax concessions;
- the introduction of extraordinary benefits to meet the needs of employees and their families.

## SUPPORT FOR PARENTS, FAMILY AND HEALTH

- To support parents and families, an annual contribution has been introduced for nurseries and pre-schools to support parents (both female and male) in managing everyday life and facilitating their return to work after parental leave, and providing paid time off for breastfeeding up to the child's first year of life.
- To encourage health prevention, a particularly important issue for ERG, an additional annual supplementary contribution has been introduced to be used for specific health check-ups.
- As far as work flexibility is concerned, in addition to the use of part-time work, an option has been introduced for up to 10 days of remote working a month for parents of children under the age of

14 and/or employees with parents with serious disabilities or who need assistance.

	UoM	2023
Weeks fully paid for 'primary' parental leave	no.	21
Weeks fully paid for 'secondary' parental leave	no.	2
Returning to work after taking parental leave	%	100

- We provide, within the legal limits of each jurisdiction, paid absences for family needs resulting from physical or mental health problems.

## UPSKILLING AND RESKILLING<sup>4</sup>

In April 2023, the memorandum of understanding was confirmed and updated to outline the progress in terms of developing the technical and professional skills of our resources, with particular reference to the technical and maintenance area.

## SUPPORT FOR PEOPLE TO COPE WITH INFLATION

The supplementary agreement of the Genoa office was signed in May 2023, introducing:

- reimbursement of public transport subscriptions, as a special sign of attention to environmental issues and financial support for employees;
- increase in the number of hours of leave for specialist visits, extending their use also for the assistance of children or other family members.

Lastly, a trade union agreement was signed in December 2023 that confirms our attention to the purchasing power of our people, recognising a fuel bonus of 200 euros to blue-collar and white-collar workers.

# 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 favourable conditions (10 days per month of remote work) for parents who have at least one child under 14 years of age, or without an age limit in the case of children with severe disabilities or those who need assistance, as well as for employees who have parents, including non-cohabiting parents, who are severely disabled or in need of assistance.

<sup>4</sup> For further details, please refer to the section UPSKILLING AND RESKILLING

# HEALTH AND SAFETY PROTECTION IN OUR WORKPLACES

Protecting the health and safety of the people who work in our offices, our facilities, on our construction sites, and who travel to our sites every day, in any capacity, is a complex and multifaceted process.

On the one hand, 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 down to the internal staff and the outsourced staff operating at our sites.

On the other hand, in a bottom-up logic, again with the support of HSEQ, our people are involved in the process of identifying and managing health and safety risks through proactive communication, including through the workers' safety and environmental representatives, participating in risk analyses and encouraging and capturing all reports from the field back to Top Management.

We also periodically hold meetings to discuss reports and incidents and assess any corrective or improvement actions.

Lastly, we promote participation on health, safety and environmental protection issues through information and training meetings with the entire company population in order to raise staff awareness and stimulate collective discussion. We also use the company intranet for this purpose, which includes health, safety and environment (HSE) sharing areas.

Using the App available to all staff, anyone can be a protagonist in health and safety, quickly and easily reporting anomalies, non-conformities or

abnormal events (accidents, near-misses, injuries, etc.). Each report is taken charge of by the HSEQ Organisational Unit, which is responsible for the analysis process, the management of the causes that led to these anomalies or events, and any corrective or improvement actions.

The HSE process starts with an analysis of the possible impacts of company activities on health and safety, which is divided into three areas:

- impacts on the health and safety of employees;
- impacts on the health and safety of third-party workers operating at our facilities;
- impacts on the health and safety of local communities.

This analysis is indispensable in identifying prevention and protection measures to manage the operational risk, limiting it to levels deemed acceptable. The effectiveness of the measures taken is then monitored and evaluated through audit programmes.

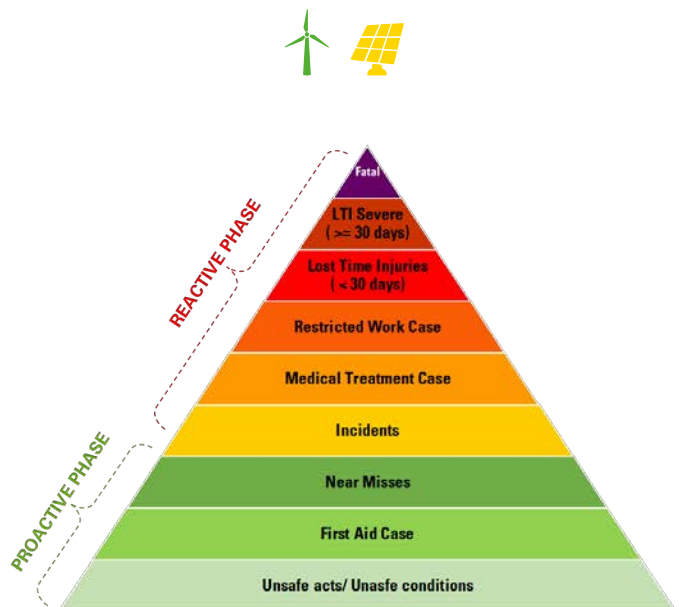
We supplement these checks with an analysis of the causes of any abnormal events (injuries, accidents and near misses). After a careful examination of the causes, the necessary corrective or improvement actions are identified, not only in the area where the incident occurred but more generally in all similar contexts, in order to avoid the recurrence of events or to prevent near-misses from turning into real accidents.

As part of our Health and Safety Management System, we coordinate responsibilities, and the process of reporting, communicating, analysing and correcting accident, incident and near-miss events that occur to ERG and contractor workers.

## REPORTING PROCESS



## GLOBAL PERFORMANCE HSE ERG GROUP



For each accident that occurs, a working group is responsible for analysing the root causes. Different parties are involved, depending on the severity of the event: from an assessment team at the Operational Unit level for events of minimal severity, to the involvement of the COO in the most relevant cases, to assess remedies and define the necessary budgets for adjustments.

Furthermore, once the actions have been identified - and assigned to the respective managers for implementation - we continuously monitor their progress and follow them through to completion by means of a centralised corrective action register.

The prioritisation of performance analyses in the HSE area is confirmed by a precise reporting schedule to Top Management, with a monthly report to the Management Committee and a quarterly report to the Board of Directors. The report gives an account of the performance indexes and event analyses of the reference month, updating the status of corrective actions already carried out for the events that occurred.

The focus on the safety of employees and workers of third-party companies operating in our plants has been confirmed by the inclusion

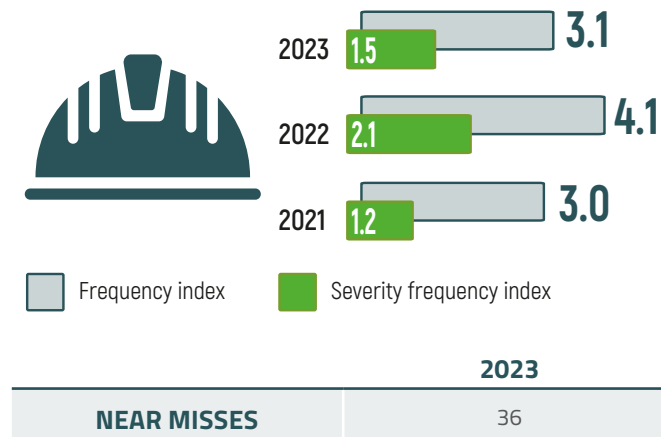
of both internal and external injury indices in the ESG Plan. The three indicators chosen, in line with other operators in the sector, are:

- the LTIF frequency index (number of accidents per million total hours worked);
- the LTIFsev frequency index (number of injuries with absence of more than thirty days per million hours worked), included in the KPIs in 2023;
- the number of fatal accidents (the latter target is obviously set at zero).

These indicators and their improvement have become benchmarks for short- and long-term incentive plans.

Referring to the entire Group and calculated taking into account both internal and external events, in 2023, despite a significant increase in activity (made evident in the number of sites managed and in the increase in installed capacity), this index was decreased, reaching a value close to 3. As regards the severe frequency index "LTIF sev", calculated as the number of accidents with absence of more than thirty days per million hours worked, the final balance for 2023 was 1.55.

**ACCIDENT INDICES (INTERNAL AND EXTERNAL)**



The target values for the indices over the plan period were defined by means of a detailed analysis based on our historical data and an assessment of the increase in both the MW installed and the number of planned construction sites, confirming a target value of less than 4 for the Injury Frequency Index, while the target value of no deaths at work over the entire period was confirmed.

- With these objectives in mind, the HSEQ Organisational Unit deals with:
- identifying the risk factors of our activities, defining preventive and protective measures;
  - identifying the training needs of our staff and defining the relevant

'Annual Training Plans'; adapting the plans in the event of new hires, job and/or organisational changes;

- identifying corrective actions resulting from our analyses, monitoring their implementation and effectiveness;
- identifying the proper behaviour for visitors to observe in the Group's work areas and making sure to inform them of it when they first access the company premises;
- transferring all the information on interference risks and the preventive and protective measures that must be taken in this respect to third-party companies operating on our assets;
- documenting the activities listed above.

## OPERATIONAL CONTROLS AND HSE AUDITS

The principles and regulations on occupational health and safety and environmental protection must be observed by all our staff and the staff of third-party companies with which we collaborate. This is why our Group's HSEQ organisational units, our operations managers and our 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 audits, there are also the standard ones required by the management systems that help monitor working environments and processes.

In our wind power and photovoltaic plants, HSEQ control activities for both our internal staff and our contractors have intensified a great deal in recent years out of a deliberate desire to counteract accidents as much as possible.

We believe it is essential to enter into constructive partnerships with contractors to address health and safety management, as such measures ensure continuous improvement for both parties. We promote the importance of virtuous behaviour, both through the concrete example of our people and with awareness-raising and training initiatives for all external parties.

The Audit HSE inspections conducted in 2023 are listed below:

Wind	Solar	Totals
2,297	307	2,604

The controls implemented also include the audits carried out in the context of the HSEQ Management Systems adopted by the ERG Group, which call for checks in the field both by dedicated internal staff (internal audits) and by the certification bodies of our management systems (external audits). All Organisational Units and all processes included in the control programmes were audited during the year.

## THE LEADERSHIP IN SAFETY PROJECT

'Leadership in Safety' is a cultural change programme that we have continued to support with initiatives and events since 2019. The aim is to profoundly affect the way injuries occur, through the improvement of safety leadership, with a flexible methodology that is well adapted to our different business contexts.

In 2023, the focus was mainly on the involvement of ERG's internal people, from Top Management down to the operational level, in Italy and abroad. On the occasion of World Safety Day, we organised an event via Teams in which people from all over the Group participated. It was an opportunity to illustrate concrete examples of actions aimed at improving the management of Safety aspects (examples of rescue simulation, operational control on contractors, corrective actions following accidents/near misses...). In addition, in June we carried out a management awareness-raising initiative with the support of external experts, focused on the influence of cultural diversity on safety performance in the various countries where we are present.




The HSEQ unit is committed to implementing, in some countries where we operate, a proven behavioural analysis method called **BBS (Behaviour-Based Safety)**, a practical and focused approach to improving safety in the workplace. The BBS is a useful complement that focuses specifically on workers' individual behaviour.

This initiative is based on the desire to actively involve operating staff in safety improvement processes, increasing the sense of responsibility. This is a 'daily' approach, aligned with the philosophy of continuous improvement, which provides tools to prevent accidents. The decision to adopt the BBS therefore reflects our goal of going beyond regulatory compliance, focusing on prevention and the individual awareness of risks.

**BBS** is a means to build a stronger, safety-oriented corporate culture through the promotion of positive behaviours, and is therefore fully part of the broader **Safety Leadership** project that we have been pursuing for years. This initiative is mainly aimed at countries where the strategy envisages the internalisation of maintenance activities, and therefore where the internal accident risk is greater. An initial analysis was carried out in Italy and France dedicated to the operating staff of some of our offices, aimed at establishing the current awareness level on the importance of safety aspects, so as to be able to design an improvement plan dedicated to the single entity.



### PROJECT NUMBERS

		
540	5800	22
internal people between Italy and abroad and about 150 contractors	hours of classroom training and webinars	ERG Group offices involved



## Governance

### Our key figures

**42%**

female presence on the BoD

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**6**

independent directors on the BoD

---

**8**

internal committees supporting the CEO

---

**80%**

of the year's purchase volume with ESG monitoring

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# GOVERNANCE



'We provide our expertise to offer tangible benefits in all ESG areas. Thanks to its excellence, ERG can truly make a concrete and valuable contribution to governance, setting itself as a virtuous example for anyone who cares about sustainability issues to follow.'

**Andrea Navarra**  
General Counsel

## ERG'S CONTEXT AND VALUES

After a period of economic recovery in the aftermath of the pandemic and the Russian-Ukrainian conflict, the European companies already struggling to recover were faced with an unprecedented rise in the cost of raw materials, as well as a significant increase in inflation.

The current scenario of energy prices is completely different from that envisaged just a few months ago, demonstrating a level of volatility and uncertainty never experienced before, which does not allow to support investments in a not regulated renewable energy market.

Specifically for wind power, the strong inflationary pressure of the last two years has brought the European supply chain to its knees at the top of the value chain, with international turbine suppliers reporting financial statements at a loss of billions of euros, causing the prices of wind turbines to skyrocket after a decade of gradual reduction. Contrary to other areas (PV and batteries), turbine prices show no sign of decreasing; this is due to the very delicate financial situation of the main European suppliers, thereby increasing the competitive pressure of Asian machines.

In this challenging environment, we continue to ensure "best in class" governance where the values that guide our Group in conducting business are: lawfulness, honesty, fairness, equality, confidentiality, equity, integrity, transparency, accountability, independence,

sustainability, balance and diversity in skills and gender. Our values find their highest expression in the Code of Ethics, updated in December 2023 following the completion of the transformation of the ERG Group into a Pure Wind & Solar operator and the increasingly profound integration of the ESG strategy within the Business Plan.

We endorse 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. We pursue this principle by creating long-term value for all stakeholders, positively contributing to the socio-economic development of the territories and local communities affected by our production assets and development projects, thus preserving the interests of future generations. Sustainability and ESG (Environmental, Social, Governance) criteria are becoming increasingly relevant in our administration and management system.

All the members of the administration and control bodies of the companies of the ERG Group, our employees and all those who collaborate with us are called upon to respect the principles contained in our Code of Ethics and in our 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.

## ERG Wins the 'Top Legal Corporate Counsel and Finance Awards'

Following the awards received in 2018, 2019 and 2022, ERG's Legal Affairs Team won the title of best legal and corporate team in the "Top Legal Corporate Counsel and Finance Awards" for the "Renewable Energy" section for the fourth time. The competition includes about 200 companies participating and is held according to objective and rigorous evaluation criteria to recognise the work carried out by teams and individual professionals, celebrating excellence in the financial, industrial and service sectors of the leading national and international companies in the Italian market.



*The legal and corporate affairs team at the awards ceremony*

## 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.

Our 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 twelve members. It was appointed at the Shareholders' Meeting on 26 April 2021 with a three-year mandate and will remain in office until the date of the Shareholders' Meeting called to approve the Financial Statements as at and for the year ended 31 December 2023.

On 26 April 2023, the Shareholders' Meeting, pursuant to art. 15, paragraph 6, of the Articles of Association, confirmed Renato Pizzolla as Board Member, based on the proposal formulated by the shareholder SQ Renewables S.p.A. The Director Renato Pizzolla will expire from office together with the other members of the Board of Directors. The Board of Directors, which met at the end of the Shareholders' Meeting, confirmed Renato Pizzolla as member of the Strategic Committee.

## COMPOSITION OF THE BOARD OF DIRECTORS

Director	Office	Deputy Chairman	Independent	M/m <sup>(1)</sup>	CRSC <sup>2</sup>	NRC <sup>2</sup>	SC <sup>2</sup>	Number of other assignments <sup>(3)</sup>
Edoardo Garrone	Chairman	Yes	No	M				2
Alessandro Garrone	Deputy Chairman	Yes	No	M			C	4
Giovanni Mondini	Deputy Chairman	No	No	M			X	4
Paolo Luigi Merli	Chief Executive Officer	Yes	No	M			X	-
Luca Bettonte	Director	No	No	M			X	4
Emanuela Bonadiman	Director	No	Yes <sup>(6)</sup>	M		C		2
Mara Anna Rita Caverni	Director <sup>(4)</sup>	No	Yes <sup>(6)</sup>	M	C			4
Elena Grifoni Winters	Director	No	Yes <sup>(6)</sup>	M		X		-
Federica Lolli	Director	No	Yes <sup>(6)</sup>	M	X	X		1
Elisabetta Oliveri	Director	No	Yes <sup>(6)</sup>	M	X		X	5
Mario Paterlini	Director	No	Yes <sup>(6)</sup>	m				3
Renato Pizzolla <sup>(5)</sup>	Director	No	No	M			X	2

(1) Drawn from the list submitted by majority (M) or minority (m) shareholders or appointed on the basis of proposals submitted by majority (M) or minority (m) shareholders..

(2) RCSC: Risk, Control and Sustainability Committee; NRC: Nominations and Remuneration Committee; SC: Strategic Committee.

(3) The Chief Executive Officer Paolo Luigi Merli and the Director Elena Grifoni Winters do not hold holes of director or auditor in other companies listed in regulated markets, including foreign markets, financial companies, banking or insurance companies or companies of significant size as at 31 December 2023.

(4) Lead Independent Director.

(5) On 26 April 2023, pursuant to Article 15, paragraph 6, of the Articles of Association, the Shareholders' Meeting confirmed Renato Pizzolla as Board Member, on the basis of the proposal formulated, pursuant to Article 126-bis of the Italian Consolidated Finance Act, by the shareholder SQ Renewables S.p.A., holder of 94,000,000 shares representing 62.533% of the share capital of ERG S.p.A. Director Renato Pizzolla's term of office will expire together with the other members of the Board of Directors and therefore on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2023. The Board of Directors, which met at the end of the Shareholders' Meeting, confirmed the Director Renato Pizzolla as member of the Strategic Committee.

(6) Also taking into account, pursuant to the provisions of the Consolidated Finance Act (T.U.F./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 independence, the significance or otherwise of any relationships the Directors and Auditors have with the company or other parties connected thereto.

C Chairperson of the relevant Committee.

X Member of the relevant Committee.

### Protection of Minorities

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 (T.U.F). To ensure a fruitful and transparent dialogue with minorities, we have 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 issues within the competence of the Board of Directors, including:

- 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.

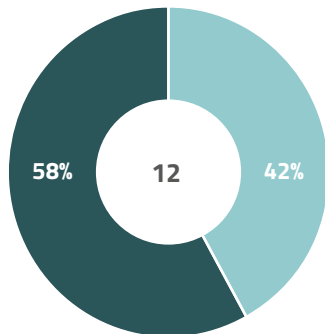
For more details, refer to the Policy available on [www.erg.eu](http://www.erg.eu).

### Respect for gender balance and age diversity

The Board of Directors consisting of 12 members is in line with the gender parity required by law and regulations (42% of the Board members are women). The average age of the Directors is around 56 years, and three members (25%) are younger than 53. For further details on the nomination procedure and the composition of the corporate bodies, please visit the 'Report on Corporate Governance and Ownership' published on the website [www.erg.eu](http://www.erg.eu).

## BOARD OF DIRECTORS

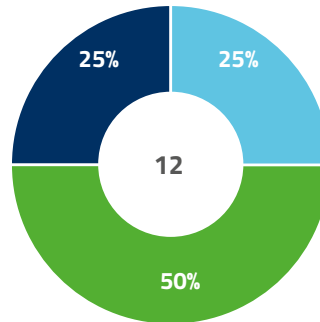
COMPOSITION BY GENDER



● Men ● Women

FTSE MIB AVERAGE ● 59% ● 41%

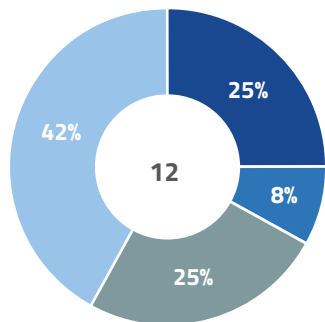
COMPOSITION BY QUALIFICATION



● Independent of T.U.F., CGC and the Regulation ● Non-Senior Manager ● Senior Manager

FTSE MIB AVERAGE ● 67% ● 17% ● 17%

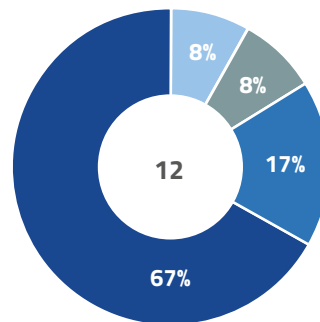
COMPOSITION BY SENIORITY OF OFFICE



● 0-4 ● 5-9 ● 10-14 ● Over 14 years

AVERAGE TENURE: 10.1 years  
FTSE MIB AVERAGE 4.5 years

COMPOSITION BY AGE GROUPS



● 34-41 ● 42-49 ● 50-56 ● 57-64

AVERAGE AGE: 56.3 years  
FTSE MIB AVERAGE 58.1 years

## 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, 6 of which are independent<sup>(a)</sup>, it held 10 meetings in 2023 with an average duration of around 3 and a half hours.



### 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<sup>(b)</sup> and the independence of the Independent Auditors.

Composed of a Chairperson, 2 Standing Auditors and 3 Alternate Auditors<sup>(c)</sup>, it held 21 meetings in 2023 with an average duration of around 3 hours.



### CONTROL, RISK AND SUSTAINABILITY COMMITTEE<sup>(c)</sup>

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 non-financial 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<sup>(a)</sup>, it held 11 meetings in 2023 with an average duration of around 1 hour and 45 minutes.



### NOMINATIONS AND REMUNERATION COMMITTEE<sup>(c)</sup>

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.

Composed of a Chairperson and 2 independent members<sup>(a)</sup>, it held 12 meetings in 2023 with an average duration of around 1 hour and 15 minutes.



### STRATEGIC COMMITTEE

Plays a supporting role towards the Executive Vice Chairperson 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.

Composed of a Chairperson and 5 members, it held 10 meetings in 2023 with an average duration of around 3 and a half hours.



(a) With reference to the provisions of Article 148, third paragraph, 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 Nominating and Remuneration Committee (the "Regulation")

(b) Internal Control and Risk Management System

(c) Competent to give opinions for the purposes of the procedure for transactions with related parties

## BOARD OF DIRECTORS SELF-ASSESSMENT

In view of the renewal of the Board of Directors, envisaged at the Shareholders' Meeting that will approve the financial statements as at 31 December 2023, on 23 February 2024 the Board of Directors expressed and published the guidelines with respect to what is considered its optimal quantitative and qualitative composition, taking into account the outcomes of the self-assessment carried out on the same date.

The Board's self-assessment was carried out through:

- an anonymous online questionnaire, prepared by the Nominations and Remuneration Committee with the support of the *Corporate Affairs, 231 Compliance & Privacy* organisational unit and the external consultant The European House Ambrosetti
- interviews conducted with the Directors.

The process has allowed the Directors to report issues worthy of in-depth analysis, assess their performance in qualitative terms in

2023 and suggest improvements in how the Board operates, so that the Board of Directors can best contribute to the achievement of the company's strategic objectives.

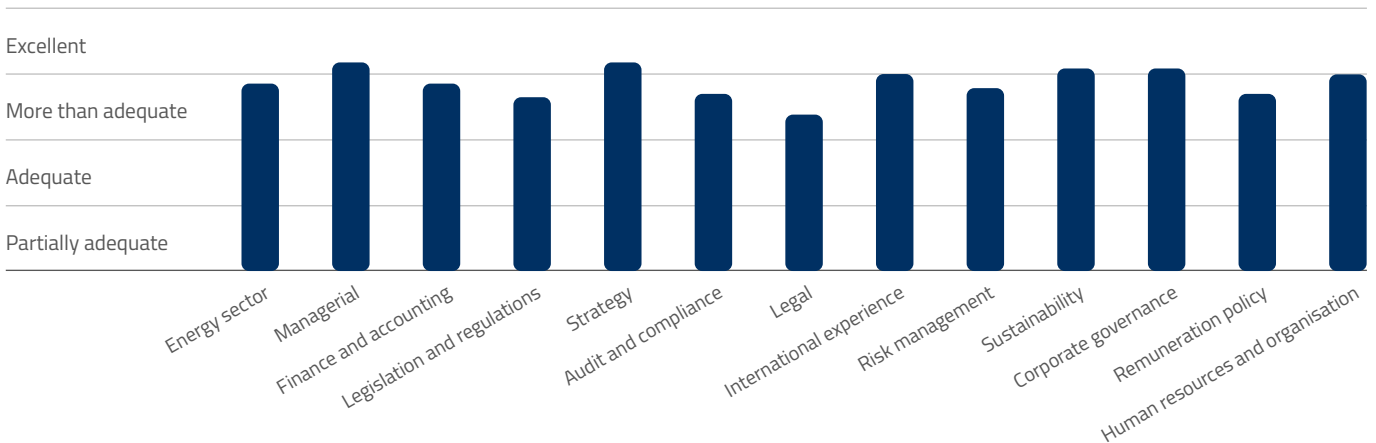
Having acknowledged the documentation prepared by the Nominations and Remuneration Committee and having made its own concluding considerations, the Board of Directors unanimously expresses, in accordance with the provisions of Article 4, recommendations no. 21 and 22 of the Corporate Governance Code, its positive assessment regarding the size and composition of the Board of Directors as well as its functioning in the financial year 2023. This positive assessment is also extended to the size, composition and functioning of the internal board committees.

The guidelines of the Board of Directors were published on the company's website on 23 February 2024, to which reference should be made for the appropriate details ([www.erg.eu](http://www.erg.eu)).

## EXPERTISE WITHIN THE BOARD OF DIRECTORS

Average skills score: **more than adequate (78%)**

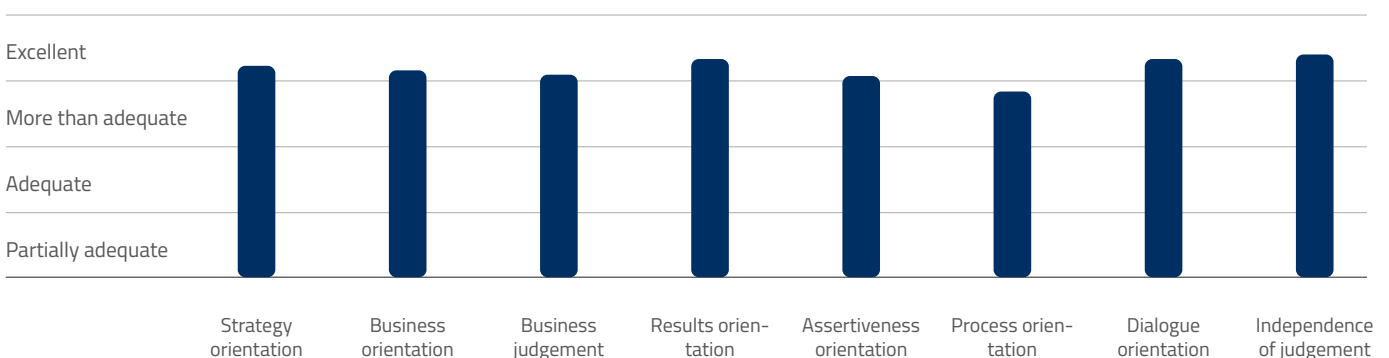
Skills were rated as **"excellent"** in four areas, while the remaining areas were rated as **"more than adequate"**



## PROFESSIONAL AND PERSONAL CHARACTERISTICS OF THE BOARD OF DIRECTORS

Average professional and personal characteristics score **excellent (86%)**

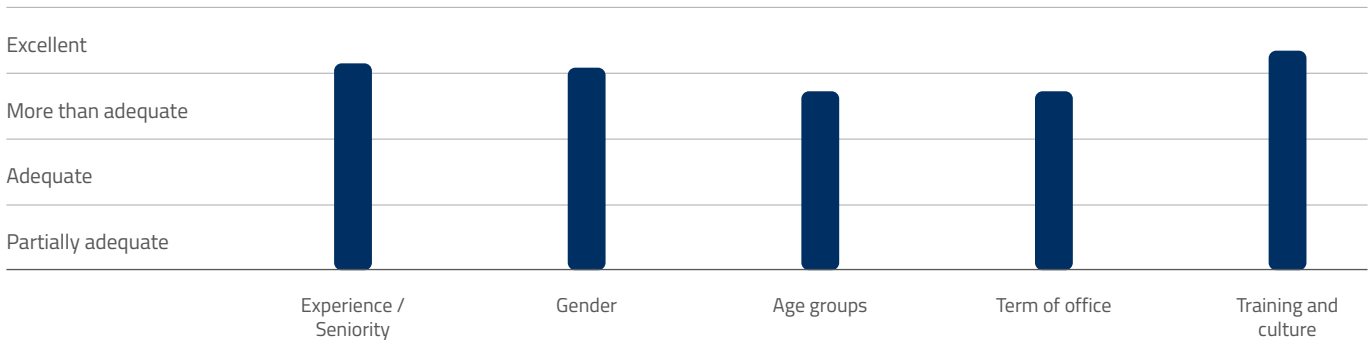
Three professional and four personal characteristics were rated as **"excellent"**, with one rated **"more than adequate"**



### DIVERSITY IN THE BOARD OF DIRECTORS

Average diversity score: **more than adequate (79%)**

In three areas, diversity was rated as “**excellent**” while in the remaining areas it was rated as “**more than adequate**”



### ESG INDUCTION TO THE BOARD AND THE BOARD OF STATUTORY AUDITORS






The continuous training of the members of the Board of Directors and Board of Statutory Auditors is one of our priorities, in order to foster an adequate knowledge of the business sector in which we operate, of company dynamics and their evolution, of the principles of proper risk management and of the regulatory and self-regulatory framework of reference, which is constantly evolving. This is why the possibility of reimbursing Directors and Auditors Statutory 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 2023 for Board Members and Auditors Statutory (a total of 39 hours of training).

With regard to ESG topics, we carried out a specific induction session in which the following main topics were discussed:

#### ESG TOPIC INDUCTION

 <p><b>Analysis of the reference European context</b></p>	<p>Analysis of the European reference context, the standards that have just been issued or are being defined at international level (EU Green Taxonomy, New Corporate Social Responsibility Directive), with a focus on the main new trends in the areas of Climate Change and Diversity Equality &amp; Inclusion.</p>
 <p><b>Analysis of the ESG Plan</b></p>	<p>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&amp;Inclusion; MBO and LTI incentive systems with ESG objectives; projects in place to support the supply chain.</p>
 <p><b>ESG reporting</b></p>	<p>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).</p>
 <p><b>ESG certification plan</b></p>	<p>ESG Certification Plan - Analysis of the ESG Certification Plan to 2026 (e.g., Target Net Zero certified by SBTi; Italian Certification for Gender Equality).</p>
 <p><b>ESG Rating</b></p>	<p>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.</p>

Type of induction	Induction session
 <p>External induction</p>	Internal Control and Risk Management System
	Say on Pay & Executive Remuneration
	Innovation, sustainability and digital transformation
	Corporate governance: new duties and new responsibilities
	The evolution of dialogue between listed companies and investors
	The "digital" board member between theory and practice
	Institutional investors and corporate communications
	Evolution of ownership
 <p>Internal induction</p>	ERG Corporate Governance
	The evolution of the legislative/regulatory framework in our sector
	International Affairs & Regulatory activities
	Auction operation mechanism
	Group history and organisational structure
	Energy Management's activities
	Asset production cycle
	Forward, future and PPA hedging
	ESG approach in the ERG Group
	Financial structure and strategy of the ERG Group
	Risk management policy: focus on energy risk management
	Organisational model and Italian Legislative Decree 231/2001: status update

## INCREASED VOTING

The Extraordinary Shareholders' Meeting of 2020 introduced the "increased vote" mechanism, which aims to incentivise medium/long-term investments thanks to the greater weight in the Shareholders' Meeting decision-making process. The increased vote makes it possible to support long-term strategies for the Group's growth and counteract stock volatility, favouring a non-speculative approach to investment.

The company's Articles of Association call for two votes to be attributed

for each share owned by the same shareholder, if registered in a Special List for a continuous period of 24 months.

For more information, please refer to the 'Increased Voting' section on the website [www.erg.eu](http://www.erg.eu)

As at 31 December 2023, the shareholders with a shareholding of more than 3% of ERG S.p.A.'s share capital who are included in the special list for the entitlement to increased voting rights were as follows:

Shareholder	Registration date	Shares recorded	% of capital	Total shareholding	% of capital	Total voting rights	% of vote <sup>(1)</sup>
SQ Renewables S.p.A.	1 October 2022	94,000,000	62.533	94,000,000	62.533	94,000,000	62.336

(1) Voting percentage determined on the basis of the total amount of voting rights as at 15 September 2022 disclosed pursuant to Article 85-bis, paragraph 4-bis, of Consob Regulation 11971/99

# THE BOARD OF STATUTORY AUDITORS

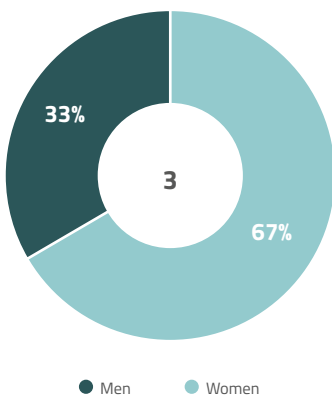
The Board of Statutory Auditors appointed by the Shareholders' Meeting of 26 April 2022 for a three-year term of office consists of three standing members and three alternate members.

On 3 October 2022, following the premature loss of the then-Chair Elena Spagnol, the Alternate Auditor Paolo Prandi (elected in the minority list) took over the office of Standing Statutory Auditor and Chair of the Board of Statutory Auditors. He remained in office until the Shareholders' Meeting of 26 April 2023, which appointed

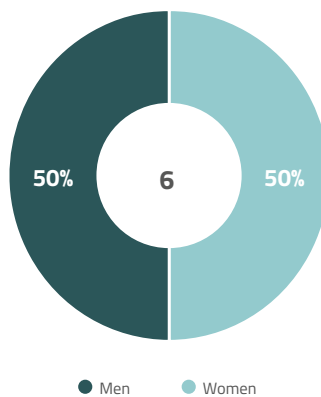
Monica Mannino as Standing Auditor and Chair of the Board of Statutory Auditors, based on the only list submitted by some investors holding 2.16802% of ERG S.p.A.'s share capital.

The term of office of the Chair of the Board of Statutory Auditors will expire together with the other auditors, and therefore on the date of the Shareholders' Meeting called to approve the Financial Statements at 31 December 2024.

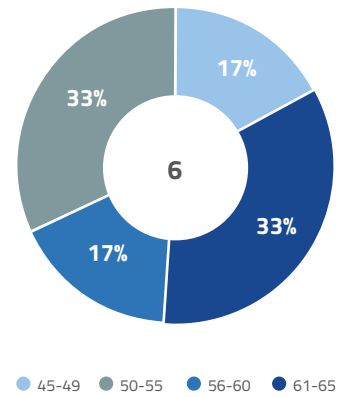
**COMPOSITION BY GENDER  
(STANDING AUDITORS)**



**COMPOSITION BY GENDER  
(ACTIVE AND SUPPLEMENTARY AUDITORS)**



**COMPOSITION BY AGE GROUP  
(ACTIVE AND SUPPLEMENTARY AUDITORS)**



## Protection of Minorities

As envisaged by current regulations, the current Chair of the Board of Statutory Auditors was drawn from the minority list submitted by some investors.

## Respect for Gender Balance

The Board of Statutory Auditors complies with the gender balance criterion laid down in the applicable laws and regulations, i.e. at least one third (33%) of the Standing Statutory Auditors belong to the less represented gender<sup>1</sup>.

## THE 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 10% of the total for the year.

For further information on the role played by each body, see the "Corporate Governance" section on the website [www.erg.eu](http://www.erg.eu).

<sup>1</sup> Pursuant to Article 148, paragraph 1-bis, of the Italian Consolidated Finance Act, as amended by Italian Law no. 160 of 27 December 2019, 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. This division criterion applies as from the first renewal of the boards of statutory auditors of listed companies subsequent to 1 January 2020. Article 144-undecies.1 of the Issuers' Regulation provides that if the application of the gender allocation criterion does not result in a whole number of members of the boards of directors or boards of statutory auditors belonging to the less represented gender, this number is rounded up to the next integer, with the exception of the company bodies formed by three members for which the number should be rounded down to the lower integer.

## MAIN PROCEDURES TO PROTECT MINORITY SHAREHOLDERS

Some of our main corporate governance procedures are presented below, while detailed information can be found in the "Report on Corporate Governance and Ownership as at 31 December 2023".

### Policy for the management of dialogue with stakeholders

The Policy for the management of dialogue with shareholders and investors in general was updated on 23 February 2024 in order to extend its application to all stakeholders. Renamed "Policy for the management of dialogue with stakeholders", it aims to regulate and promote the development and maintenance of a continuous, profitable and transparent dialogue with all stakeholders, with a view to creating sustainable value in the medium-long term.

For more information, please refer to the "Policy for the management of dialogue with stakeholders" available on the website [www.erg.eu](http://www.erg.eu).

### Code of Conduct for Internal Dealing

The Code of Conduct regulates regulating disclosure obligations in respect of the market, ERG and CONSOB, with reference to transactions involving ERG shares/debt instruments issued by ERG, derivatives or other related financial instruments carried out, directly or indirectly, by Relevant Persons and by persons closely associated with them.

For more information, see the "Code of Conduct for Internal Dealing" available on the website [www.erg.eu](http://www.erg.eu).

### Procedure for handling and processing relevant and privileged information and for the public dissemination of statements and information

The procedure contains provisions relative to handling and processing Relevant Information and Privileged Information, as well as the arrangements to be observed for the public dissemination of Privileged Information directly relating to ERG S.p.A., the subsidiaries and/or joint ventures.

For more information, reference is made to the "Procedure for handling and processing relevant and privileged information and for the public dissemination of statements and information" available on the website [www.erg.eu](http://www.erg.eu).

### Guidelines for the identification and execution of significant transactions ('Guidelines')

The purpose of the Guidelines is to define the criteria for identifying significant transactions identified pursuant to the Code and not covered by the delegated powers granted to the Chief Executive Officer and Executive Deputy Chairman of ERG S.p.A., as well as the principles of conduct to be followed in carrying out such transactions. The Guidelines also apply to ERG's subsidiaries.

For more information, please refer to the section "Guidelines for transactions of significant strategic importance" on the website [www.erg.eu](http://www.erg.eu).

### Procedure for Related Party Transactions

The procedure has the purpose of assuring the transparency and the substantial and procedural correctness of transactions with related parties carried out by ERG directly or through its subsidiaries. This Procedure is available on the website [www.erg.eu](http://www.erg.eu).

# INTERNAL COMMITTEES

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



## RISK COMMITTEE

- Supports the CEO in defining strategies and policies for the management of financial and market risks;
- provides the CEO with information required to authorise financial and market risk management operations, and to monitor the execution of significant transactions and verify their effects.



## INVESTMENT COMMITTEE

- Supports the CEO in evaluating investment proposals;
- expresses a reasoned technical, economic and financial opinion for the Strategic Committee at various stages in the investment approval process.



## HUMAN CAPITAL COMMITTEE

- Defines and monitors the main human capital development programmes and activities;
- supports the Executive Deputy Chairman and the CEO in decisions relating to strategies that determine the value of ERG's human capital;
- monitors the effective implementation of the Human Rights Policy and manages reports relating to non-compliance thereof.



## MANAGEMENT COMMITTEE BUSINESS RESULTS

- monitors the economic, financial and industrial results of the Group through standardised reporting and control models;
- follows development in the reference institutional and regulatory framework, sharing growth trends, opportunities and risks;
- monitors activities and projects in the context of domestic and foreign institutional relations.



## MANAGEMENT COMMITTEE BUSINESS DEVELOPMENT

- monitors the relevant projects of the Group in the specific area of Business Development, supporting the relative Project Leader, ensuring also the alignment of all Organisational Units as regards priorities and guaranteeing consistency with the decisions of the Investment Committee;
- analyses business development opportunities both in terms of geographical expansion and technological diversification.



## ESG COMMITTEE

Directs, plans and supervises the implementation of ESG/CSR and Internal and External Communication objectives and in particular:

- defines the Group's medium to 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 the execution, the achievement of targets and the priority areas for intervention;
- approves the Internal and External Communication Plan, also aimed at promoting the plan's ESG initiatives, monitoring their implementation and enhancing their growing importance in strategic terms;
- manages the preparation and dissemination of the "Non-Financial Statement" (NFS) and other reporting methods related to ESG topics;
- approves the allocation of proceeds from Green Bond issuances and related annual reporting in line with the Green Bond Control Framework.



## TAX CONTROL FRAMEWORK COMMITTEE

- Performs preliminary analyses, and provides specific recommendations, on the testing, monitoring and assessment activities of the Tax Control Framework
- performs preliminary analyses, and provides specific recommendations, on the Annual Report of the Tax Control Framework, addressed to the Risk Control and Sustainability Committee of ERG S.p.A.;
- monitors, jointly with the Head of Process Innovation & Compliance 262, the actual implementation of the remediation plan resulting from the testing, monitoring and evaluation of the Tax Control Framework.



## CREDIT COMMITTEE

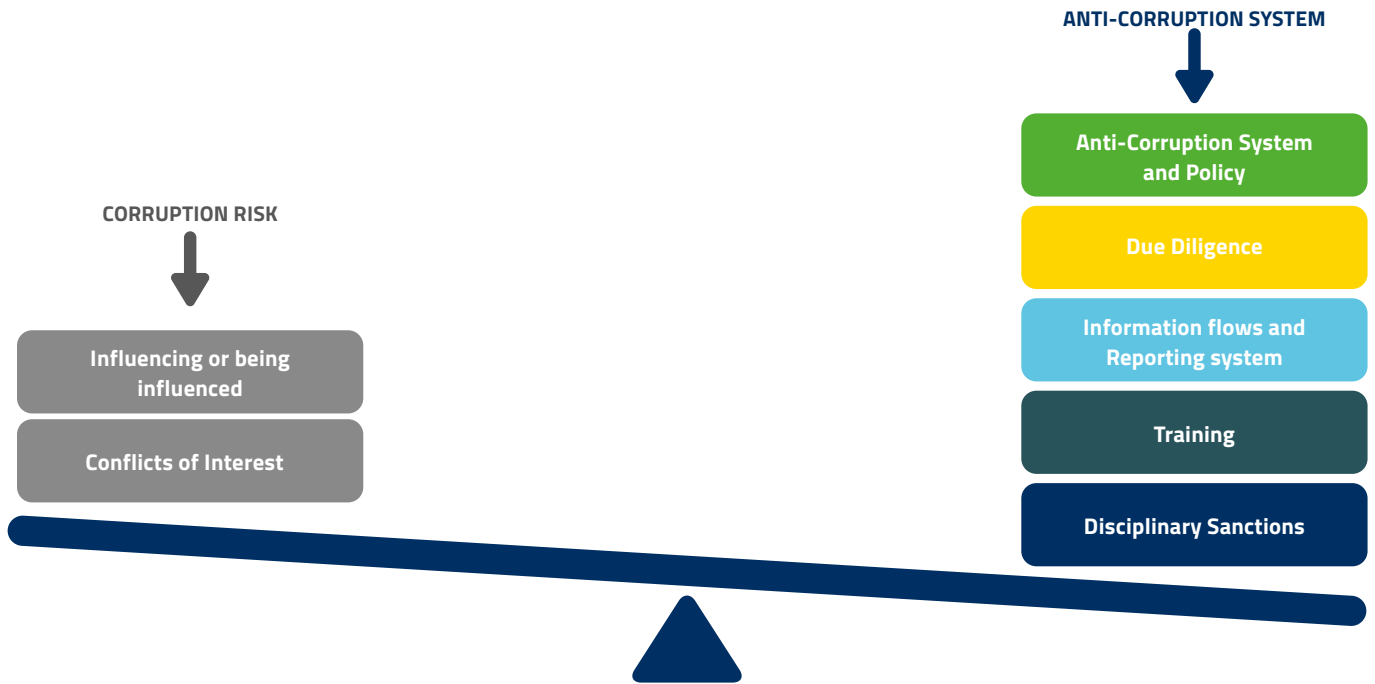
Has competence for the entire Group in matters regarding the granting of credit lines, schedule analysis and collection trends, assessment and verification of overdue recovery plans, general assessment of credit performance.

# ANTI-CORRUPTION: THE COMMITMENT TO ETHICAL INTEGRITY

The fight against corruption has always been one of the fundamental values that inspires us in the conduct of our activities. This is why we have 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

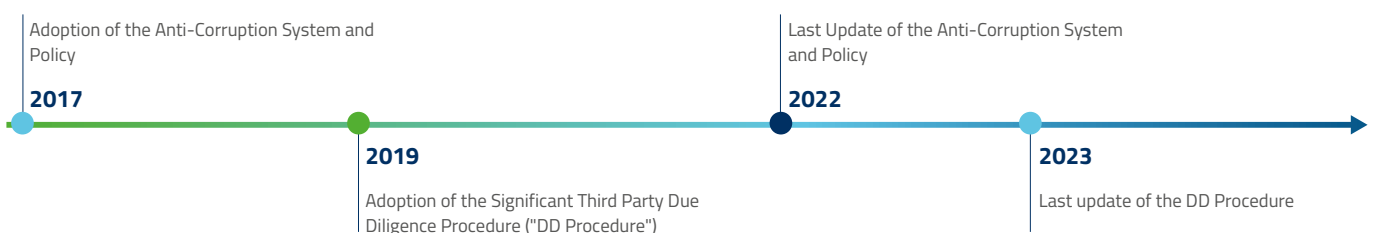


We have had a Code of Ethics since 2004 which indicates the principles of conduct to be observed in relations with institutions, for example in order to obtain administrative measures necessary for the exercise of activities, or to represent, in the appropriate fora, the Group's requests when issuing 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 the "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 we operate. 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:

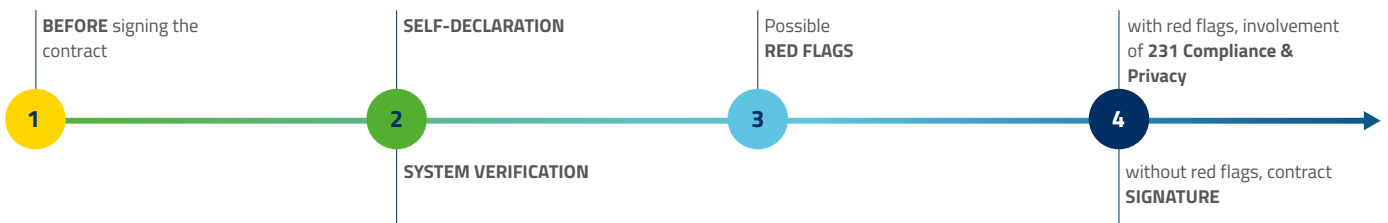
- Assess the ERG Group's exposure to corruption risk, taking into account:
  - the countries in which we operate;
  - the third parties with which we come into contact or through which we operate;
  - the business activities sensitive to this risk, on the basis of parameters such as the frequency of 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, with the objective of:
  - fully rejecting corruption, according to a "zero tolerance" principle;

- ensuring compliance with all anti-corruption laws, with particular reference to those applicable in the countries where we operate;
- contributing to the dissemination of a corporate culture based on loyalty, integrity, honesty, fair competition and transparency;
- developing and promoting awareness of the commitment to the prevention and fight against corruption by all stakeholders;
- identifying training activities on the Policy and on compliance with the anti-corruption laws and their recipients;
- guaranteeing the commitment to continually improve the System.

The Policy is the instrument through which we develop 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.

### SIGNIFICANT THIRD PARTY DUE DILIGENCE PROCEDURE



#### 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 activities of our Group 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 representation.

Facilitation payments are strictly prohibited.

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.

Finally, 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.

As at 31 December 2023, the Group had monitored 2,507 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, we have been using software since 2021 that allows us 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.

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. We ensure the proper handling of reports received, guaranteeing the confidentiality of the identity of the whistleblower (and of the reported person) and adequate safeguards against possible retaliation.

In 2023, the *231 Compliance & Privacy* department regularly received the required information flows and did not receive any reports. No episodes of corruption were ascertained, and therefore no actions have been taken.

In addition to these channels, 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.

## Compliance with Italian Legislative Decree 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;
- are collegial at ERG SpA and ERG Power Generation SpA, consisting of three members, one of whom is an external member, 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 SpA 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 SpA 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 issues.

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. In this context, they must respect the obligation of confidentiality regarding the identity of the whistleblower and of the reported person.

The 231 Models of ERG SpA and ERG Power Generation SpA were updated in December 2022. They will be updated again in 2024 to incorporate, in particular:

- the adoption, on 14 July 2023, of the Whistleblowing System;
- the completion, on 17 October 2023, of the transformation of ERG SpA into a pure renewable operator following the sale of the thermoelectric business;
- the approval, on 15 December 2023, by the Board of Directors of ERG SpA, of the new version of the Code of Ethics
- some regulatory changes which may have occurred in the meantime.

## Training pursuant to Italian Legislative Decree 231/2001 and anti-corruption

We believe that the adoption of the 231 Models (for the Italian companies of the Group), Code of Ethics, Anti-Corruption System and Policy, DD Procedure and the Whistleblowing System constitute, over and above the legal requirements, a valid tool for raising the awareness of all parties (employees, suppliers, consultants, customers) who come into contact with the Group so that in the performance of their activities, they behave correctly and transparently in line with our ethical and social values.

In 2023, the *231 Compliance & Privacy* Organisational Unit continued classroom training for the Directors and Statutory Auditors of ERG SpA and ERG Power Generation SpA and for the members of the Boards of Directors of the other companies of the Group. The training also involved employees who carry out activities relevant for the 231 Models and/or the Anti-Corruption System, also through the simulation of concrete work situations, in order to highlight the risks of certain behaviours and the company rules adopted to prevent or mitigate them.

Also during these sessions, the *231 Compliance & Privacy* OU carried out training activities on the Whistleblowing System.

Through the e-learning training platform, all Group people hired in 2023 were provided with courses on the Code of Ethics and the Anti-Corruption System, as well as Italian Legislative Decree 231/01 where applicable.

The table below summarises the training activities carried out in 2023.

**WORKFORCE TRAINING BY TYPE**

231/01 and Anti-corruption and Whistleblowing (Italy) <sup>(1)</sup>	182 people
Anti-corruption and Whistleblowing (abroad) <sup>(1)</sup>	76 people
Code of Ethics–Anti-corruption and Italian Legislative Decree 231/01 (new recruits)	82 people
<b>Training</b>	<b>473 hours</b>

(1) Also members of the Boards of Directors of some Group companies

**TRAINING BOARD OF DIRECTORS AND BOARD OF AUDITORS MEMBERS BY TYPE**

Code of Ethics–Anti-corruption and Italian Legislative Decree 231/01 <sup>(2)</sup>	24 people
<b>Training</b>	<b>12 hours</b>

(2) ERG S.p.A., ERG Power Generation S.p.A.

**WHISTLEBLOWING**

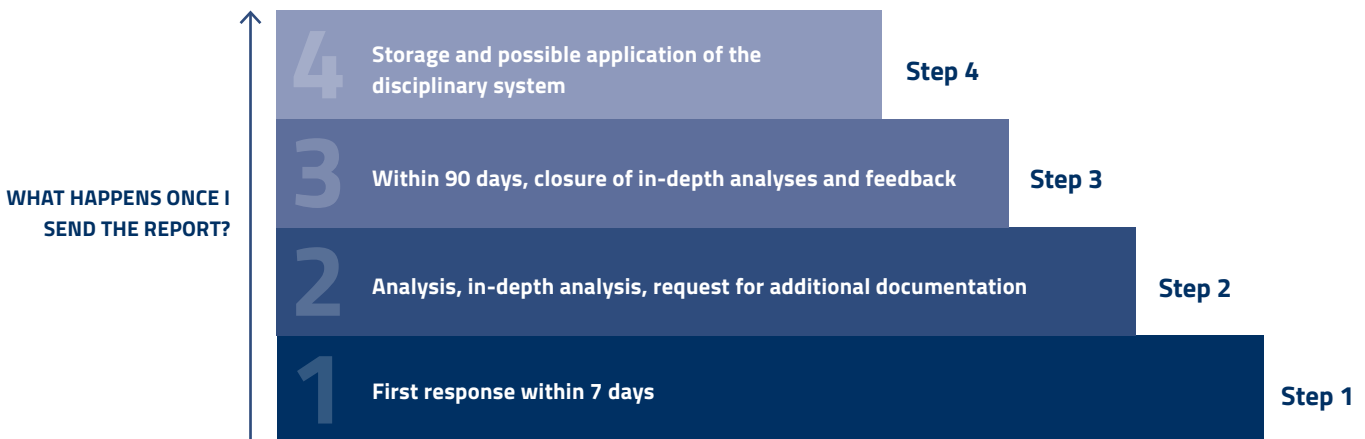
We have made specific channels available (web platform and voice mail) to report crimes, offences or irregularities. The Whistleblowing System applies to all Group companies.

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 Reporting Committee, composed of the Chief Audit Officer, the Chief Human Capital & ICT Officer, the General Counsel, the Chief ESG, IR & Communication Officer and the Head of Corporate Affairs, *231 Compliance & Privacy*, is called upon to carefully assess the reports, carry out specific investigations and adopt consistent and appropriate measures.

One report was received in 2023. In view of the preliminary activities carried out by the Whistleblowing Committee, it was possible to identify the violation of both the Code of Ethics and the employment contract, and consequently certain measures envisaged by the related sanction system were adopted.



**PRIVACY: DEVELOPMENT AND TRAINING**

We ensure 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.

We carried out a risk assessment, starting in 2022 and ending in 2023, with the aim of verifying, also in the light of the measures of the Guarantor Authorities, the possible need to update our privacy management system.

The assessment confirmed the system's substantial consistency with the requirements of GDPR 679/2016. In any case, the plan of activities relating to Privacy for 2024 aims to improve the Group's internal governance model in order to more efficiently manage the obligations regarding the processing of personal data.



GDPR - Reports 2023	Number
Complaints and/or reports from the Italian Privacy Guarantor	0 (Zero)
Data breaches by data subjects	0 (Zero)
Complaints from data subjects	0 (Zero)
Further communications from data subjects	4 requests (to exercise their rights under Art. 15 et seq. of the GDPR), which were managed and archived

## CYBERSECURITY AND CERTIFICATION PROCESS

To effectively respond to the threats to which we are continually exposed, Group IT security management has evolved in line with both the business transformation we have 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 IT security.

Today the focus is further on the adaptation and modulation of prevention and protection tools, training, awareness-raising of people and continuous monitoring of the health of ICT processes and the technologies supporting business processes.

With the evolution of technology, there has been a move towards virtualised and cloud management models with a high level of outsourcing due to the search for quality and security, and within 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. It is a relevant topic that emerged from our materiality analysis.

It is more important than ever to be clear on how to manage security events, rather than trying to avoid them. For this reason, our "Cyber Security Incident Management" procedure, which has strengthened the Group's ICT Governance, is of fundamental importance.

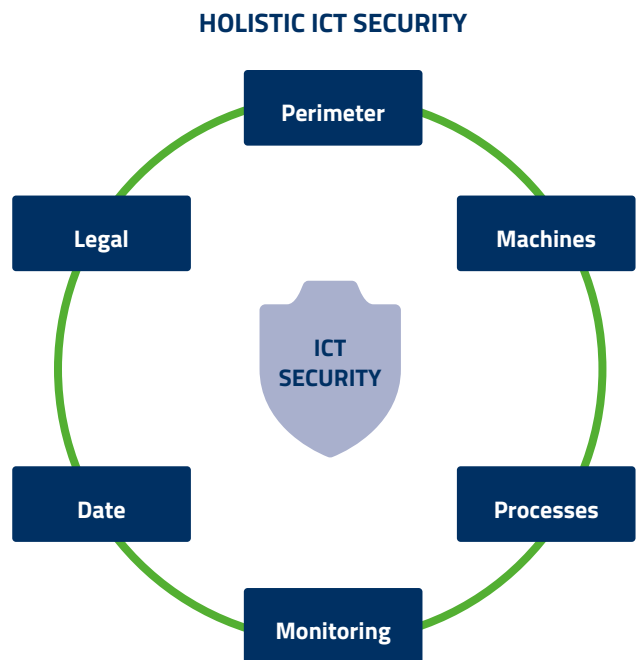
In summary, the procedure:

- describes the process for identifying, classifying and managing ICT 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, we have 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, we regularly carry out initiatives 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 2023, in particular, in the Upskilling & Reskilling programme, the results shown in the table were achieved, exceeding the targets set in the ESG Plan:

### CYBERSECURITY TRAINING

KPIs monitored	Target 2023 - ESG Plan	% of people
Completed at least one Cyber training module	80%	Over 94%
All Cyber training modules completed	60%	Over 75%

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 end of 2023, a Cybersecurity Maturity Program was launched to create and consolidate an IT security culture within the organisation and ensure that the protection of data and digital resources are integrated into all aspects of business processes. The programme is aimed at testing the level of maturity reached in the ICT Security area and defining the appropriate further improvement actions.

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.

### Certification in IT

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 our commitment to operational excellence and information protection, we are implementing the Information Security Management System (ISMS) according to the ISO 27001 and ISO 27019 certification standards.

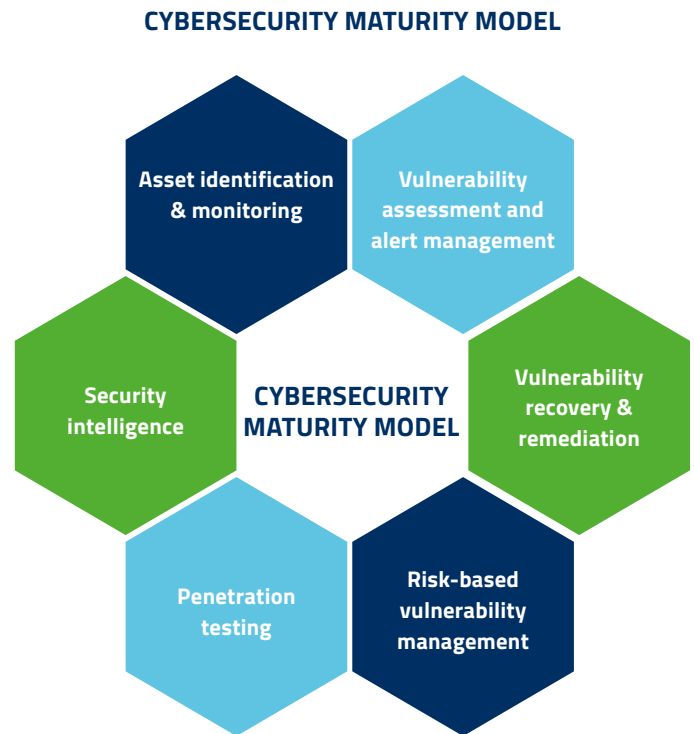
ISO 27001/27019 certification offers a structured and internationally recognised approach to addressing cyber threats and demonstrating commitment to information security. Achieving this certification not only protects the organisation from current threats, but also prepares it to face future challenges 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. We have embarked on a path that allows the organisation to demonstrate compliance with the requirements of these standards.

The process consists of four main phases:

- **Planning:** in this phase, the organisation identifies its own security risks and objectives, developing a plan to achieve these objectives.
- **Implementation:** in this phase, the organisation implements the security measures necessary to achieve the established security objectives.
- **Operation and monitoring:** in this phase, the organisation manages operations and monitors the information security management system.

- **Resolution of non-conformities / implementation of areas for improvement:** in this phase, the organisation resolves any non-conformities identified when monitoring the information security management system and/or implements actions to improve the security posture.



Our ISMS (Information Security Management System) is designed to face the challenges of the sector and to facilitate the fulfilment and compliance process envisaged by regulations being issued (NIS2), 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 our "critical" infrastructures.

Having always been inspired by the international ICT standards and the requirements for certified quality management systems (ISO), we believe that the significant investments in recent years and the evolution of internal processes in the management of ICT systems are an excellent basis for ISO certification.

The certification process was started in 2022, with the intention of completing it within the first quarter of 2024, coinciding with the evolution of the NIS Directive and with the expectation that in the coming years it will move towards mandatory certification for electricity market operators. Also with this in mind, we generally turn to external suppliers with very high standards, able to provide international certifications in the areas of quality, environment and ESG, in compliance with the vendor selection strategies defined at Group level. These elements will be increasingly relevant and characteristic of a reliable supply chain.

# GROUP MANAGEMENT SYSTEMS

Management Systems are a set of organisational and control elements with which we systematically define and pursue objectives with respect to the environment, occupational health and safety and quality. All processes in the organisation are defined, implemented, monitored and improved according to the HSEQ Policy, which follows the general principles described in the Code of Ethics, the Sustainability Policy and the Human Rights Policy.

Our Management Systems comply with recognised international standards such as ISO 14001:2015 (environment), ISO 45001:2018 (health and safety) and ISO 9001:2015 (quality).

These are the main aspects:

- focus on commitment to environmental protection, workplace safety, compliance obligations, stakeholder requirements and expectations;
- leadership and management commitment in establishing unity of purpose and direction at all levels to achieve objectives;
- active participation of people;
- approach based on determining risks and opportunities and monitoring the actions necessary to minimise negative effects and maximise benefits;
- life-cycle perspective that encourages consideration of the end-of-life impacts of products and services.

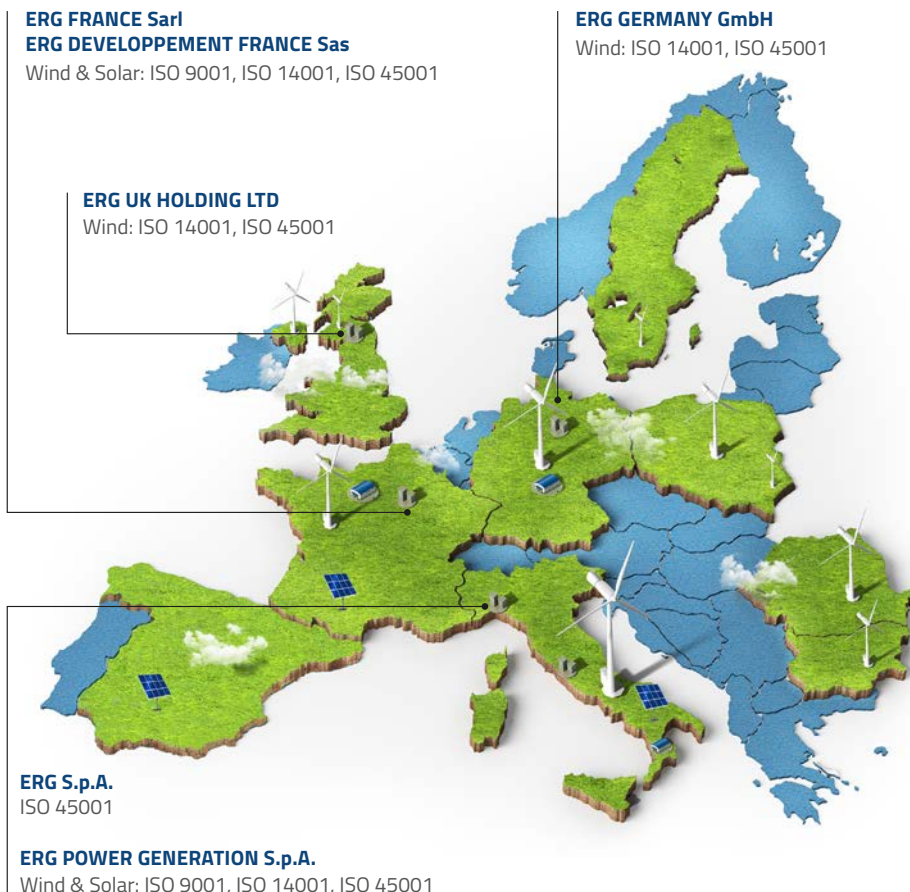
The implementation of Management Systems is entrusted to the HSE function, which periodically checks their effectiveness, both through internal audits and specific indicators.

In recent years, we have pursued an important programme of Management System integration in the various technologies in order to better exploit the synergies present in Italy. The programme then continued with the extension of these systems in the other countries where we are active. In particular, Health and Safety, Environment and Quality certifications cover all activities in Italy and France, while a Health, Safety and Environment Management System is applied in Germany and the UK. ERG applies a certified Health and Safety Management System.

By the end of 2023, environmental certification according to the standard ISO 14001 covers over 82% of our installed base; ISO 9001 covers over 64% of our installed base; health and safety certification according to ISO 45001 covers 82% of our installed base and 97% of our people.

We are aligned with our goal of obtaining ISO 45001 certification in those countries where strategic needs require it or where maintenance is internalised. Therefore, the coverage in this case is 100% of the installed and 100% of the persons.

## MAP OF HSE&Q CERTIFICATIONS



# INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

ERG Group's Internal Control and Risk Management System (hereinafter also the "ICRM System") consists of a set of corporate tools, organisational structures, standards and rules necessary to ensure sound and correct management of the company, in keeping with the goals defined by the Board of Directors. The main actions of the body are the identification, measurement, management, and

monitoring of the main risks, as well as the structuring of related data streams.

The ICRM System involves the entire organisational structure of the Group, from the Board of Directors of ERG and of its subsidiaries to all company staff. The main parties involved are:

Subject	Role and responsibilities
Board of Directors	Guidance and assessment of the adequacy of the ICRM System
Executive Deputy Chair, in charge of the Internal Control and Risk Management System	Verification of the correct functioning and overall adequacy of the ICRM System
Chief Executive Officer	Identification of the main corporate risks
Control, Risk and Sustainability Committee	Supports the Board's evaluations and decisions related to the ICRM System and the approval of periodic financial reports, through the preliminary activity
Board of Statutory Auditors	Monitors the observance of the law and of the Articles of Association, the compliance with the principles of sound administration, the adequacy of the organisational structure of the ICRM System (for aspects within its competence)
Supervisory Body	Supervision of compliance with the Code of Ethics and the Anti-Corruption System, verification of the effectiveness and adequacy of the 231 Model
Chief Audit Officer	Verification of the operations and suitability of the ICRM System.

## INTERNAL AUDIT

Internal Audit is the Group's independent structure that assesses the adequacy of the ICRMS System, of which it is an integral part:

- it ensures independent activities of "assurance" and "consultancy" to Top Management of the Holding and of the Group's Companies to improve the effectiveness and efficiency of the internal control and risk management processes;
- it helps the Group achieve its goals by adopting a professional and systematic approach that is able to generate added value through the analysis and improvement of the internal control, risk management and Corporate Governance processes;
- verifies the operation and suitability of the ICRM system and, in particular, checks that Management has identified the main risks, that the risks were consistently assessed and that the mitigating actions have been defined and implemented.
- Furthermore, it checks that the risks identified have been handled consistently with respect to the resolutions of the Board of Directors, with external regulations and with the Group's internal rules.

The Board of Directors, the Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Executive Director in charge of the ICRM System are recipients of information flows, both periodically and in relation to events of particular significance, from Internal Audit.

### The Audit Plan

The annual Audit Plan of the Internal Audit department follows a structured process of analysis and prioritisation of the main risks – similar to what is envisaged for the budget – and is subject to the approval of the Board of Directors.

The Head of the Internal Audit department can activate other interventions not envisaged in the Plan ("Spot Audit") also on the basis of requests from administration, control and supervisory bodies and top management.

In 2023, Internal Audit completed all the interventions set out in the Audit Plan approved by the Board of Directors in 2021, and carried out the checks in compliance with the 231 Models as envisaged in the Plans approved by the Supervisory Bodies of the Group's companies.

### The independence of Internal Audit

The Chief Audit Officer is not responsible for any operational areas; he has direct access to all information useful to carry out his duties, reports hierarchically to the Board of Directors through the Executive Director in Charge of the ICRMS and ensures that information is provided to the Control, Risk and Sustainability Committee and the Board of Statutory Auditors.

## ENTERPRISE RISK MANAGEMENT

Risk Management activities are key in reaching our goals of growth, efficiency and risk mitigation. These activities strengthen our ability to create value for shareholders and stakeholders, ensuring the sustainability of the business in the medium/long-term.

Risk management in the ERG Group is a structured and continuous process aimed at:

- dealing with risks to the organisation in an integrated manner;
- providing management with the necessary information to make the most appropriate decisions in order to achieve strategic objectives.

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. The ERM Process envisages the involvement of all Group structures:

**STRUCTURES INVOLVED IN THE ERM PROCESS**



The ERM process is based on the International Standard COsO framework "Enterprise Risk Management (ERM) - Integrating with

Strategy and Performance" 2018, and is implemented with a "Risk-Based" approach.

**ERM PROCESS**

**REPORTING**

Reporting to the top management and the BoD of information related to Risk Assessment & Treatment and monitoring of the main risks.

**RISK MONITORING**

Periodic monitoring of the risk exposure level and on implementation status of treatment actions.



**RISK ASSESSMENT**

Identification and evaluation of the main events that could affect the achievement of corporate objectives.

**RISK TREATMENT**

Definition of more appropriate risk treatment strategies.

The Group’s Risk Universe, meaning the standard catalogue of homogeneous risk classes, was updated in 2023 to include “Emerging Risks”.



*WEF\_Chief\_Risk\_Officers\_Outlook\_2023.pdf (weforum.org)*

Two assessment cycles were carried out in 2023, which involved all Group companies in Italy and abroad, for the identification of “TOP Risks” and “Gold Risks”. The results are periodically reported vis-a-vis:

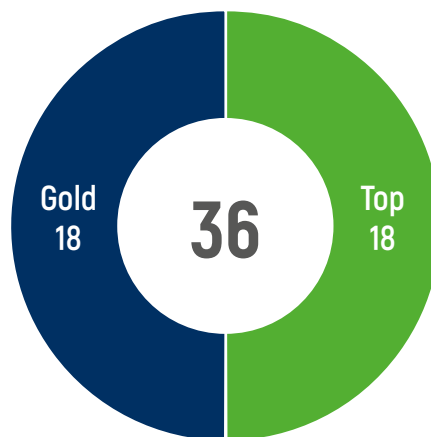
- Management, CFO, CEO, who assess the adequacy of the risk profile assumed in relation to the objectives set and the actions taken to mitigate the risks;
- the Control, Risk and Sustainability Committee, tasked with assessing the overall effectiveness of the ERM process.

For more details on the ERM process implemented in the ERG Group, please refer to the website [www.erg.eu](http://www.erg.eu)

### ERM goals reached in 2023

The Risk Assessment carried out on a half-yearly basis involved 100% of the Group’s companies, both in Italy and abroad, together with all Senior and Middle Management. At the end of 2023, we identified 36 “main” risks, of which 18 Top, represented in greater detail to the Control, Risk and Sustainability Committee, and 18 Gold, represented in a summary table. The risks are divided into Strategic, Financial, Operational (including HSE and ICT risks) and Compliance. An ‘SGR Score’ is identified for each risk, an indicator that expresses the effectiveness of the Risk Management System for all the risks in a condensed form.

#### RISK CATALOGUE



# CLIMATE CHANGE RISK MANAGEMENT

We have structured an analysis of the impacts that climate change may have on our business, developed following the guidelines of the TCFD (Task Force on Climate-related Financial Disclosure). The analysis, which began in 2019, has been updated over time to take into account the changes in scope (entry into new countries, including Spain; exit of the Hydro and CCGT businesses).

## KEY ELEMENTS - TCFD



## THE MAIN PHASES IN THE PROCESS - TCFD



The scenarios chosen in 2019 from among those most accredited in the literature were confirmed, in particular that developed by the Intergovernmental Panel of Climate Change (IPCC).

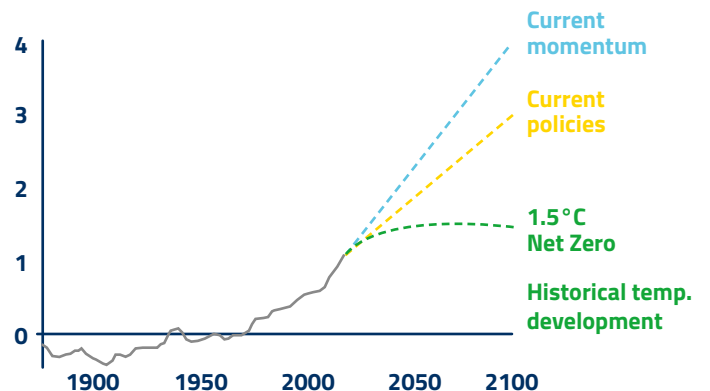
We also considered two transition scenarios that focus on assumptions of the development of policies and technologies to reduce GHG emissions:

- the Below 2 Degree Scenario (B2DS) of the International Energy Agency (IEA), used by the Science Based Target Initiative (SBT) to set the greenhouse gas emission reduction targets;
- the Sustainable Development Scenario (SDS) of the International Energy Agency (IEA) which uses the UN's Sustainable Development Goals (SDGs) as targets.

The variables that may impact ERG's business were subsequently identified and classified into Physical (acute and chronic) and Temporary (Regulatory, Market, Reputational, Technology) events.

## CLIMATE CHANGE TRENDS

Temperature increase as compared to pre-industrial average (°C)



IPCC, BCG climate training, BCG analysis

At the same time, the analysis aimed to identify all the opportunities generated by climate change that could work in the Group's favour in developing its business.

Event	Rain/snow	Wind	Solar radiation	Sea level	Air temperature	River/sea temperature	Heat waves
Event	Flooding/heavy precipitation	Heavy snow/icing	Hail	Windstorm	Wildfire	Lightning	
							<ul style="list-style-type: none"> <li>● High</li> <li>● Medium</li> <li>● Low</li> <li>— Not relevant</li> </ul>

The assessment confirmed that ERG, having already achieved ante litteram the energy transition towards a decarbonised economy, has already implemented actions and processes that allow it to be resilient and ready to face a predominantly green generation model.

The governance of climate change issues is divided between the Board of Directors and Management:

- The Board of Directors is responsible for strategic guidance, designing the Group's green future, analysing the economic, regulatory and market scenarios in order to identify the best development opportunities while continuing to support decarbonisation;
- Management is responsible for managing the assets, with an increased focus on issues such as managing maintenance to optimise production, technological development and increasing the efficiency of plants in order to extract the greatest possible value, the integrity of assets and the environmental and safety management needed to ensure business continuity.

The results of the analysis, which were updated in the course of 2023 following the divestment of the CCGT asset, are focused on the Wind & Solar perimeter, are reported in the section "[DETAIL TABLES - CLIMATE CHANGE ANALYSIS - TCFD FRAMEWORK](#)".

In the new 100% Renewable structure, we expect a further improvement in risk management related to climate change, as strategies will be 100% focused on technological (through the development and operation of Wind & Solar plants) and geographical diversification (9 EU countries and USA).

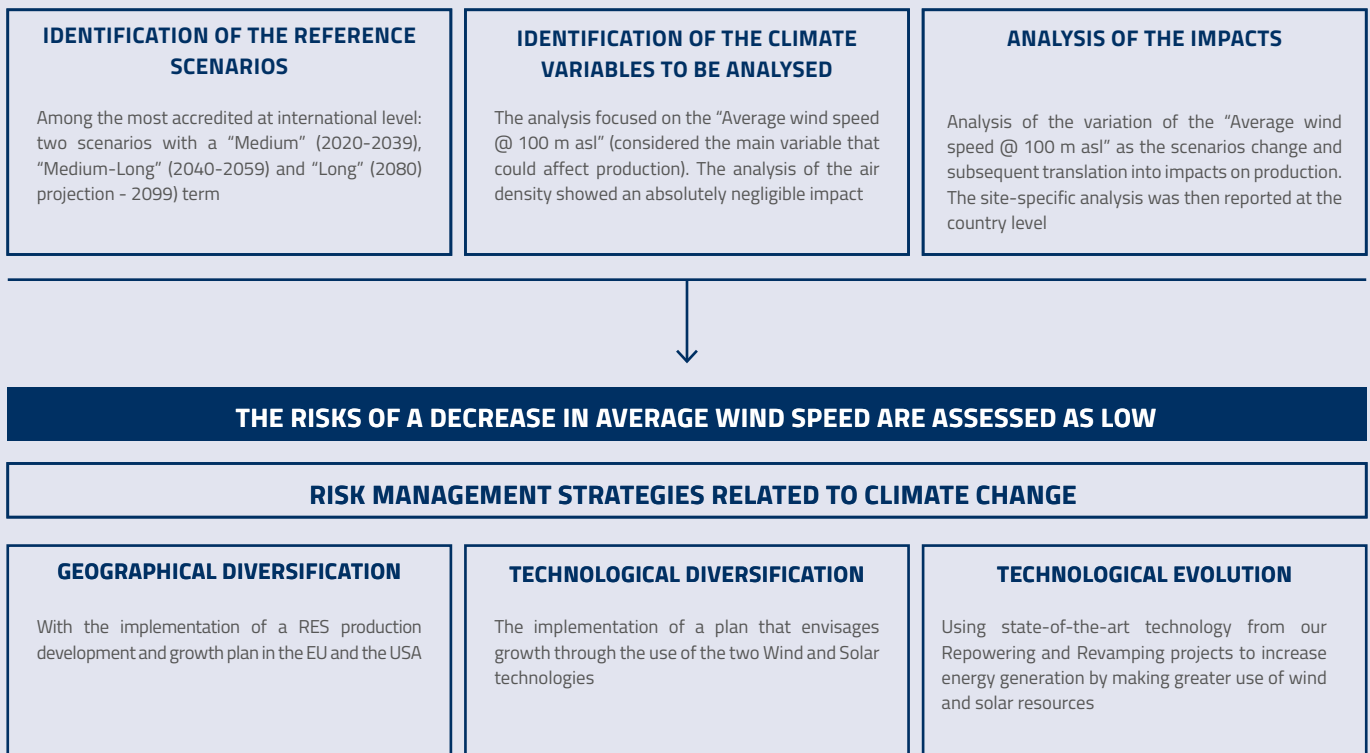
In order to counteract the risks arising from climate change and seize any opportunities, we are implementing a climate strategy (understood as the reduction of industrial impacts) integrated into the business strategy, based on the following actions:

- implementation of a plan for the development and generation of energy from renewable sources (wind and sun);
- strategy of geographic and technological diversification, in order to compensate for the negative impacts of climate change;
- the technological evolution of wind turbines which, with the latest generation technologies, make it possible to increase energy generation by making greater use of the wind resource.
- continuous monitoring of regulatory developments in the countries in which we operate;
- establishment and maintenance of effective and lasting relationships with all stakeholders;
- communication activities to maintain the Group's high level of reputation, also through a structured sustainability process (reporting, monitoring of objectives, ESG rating).

## Impact of climate change on our wind assets

In 2023, we launched an internal working group with the departments Performance Control, Energy Studies & EU Affairs, Engineering Innovation, Innovation Projects and the ESG area.

The objective was to quantitatively assess how climate change could affect the annual production of the ERG Group's Wind assets in the medium-long term.

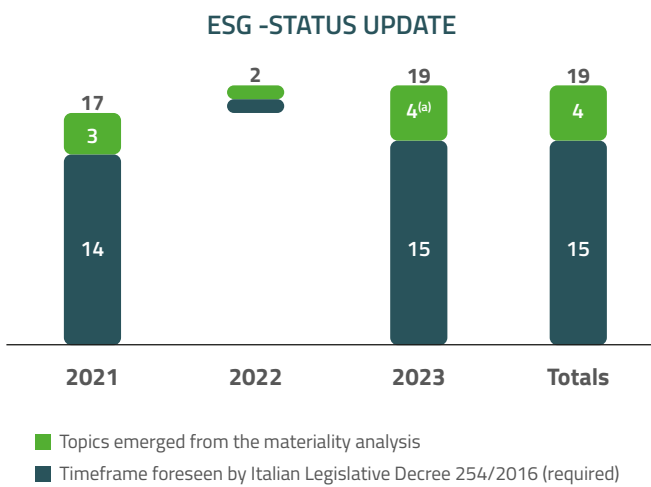


## RISK MANAGEMENT ACTIVITY ON NFS TOPICS

In order to ensure the full compliance of our NFS with Italian Decree 254/2016, we examined in depth and systematised the analysis of the main risks. In particular, we periodically update the ESG Risk Assessment through:

- identification of the ESG Risks, including the mandatory topics by law as well as the topics that emerged during the materiality analysis;
- identification of the Owners, of the relative Corporate Processes involved and of the management strategies implemented to mitigate the associated risks.

The risk assessment was updated in 2023, completing the assessment for 100% of the mandatory topics and 100% of the material topics on the Wind & Solar perimeter.



(a) Topics which had been kept separate in the previous year (Energy Efficiency; Innovation Technology; Cyber Security; Crisis & Risk Management), were aggregated into 2 homogeneous areas in line with the materiality analysis).

Some elements, mainly related to the personnel area such as respect for human rights, gender equality and dialogue with social partners, are closely monitored through specific policies (Code of Ethics, D&I Policy, Sustainability Policy, Human Rights Policy, Diversity & Inclusion Policy, Policy Against Violence, Harassment and Bullying in the Workplace), governance tools and operational practices.

Moreover, the presence of certified management systems in the health and safety and environmental areas ensure both the constant regulatory updates and field activities.

In the new 100% renewables structure, we expect a marked improvement in environmental risk management due to the absence of emissions and water use in Wind & Solar technologies. Regarding the use of energy resources, we have already adopted a 100% green energy policy for the consumption of our plants for several years: the impact of Scope 2 emissions will always be contained and limited to non-compressible activities.

In the section "[DETAIL TABLES - TOPICS FORESEEN BY ITALIAN LEGISLATIVE DECREE 254/2016 \(REQUIRED\)](#)", for each thematic area, the results of the analysis are reported with evidence of the main governance tools (e.g. policies and procedures) related to the topics of Italian Legislative Decree 254/2016. For topics related to materiality, please refer to the dedicated section in this document.



# TAX STRATEGY

Our Tax Strategy has not changed in 2023 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](http://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 our 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, we have adopted and implemented the TCF in Italy (FY 2021), France (FY 2023) and Germany (FY 2024).

### TAX CONTROL FRAMEWORK (TCF) - EXTENSION IN GERMANY @ FY2023



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;
- the Annual Report, submitted for examination and opinion by the Control, Risk and Sustainability Committee.

As part of the Tax Control Framework, an additional 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.

## Involvement of stakeholders and management of tax concerns

Our 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.

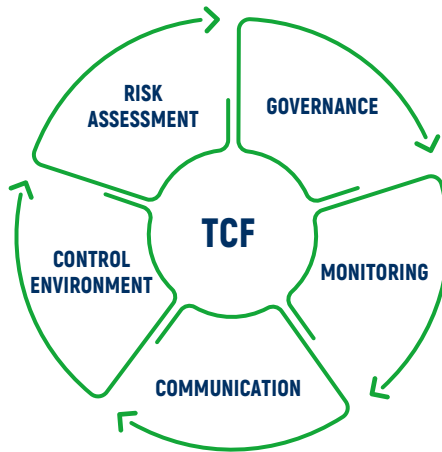
### TAX CONTROL FRAMEWORK

**RISK ASSESSMENT**

Mapping potential risks taxes that impact the Group and introducing appropriate safeguards aimed at intercepting its presence and mitigating its effects.

**CONTROL ENVIRONMENT**

Adopting a Tax Strategy approved by the BoD of ERG S.p.A. helps define principles and limits that inspire tax risk management.



**GOVERNANCE**

Identification of roles and responsibilities of the parties involved in managing the tax variable.

**MONITORING**

Ongoing verification to evaluate the adequacy and effectiveness of the implemented TCF.

**COMMUNICATION**

The definition of information flows between the parties involved in managing the tax risk and a reporting plan periodically towards the apical bodies

## CUSTOMER MANAGEMENT

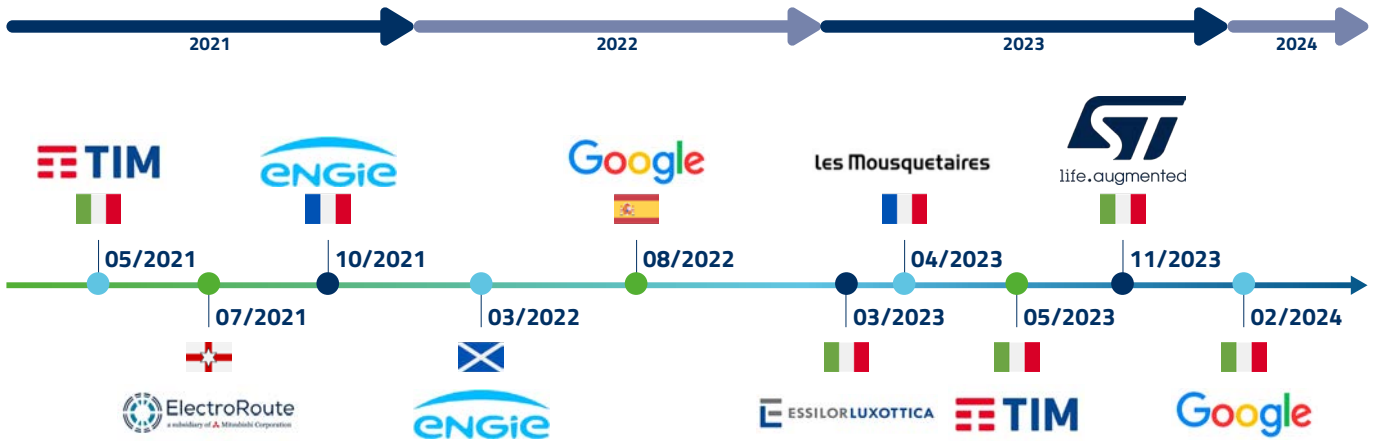
### OUR GREEN ENERGY SALES

In 2023, we continued our commercial activities with industrial customers (large companies and utilities) aimed at signing long-term agreements (Power Purchase Agreements or PPAs) for the combined supply of electricity and green certificates to third parties.

The objective of the agreements, as set forth in the 2022-2026 Business Plan, is the stabilisation of revenues from the sale of energy produced by the Group's assets, both existing and soon to be realised, neutralising the impact of price volatility for the assets of the agreements. Ten contracts have been signed in recent years, summarised below:

Country & type of plant	Plant & Capacity	Price Structure	Duration/Start date	Counterparty	Volume	Signature date
<b>Asset Based FiP expired</b>	110 MW equiv. +Avigliano/ Lacedonia 53 MW	Collar	10 years Jan '22		~ 220 GWh/year Baseload +~ 120 GWh/year Pay as Produced	May '21 ✓
<b>GreenField</b>	Evishagaran/ Craiggore tot. 70 MW	Fixed	5 years Jan' 22		~ 250 GWh/year Pay as Produced	Jul '21 ✓
<b>Asset Based FIT expired</b>	Bois Bigot, Bois de l'Arche/ Theta PTF 72 MW	Fixed	5 years Sept - Dec '21		~ 150 GWh/year Pay as Produced	Oct '21 ✓
<b>GreenField</b>	Sandy Knowe/Creag Riabach tot. 179 MW	Fixed	10 years Jan'23 CR - Jan'24 SN		~ 400 GWh/year Baseload	Mar '22 ✓
<b>GreenField</b>	Garnacha 149 MW	Mkt price with discount and floor	12 years from COD (exp. Apr '24)		~ 190 GWh/year Pay as Produced	Aug '22 ✓
<b>Repowering</b>	Partinico/Monreale 42 MW	Fixed	12 years Jan '23		70 GWh/year Baseload	Mar '23 ✓
<b>GreenField</b>	Chaume Solar 29 MW	Fixed	15 years Jan '25		~ 35 GWh/year Pay as Produced	Apr '23 ✓
<b>Asset Based FiP expired</b>	Wind portfolio 100 MW equiv.	Collar	9 years Jan '23		~ 200 GWh/year Baseload	May '23 ✓
<b>Repowering</b>	Camporeale + Mineo, Militello Vizzini, tot. 150 MW	Fixed	15 years Jan '24		~ 260 GWh/year Baseload	Nov '23 ✓
<b>GreenField</b>	Roccapalumba 47 MW	Fixed	20 years from COD (exp. Apr '24)		~ 100 GWh/year Pay as Produced	Feb '24 ✓

TOT.: approx. 2.0 TWh/year

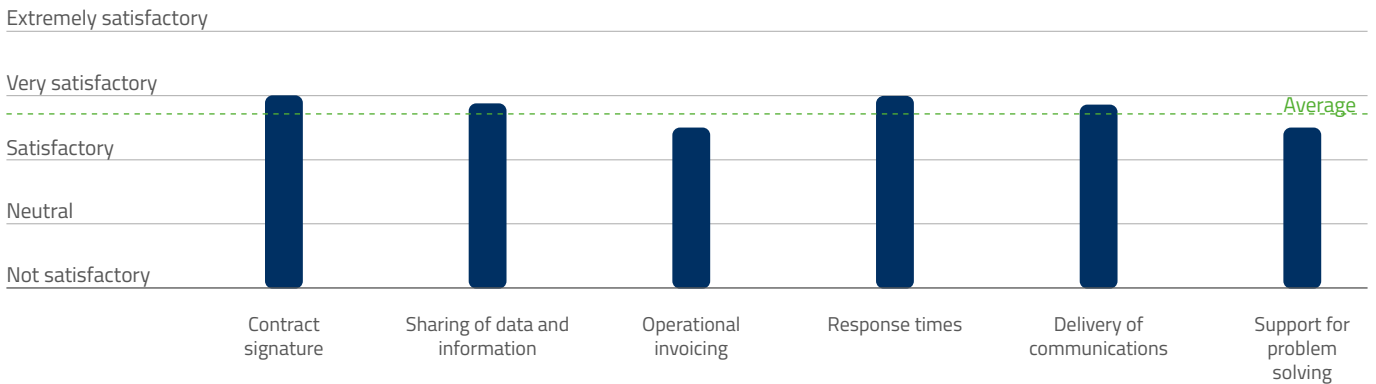


These contracts allow the counterparties to guarantee a purchase of the commodity at an agreed price and to fulfil the environmental sustainability commitments of their business, reducing Scope 2 emissions. At the same time, they allow ERG to make investments for the creation of new renewable capacity.

### SURVEY

Starting in 2023, we launched a survey on Corporate and Utilities customers, 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 outcome was positive, as shown in the graph below.

### CUSTOMER SATISFACTION 2023



## SUPPLIER MANAGEMENT IN AN ESG PERSPECTIVE

As already indicated above, the current energy price scenario is completely different from that envisaged just a few months ago, demonstrating a level of volatility and uncertainty never experienced before. For wind power, the strong inflationary pressure of the last two years has brought the European supply chain to its knees, with turbine suppliers recording heavy losses, causing wind turbine prices to rise after a decade of gradual reduction. Contrary to other areas (PV and batteries), turbine prices show no sign of decreasing; this is due to the very delicate financial situation of the main European suppliers, thereby increasing the competitive pressure of Asian machines.

In this difficult context, our supply chain is a key element in achieving our sustainable development goals. The Supply Chain

mainly consists of producers of main components of wind and solar farms, civil, electrical and capital works contractors, suppliers of IT, facilities and business support services and staff. Some site activities are then subcontracted to sub-suppliers who are nevertheless required to meet our standards. Supplier selection is supervised by Procurement, which verifies suppliers' adherence to the ERG Group's values and rules of conduct: in fact, before entering into any relationship, they must sign the Code of Ethics, the Supplier Code of Conduct, 231 Model, and the Anti-Corruption Regulations.

All our counterparties are subject to an assessment of their reputation at global level:

### 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 public budgets (by counterparty in Italy)
- Info present in Public Registers (Protests / Bankruptcies / CIGS) ... in addition to the corporate structure of the reference Group (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



This monitoring is not limited to the qualification phase, but continues throughout the contractual period. A proven violation of the principles contained in the reference documents or the presence of "alerts" on the issues monitored results in the cancellation of ongoing evaluation and award processes and any contracts already issued, as well as exclusion from our Vendor List.

Thanks to this monitoring, in 2023 we detected one situation contradicting the principles overseen for the violation of labour law regulations, for which we have suspended the existing contract.

The score obtained also serves as an incentive criterion in tenders and is aimed at the continuous improvement of the sustainability level of the supply chain, with the intention of raising awareness among the less virtuous. This practice also contributes to the decarbonisation goals included in our Plan. All the companies operating at our 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.

Our suppliers are also constantly monitored through vendor rating. A dashboard has been active since 2020 that collects:

- technical performance assessments, prepared by internal departments;
- economic and compliance indicators acquired through public portals;
- ESG ratings.

This dashboard helps to provide an updated overview of the risk profile of our suppliers.

Those with inadequate performance are subject to corrective actions. They may also be suspended or blacklisted in the event of negative performance and/or information, or following significant events, including:

- 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.

Our procurement policy envisages using competitive processes wherever possible. We also ensure 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 our plants are located, a procedure has been defined for subcontractors which calls for a specific authorisation, against prior checks on their technical-professional suitability, their regularity in terms of contributions, compliance with occupational health and safety regulations, their 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.

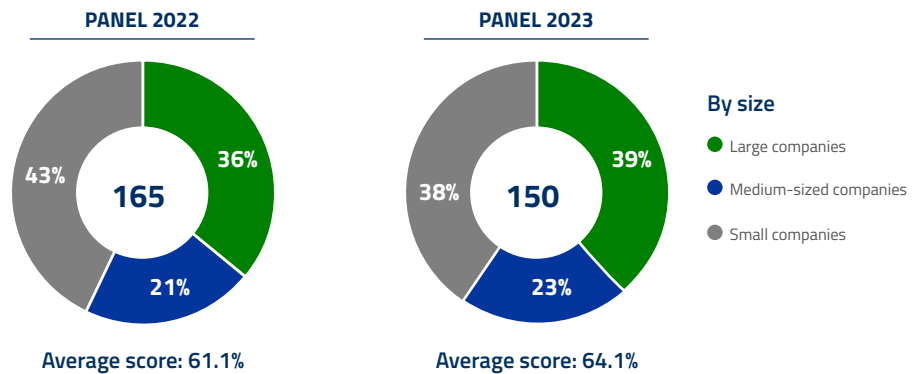
In line with our Code of Ethics and the Supplier Code of Conduct, we do not use companies that do not comply with international principles, values and best practices regarding workers' rights. We refrain from resorting to any form of irregular, child, forced and/or human rights-infringing work, and we implement all the control actions indicated above to prevent these risks from arising along our supply chain.

## THE SUSTAINABLE PROCUREMENT PROJECT

As part of the Sustainable Procurement project, the ESG assessment of our supply chain was carried out in 2023 as well, involving 150 strategic partners representing about 80% of the volume of purchases for the year. Adherence was high (89% of those invited), confirming the suppliers' sensitivity to these issues and the path we have taken. Companies of various sizes were interviewed, both those already included in the previous year's audit, and new suppliers. As part of the sustainability assessment, we requested evidence on:

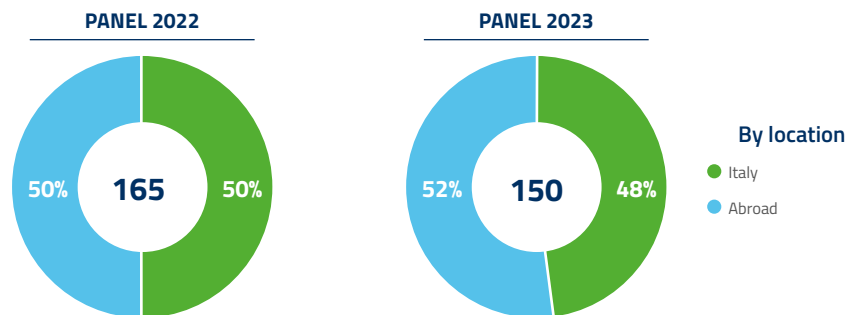
- corporate management;
- respect for human rights and equal opportunities for workers;
- social, environmental and occupational health and safety aspects;
- the management of subcontractors and sub-suppliers.

### SUPPLIER ASSESSMENT TOTALS



The average rating in 2023 is 64.1%, up by 3 percentage points compared to 2022 and by 14.4 points compared to the first year of carrying out the assessment (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 our suppliers through webinars, feedback and targeted communications.



A significant contribution was also made by the audit campaign to identify areas for improvement: the 93 counterparties audited (48 in 2021, 27 in 2022 and 18 in 2023) are those which increased their rating most significantly.

implemented within 12 months of detection. All audit activities in 2023 were carried out remotely, with meetings lasting 4 hours. In fact, given the satisfactory performance of the companies in 2022, no field audits were scheduled, which involve two-day meetings at the supplier's premises (in 2022 we carried out two field audits).

In the 2023 campaign, no "non-conformities" were identified but only "Opportunities for improvement" (suggestions to align supplier standards with best practices). These opportunities were seized by some suppliers, who therefore increased their score in the subsequent survey; the suggestions can in any case be

We are evaluating the opportunity to focus the 2024 controls on specific issues, such as respect for human rights and the analysis of the sustainability of our strategic suppliers' subcontractors.

## The "Sustainability K"

In tenders for an amount exceeding EUR 100,000, we have identified the "Sustainability K" coefficient, a rewarding element linked to the sustainability rating that makes it possible to evaluate criteria such as:

- The ability of suppliers to respect good governance, human rights and equal opportunities for workers, and to be attentive to social, environmental, occupational health and safety and management aspects of their suppliers;
- The existence declared by the supplier of a model for calculating carbon footprint, requested during the tender phase.

The introduction of the "Sustainability K" coefficient, besides being a concrete recognition for suppliers who share our sustainability growth path, certainly contributed to the significant increase of the ESG 2023 rating.

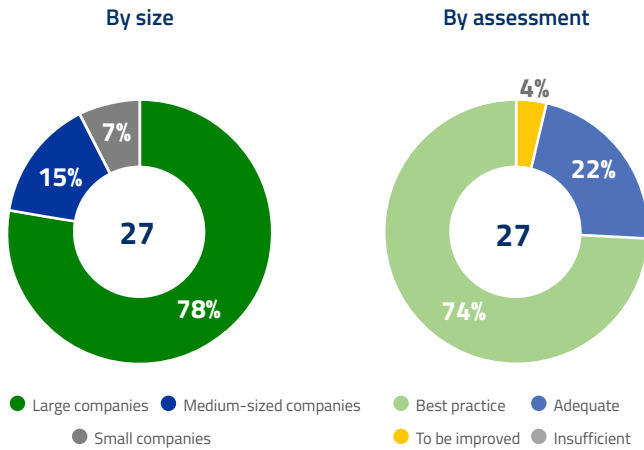
For the most strategic tenders, we are considering making this parameter even more binding in 2024, possibly inhibiting the participation of suppliers that do not have an adequate score in the tender.

## CARBON FOOTPRINT AND D&I

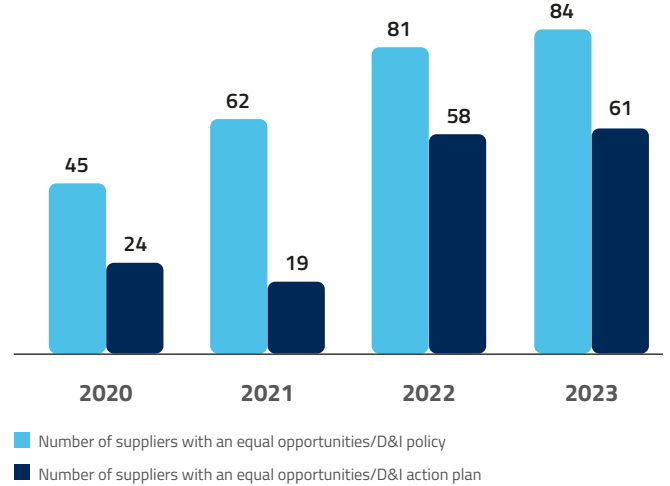
In line with the objectives of the ERG plan, two new elements

for assessing the Supply Chain have been included in our ESG questionnaire since 2022: Carbon-footprint and D&I. The results of the monitoring carried out in 2023 are shown below:

### MEASURING CARBON FOOTPRINT



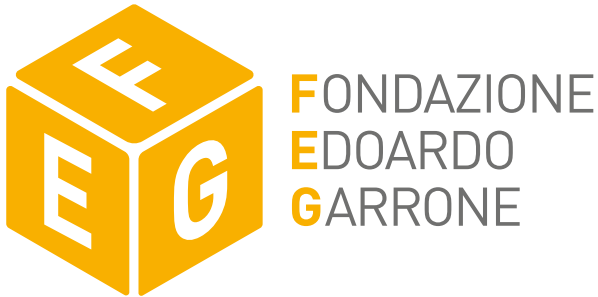
### DIVERSITY & INCLUSION MEASUREMENT



For both areas, the results were satisfactory above all for the larger companies handling significant purchase volumes with ERG. In order to increase the performance of suppliers in these important areas,

in addition to carrying out new awareness-raising and training campaigns, we launched a competition dedicated to these two topics in 2024.

# THE EDOARDO GARRONE FOUNDATION



In 2023, the Edoardo Garrone Foundation (EGF) continued its mission, reshaping 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 concrete experiences of active and responsible citizenship, from primary to secondary school, and supports young sustainable businesses with incubation and acceleration paths.

The Foundation's projects intend to promptly respond 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 systematic monitoring of each action has allowed for a continuous evolution of the project, guaranteeing 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 Edoardo Garrone Foundation actively participates in the construction of an increasingly cohesive, informed and competent national philanthropic network, capable of responding to the challenges and concrete needs of our time. The EGF is enrolled in RUNTS (Single National Register of the Third Sector), is a member of Assifero (the Italian Association of Foundations and Philanthropic Bodies), 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 Edoardo Garrone Foundation developed and validated an effective, integrated and replicable formula in the field for development and consolidation dedicated to young mountain enterprises

since 2014.

Today the Appennino Project is a real system of training and consultancy activities combining incubation, acceleration and network workshops. Every year we support a different Apennine territory, to help to strengthen the economic fabric and the local development and enhancement strategies in which the companies participate.

The third edition of **Progetto Appennino** was held in 2023, in collaboration with the **Compagnia di San Paolo Foundation**. This year the initiative concerned the area of **Beigua Park, in the Ligurian Apennines**.

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 already operating and willing to acquire new skills and fully express their potential;
- 'Imprese in Rete', a workshop for the creation of business networks, essential for sharing resources, making costs and processes more efficient, strengthening and developing the economic, cultural and social fabric of the area.
- In 2023 AppenninoLab focused on the enhancement of the Ligurian Trebbia Valley.

## ReStartApp®

The 2023 edition of ReStartApp, the incubation and acceleration



campus for young companies in the Italian Apennine region, took place during the summer in Sassello and involved 8 people under 40 years of age with business ideas and innovative start-ups in the Apennine production chains: agriculture, livestock farming, agrifood, forest management, tourism, crafts, culture, manufacturing and services.

In the 10 weeks of training - for the first time separated into 8 weeks in-person and 2 remote weeks - the participants had the opportunity to acquire and refine knowledge and skills for starting up businesses in mountain areas and to develop a business plan for their own entrepreneurial idea. The rich and varied 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 Edoardo Garrone Foundation provided three non-repayable prizes worth a total of EUR 60,000.

The 2023 campus involved 4 women and 4 men, with an average age of 30, of which more than half university graduates. They come from Liguria, Lombardy, Emilia-Romagna, Abruzzo and Campania.

### Vitamine in Azienda® And Imprese in Rete®

In June 2023, 'Vitamine in Azienda' and 'Imprese in Rete,' the network acceleration and creation projects dedicated to local companies already operating, were carried out by EGF in collaboration with the Compagnia di San Paolo Foundation and its network of territorial partners. 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 thanks to their development potential and strong motivation to participate in the project. These companies benefited from personalised, highly qualified consultancy in 7 individual meetings and 3 collective ones, to explore issues 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 association 'Lo spirito degli alberi' was created thanks to the 'Imprese in Rete' pathway; it was established in the Municipality of Stella (SV) by a network of 4 local entities, which participated in 7 meetings (4 individual and 3 collective). The consultants supported the companies involved, with the aim of developing the network project in the best possible way.

### AppenninoLab



The third edition of the new AppenninoLab formula focused on the enhancement of the Ligurian Trebbia Valley in 2023. The first part of this two year project involved the municipalities of Fontanigorda and Gorreto. Combining the skills of the various study paths, the students of 6 classes, III and IV, of as many secondary schools in the Metropolitan City of Genoa created the portal valtrembialigure.it. This incoming tourist site was the result of 5 months of work, including visits, on-site and classroom meetings, with the support of authoritative mentors.

AppenninoLab came to an end on Friday 5 May 2023, when the town of Fontanigorda hosted 150 secondary school students from Genoa, the protagonists of the third edition of the 'Apennine Day' they had personally organised. A moment of celebration, which also involved citizens and children of the local primary school. The event sought to give a strong signal to the town's citizens, ensuring the presence and active participation of the Foundation and its stakeholders in the area.

### 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 8 Genoese classes - 4 primary school and 4 lower secondary school - were guided by writers and illustrators to explore the languages of children's literature, thus giving rise to new content and creatively sharing emotions, ideas and projects for a better society.

The project also included a cycle of training seminars dedicated to teachers, with experts from the magazine and by the protagonists of the Andersen Prize 2022.

The project ended with the classes' participation in the Sarvego Festival, an initiative dedicated to children's literature in the villages of Val Borbera.

## LO SPETTACOLO SIAMO NOI



In 2023, the first edition of 'Lo spettacolo siamo noi' [We Are the Show] was launched, a project dedicated to children from 6 schools of all levels, the result of a year of co-planning between teachers, tutors and professional actors.

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. It 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 the Genoa area became authors, directors, set designers and light designers of real theatrical plays, interpreted by professional actors.

Sustainable development and conflict were the socially relevant issues on which the reflection, artistic creation, design and experimentation of languages and skills were concentrated. In May 2023, the 4 shows written and directed by the first and second-level secondary school students were staged in the setting of the Stradanuova Theatre: 'Paper Projectiles,' 'Mimosa yellow,' 'IRIS, searching for lost intelligence' and 'For Better or Worse.'

Lastly, in June the Edoardo Garrone Foundation hosted a travelling emotional and experimental theatre with primary school children.

DETAIL TABLES

**CLIMATE CHANGE IMPACT ANALYSIS - TCFD FRAMEWORK**

	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
PHYSICAL Acute	Increase in the frequency and intensity of extreme weather events	<b>RISKS</b> Damage to facilities with impacts on production  Damage to infrastructure (e.g., landslide roads) preventing access to plants with impact on availability/generation capacity of production facilities	Increased operating costs  Reduced revenues  Increased insurance costs	Technological diversification (wind / sun) and territorial distribution of assets across the various European regions and countries  Constant management oversight and a business continuity management process that ensures the appropriate maintenance level of production assets  Certification of HSE Management systems in accordance with international standards  In the design phase, classification of wind sites according to their windiness and identification of the most suitable turbines  Specific risk assessment, business impact analysis and business continuity management activities  Insurance coverage
		<b>OPPORTUNITY</b> n.a.	n.a.	n.a.
PHYSICAL Acute	Increase in the frequency and intensity of extreme weather events	<b>RISKS</b> Supply chain interruption with impact on plant availability	Increase in operating costs. Reduction in revenue	Selection of suppliers belonging to international groups that manage their production processes with a view to business continuity management (e.g., they can mitigate risk by having several production sites)  Internal selection and qualification process of all suppliers, which includes, among other actions, the certification of production systems with a view to business continuity management, as well as the identification of backup suppliers  Definition of strategies for the management of warehouses (minimum levels of stock and main components) and different spare parts warehouses located across several geographical areas  Internal contracts with safeguard clauses  Insurance coverage
		<b>OPPORTUNITY</b> n.a.	n.a.	n.a.
PHYSICAL Acute	Increase in the frequency and intensity of extreme weather events	<b>RISKS</b> Damage to the electricity distribution network	Plant unavailability Reduction in revenue	Technological and geographical diversification of the generation portfolio in order to limit impacts  The security of networks is guaranteed by National TSOs (e.g., Terna for the electricity grid in Italy)
		<b>OPPORTUNITY</b> n.a.	n.a.	n.a.
PHYSICAL Acute	Increase in the frequency and intensity of extreme weather events	<b>RISKS</b> Inability of employees to travel to the workplace due to extreme events (e.g., floods) with consequent impacts on plant availability/production capacity	Plant unavailability Reduction in revenue	Technological and geographical diversification of the Wind & Solar generation portfolio to limit the impacts of not being able to reach a production plant  Possibility of controlling and operating the installations both physically and remotely from the various control rooms located throughout the country  Presence of on-duty and on-call staff at the different operational sites  Definition of emergency processes and procedures with regular drills  Specific risk assessment, business impact analysis and business continuity management activities with definition of plans to ensure business continuity
		<b>OPPORTUNITY</b> n.a.	n.a.	n.a.
PHYSICAL Acute	Heat waves	<b>RISKS</b> Reduction in the performance of plants with a negative impact on their efficiency and on the production of electricity  Increased plant maintenance	Increase in operating costs Lower revenue	Technological and geographical diversification of the generation portfolio in order to compensate for changes in the various renewable sources (Wind/Solar) due to the change in temperature  Continuous monitoring of the performance of plants through specific KPIs  Programmes for the continuous improvement of the processes for managing and maintaining assets in order to ensure their increased efficiency
		<b>OPPORTUNITY</b> Increase in the demand for electricity for cooling purposes	Increase in revenue	Operation and Maintenance activities aimed at ensuring high availability of production  Elaboration and implementation of production plans that take into account the variation in electricity demand at different times of the year (also taking temperature variations into account)

	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
PHYSICAL Chronic	Increase in average temperature	<b>RISKS</b> Lower efficiency of wind and solar plants	Lower revenue.	Technological and geographical diversification of the generation portfolio in order to compensate for changes in the various renewable sources (Wind/Solar) due to the change in temperature Continuous monitoring of the performance of plants through specific KPIs Programmes for the continuous improvement of the processes for managing and maintaining assets in order to ensure their increased efficiency
		<b>OPPORTUNITY</b> n.a.	n.a.	n.a.
PHYSICAL Chronic	Increase in sea level	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> n.a.	n.a.	n.a.
PHYSICAL Chronic	Change in rainfall intensity and frequency	<b>RISKS</b> Increased rainfall could lead to lower irradiation of PV plants	Lower revenue	Technological and geographical diversification of the generation portfolio in order to compensate for changes in the various renewable sources (Wind/Solar) due to the change in temperature
		<b>OPPORTUNITY</b> Decreased rainfall could lead to increased irradiation of PV systems	Increase in revenue	Technological and geographical diversification of the generation portfolio in order to compensate for changes in the various renewable sources (Wind/Solar) Scheduling of renewable energy plant downtime and maintenance according to the periods when the contribution of the specific renewable source is lower Development and implementation of production plans that take account of the change in contributions of the various renewable sources
PHYSICAL Chronic	Change in the intensity, direction and frequency of winds	<b>RISKS</b> Possible decrease in electricity production due to scarcity of the resource for wind power plants in the event of a reduction in wind frequency and intensity Uncertainty of weather forecasts that could result in inaccurate electricity production and feed-in programmes	Reduction in revenue Increase in operating costs	Technological and geographical diversification of the generation portfolio in order to compensate for changes in the various renewable sources (Wind/Solar) Use of increasingly accurate forecasting systems to reduce forecasting error, including through the use of complex statistical tools (Machine learning; Analytics; BIG Data processing)
		<b>OPPORTUNITY</b> Increase in the production of electricity by wind farms in the event of increase in the frequency and intensity of winds.	Increase in revenue.	Technological and geographical diversification of the generation portfolio. Preparation of production plans for generation assets. Definition and implementation of a strategic development plan.
TEMPORARY Regulatory and linked to policies	Change in grants and incentives from the Government or international organisations	<b>RISKS</b> Reduced incentives for investment in production from RES	Lower revenue	Technological and geographical diversification of the generation portfolio, allowing the exploitation of different incentive systems defined in different countries and for different sources Drafting of development plans and plans for investment in renewable energy plants that take account of the RES incentive scenario in the target countries Specific organisational unit dedicated to the continuous monitoring of developments in reference national and international legislation Establishment and maintenance of relations with the reference Institutions at the national and international level aimed at protecting the interests of the Group
		<b>OPPORTUNITY</b> Increased incentives for investments in RES production (e.g. incentives for repowering activities, Green New Deal investment fund)	Higher revenue	Drafting of development plans and plans for investment in renewable energy plants that take account of the RES incentive scenario in the target countries Specific organisational unit dedicated to the continuous monitoring of developments in reference national and international legislation Establishment and maintenance of relations with the reference Institutions at the national and international level aimed at protecting the interests of the Group
TEMPORARY Regulatory and linked to policies	Change in the regulatory framework for greenhouse gas emissions	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> Increase in Electricity Demand due to coal-fired plants exiting the electricity market due to tightening of greenhouse gas emission limits	Higher revenue	Business Plan envisaging the growth of the ERG Group through the development of RES Continuous monitoring of the performance of plants and emissions through specific indicators and KPIs Programmes for the continuous improvement of manufacturing processes in order to ensure greater efficiency



	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
TEMPORARY Regulatory and linked to policies	Change in the regulatory framework for greenhouse gas emissions	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> Possible increase in electricity prices favoured by the exit from coal Competitive and reputational advantage for ERG as a result of having been able to anticipate legislative and market demand in RES development	Higher revenue	Business Plan envisaging the ERG Group's growth in RES Programmes for the continuous improvement of the processes for managing and maintaining assets in order to ensure plants' increased efficiency
TEMPORARY Regulatory and linked to policies	Variability in the price of natural gas	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> n.a.	n.a.	n.a.
TEMPORARY Market	Uncertainty of electricity demand	<b>RISKS</b> Reduction in electricity demand due in particular to increased "energy efficiency" and the development of "Distributed Generation"	Reduction in revenue	Signing of bilateral contracts / PPAs for the sale of electricity with short / medium / long term maturities Programmes for the continuous improvement of manufacturing processes in order to ensure greater efficiency
		<b>OPPORTUNITY</b> Increase in the demand for electricity due in particular to the increase in "Smart Mobility" (electric cars) and increased use of efficient heating systems (heat pumps).	Increase in revenue	Strategic industrial development plan envisaging the growth of the Group's RES production facilities to meet the growing demand for EE and in particular 'Green Energy'
TEMPORARY Market	Increase in competitive pressure	<b>RISKS</b> Increased competitiveness due to entry of new electrical operators (e.g. increase in distributed generation, electric mobility) and/or greater energy efficiency	Reduction in revenue	Strategic development plan for the Group that provides for growth in RES in the target countries that have dispatching priority versus other sources Sale of electricity via bilateral contracts/PPAs with short/medium/long-term deadlines
		<b>OPPORTUNITY</b> n.a.	n.a.	n.a.
TEMPORARY Reputational	Change in reputation	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> Improvement in Group reputation resulting from the strategy of investing mainly in RES Competitive and reputational advantage for ERG as a result of having been able to anticipate legislative and market demand	Increase in revenue Improved access to the capital market (e.g. Green Bond)	Structured Corporate Social Responsibility process (sustainability reporting, sustainability goal monitoring, ESG rating) Active communication and information relations with the main stakeholders and with the media Continuous monitoring of the perception of the ERG brand by stakeholders ERG Green Bond issue
TEMPORARY Technological	Technological innovation	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> Investment in new technologies (e.g., Storage) enabling greater RES penetration and meeting decarbonisation targets to combat climate change	Increase in revenue Increase in Investments in RES	Strategic industrial development plan with further growth through RES and new targets in storage
TEMPORARY Technological	Promotion of energy efficiency and renewable energy plants	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> Improving plant efficiency Better perception of the Group resulting from its strategy of investing in RES Competitive and reputational advantage for ERG as a result of having been able to anticipate legislative and market demand	Reduction in operating costs Increase in revenue Reducing the cost of capital (e.g., Green Bond)	Strategic industrial development plan, which provides for further growth through RES Continuous process improvement programmes to ensure greater efficiency Structured Corporate Social Responsibility process (sustainability reporting, sustainability goal monitoring, ESG rating) ERG Green Bond issue



	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
<b>TEMPORARY Technological</b>	Demand for carbon neutral electricity generation	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> Better perception of the Group resulting from its strategy of investing in RES Competitive and reputational advantage for ERG as a result of having been able to anticipate legislative and market demand	Increase in revenue Improved access to the capital market (e.g. Green Bond)	Strategic industrial development plan, which provides for further growth through RES Structured Corporate Social Responsibility process (sustainability reporting, sustainability goal monitoring, ESG rating) Active communication and information relations with the main stakeholders and with the media Continuous monitoring of the perception of the ERG brand by stakeholders ERG Green Bond issue
<b>TEMPORARY Resilience</b>	Effects of climate change	<b>RISKS</b> n.a.	n.a.	n.a.
		<b>OPPORTUNITY</b> Possibility of anticipating the adverse effects of climate change and taking appropriate measures to prevent or reduce to a minimum any damage that may result from it	Increase in revenue Reduction in costs	Technological and geographical diversification of the "As Is" generation portfolio Strategic industrial development plan that provides for further technological and geographical diversification of the generation portfolio through the growth of RES (Wind & Solar) in different target countries Programmes for the continuous improvement of manufacturing processes in order to increase efficiency

**TOPICS FORESEEN BY ITALIAN LEGISLATIVE DECREE 254/2016 (REQUIRED)**

High Severity
 
 Medium severity
 
 Low severity

Area	Topic	Technologies and related risks	Governance tools (Main)	Severity (Residual Risk)
 <b>ENVIRONMENT</b>	<i>Use of energy resources (with distinction between renewable and non-renewable sources)</i>	All the Wind & Solar plants use electricity to power auxiliary and safety systems.  <i>Potential Risks: increased environmental impact of Operations due to the use of fossil energy.</i>	As decided by the ESG Committee, since 2016 all energy purchases for our plants, warehouses and offices come from renewable sources where technically possible.	<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #6699cc; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #ccccff;"></span>
	<i>Use of water resource (use = consumption) no chemical/physical alteration</i>	Renewable technologies do not use water in their production processes.  <i>Potential risk: unavailability of water resource</i>	- There is no water consumption in the Wind sector; - in the Solar sector, water consumption is negligible and is limited to the periodic washing of panels.	<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #003366;"></span>
	<i>Greenhouse gas emissions (CO<sub>2</sub>)</i>	Renewable Wind & Solar technologies do not emit greenhouse gases (CO <sub>2</sub> ) in their production processes.  <i>Potential risk: Greenhouse gas emissions with negative impact on Environment / Biodiversity</i>	- for Wind & Solar and for Corporate the emissions are completely negligible and refer only to the company cars used for our employees' commuting. A plan is in place for the gradual replacement of the company car fleet with 'Plug-in / Full Electric' cars.	<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #6699cc; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #ccccff;"></span>
	<i>Other greenhouse gas and GHG emissions (e.g. fugitive)</i>	Fugitive emissions arise exclusively from insulating gas leaks (e.g. SF6 from high-voltage switchboards or F-gas in air-conditioning systems).  <i>Potential risk: Greenhouse gas emissions with negative impact on Environment / Biodiversity</i>	- in Wind & Solar, fugitive emissions are limited exclusively to gas leaks from electrical panels insulated with SF6. - in offices, fugitive emissions derive from F-gas leaks from air conditioning systems (cooling / heating) the following risk management actions are in place: - Minimisation of gas leaks thanks to W&S asset maintenance procedures. - gradual adoption of new technological systems (vacuum) that do not contain climate-altering gases.	<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #6699cc; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #ccccff;"></span>
	<i>Atmospheric Pollutant Emissions (Convex Emissions)</i>	n.a.	This case does not apply to Wind & Solar plants	-
 <b>SOCIAL</b>	<i>Environmental impact of activities</i>	Possible impacts of plants on biodiversity and birdlife.  <i>Potential risks: Failure to obtain authorisations, failure to comply with Environmental compliance, opposition after construction</i>	- Authorisation procedures issued by national/ local bodies (according to local legislation based on EU regulations) that take into consideration all environmental, landscape and social issues. - ISO 14001 certified management systems in Italy and Germany supported by policies, procedures, governance processes and review of KPIs to support respect of regulatory compliance and continuous improvement processes. - Training projects for both internal staff as well as third-party companies. - Periodic HSE reporting. - In-field HSE audits	<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #6699cc; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #ccccff;"></span>
	<i>Impact of activities on health and safety</i>	Impacts on health and safety of employees, of third-party companies operating in our plants, of the resident population near the plant.  <i>Potential risks: Failure to issue permits, health and safety regulatory compliance, safety of resident populations</i>	- Selection of the plant characteristics (for all RES technologies) based on the site characteristics. - ISO 45001 certified management systems in Italy and Germany supported by policies, procedures, governance processes and review of KPIs to support respect of regulatory compliance and continuous improvement processes. - Training projects for both internal staff as well as third-party companies. - Periodic HSE reporting. - In-field HSE audits.	<span style="display: inline-block; width: 10px; height: 10px; background-color: #003366; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #6699cc; margin-right: 5px;"></span> <span style="display: inline-block; width: 10px; height: 10px; background-color: #ccccff;"></span>

Area	Topic	Technologies and related risks	Governance tools (Main)	Severity (Residual Risk)
 <b>MANAGEMENT OF PERSONNEL</b>	Gender equality	Non-compliance with current regulations.  <i>Potential risks: Non-compliance with international conventions and/or labour laws; lack of dialogue with social partners, strikes, turnover</i>	In consideration of the countries in which the Group operates, the business sector, legislation and the practices which we make reference to, procedures, Management Models and the governance structure, the areas, although relevant, are not considered to be a source of risk. The current Governance systems are: - HR policies and procedures (e.g., Talent Management) - Human Resources Committee - Organisational manual (by Role/Position) - Application and interpretation of first and second level contracts - Institutional relations with trade unions / Confindustria / trade associations	
	Implementation of international conventions			
	Dialogue with social partners			
	Respect for human rights			
 <b>GOVERNANCE</b>	Active and passive corruption	Non-compliance with current regulations.  <i>Potential risks: Non-compliance with anti-corruption compliance; sanctions against the company; non-compliance with the principles</i>	- Anti-Corruption Policy - Supervisory Board - 231 MOG (Italy only) and periodic checks - Periodic Training - Significant Third Party Due Diligence - System of Powers (Powers of Attorney and Delegations); - Segregation of Duties	
	Ethics and Integrity in Business Management	Non-compliance with current regulations.  <i>Potential risks: Negative reputational impacts of "unethical" business management</i>	- Code of Ethics that applies to the entire ERG Group and its subsidiaries in Italy and abroad and Policy system ('Sustainability Policy'; 'Human Rights Policy'; 'D&I Policy') approved by the Board. - Supervisory Committee, established pursuant to the 231 Model. This Committee is set up in all of the Group's Italian companies and acts as an Ethics Committee; - Endorsement of the Corporate Governance Code for Listed Companies issued by Borsa Italiana - Internal Control and Risk Management System, which includes the following main reputational controls: - Checks on Suppliers and Customers; - Third Party Due Diligence - Market Info Procedure, Internal Dealing Procedure and Related Parties (for Shareholders and Financial Communities).	
	Composition of the administrative, management and control bodies (age, gender, education, career background)	Self-assessment by the Board of Directors of ERG S.p.A. pursuant to the Corporate Governance Code (Board Evaluation).  <i>Potential risks: Failure to comply with the rules set out in the Code of Corporate Governance.</i>	Implementation of the Board Evaluation: - Evaluator: The Board of Directors of ERG S.p.A. with the support of the Nominations and Remuneration Committee - Self-assessment method: Anonymous questionnaire to the members of the Board of Directors; the Board of Statutory Auditors also participates in the process	

DATA AND INDICATORS

# PERFORMANCE DATA AND INDICATORS

## ECONOMIC AND FINANCIAL RESULTS

	UoM	2023	2022	2021
Revenue from sales and services (adjusted)	Mn€	741	749	601
EBITDA at replacement cost (adjusted)	Mn€	520	537	399
EBIT at replacement cost (adjusted)	Mn€	305	308	198
Profit (adjusted)	Mn€	228	216	127
of which attributable to the owners of the parent (adjusted)	Mn€	219	232	202
Revenue from sales and services (reported)	Mn€	741	714	601
EBITDA at replacement cost (reported)	Mn€	529	499	397
EBIT at replacement cost (reported)	Mn€	304	221	168
Profit (reported)	Mn€	216	89	86
of which attributable to the owners of the parent (reported)	Mn€	179	379	173
Total net financial indebtedness (adjusted)	Mn€	1,445	1,434	2,051
Total net financial indebtedness (reported) <sup>(1)</sup>	Mn€	1,617	1,592	2,250
Net invested capital (adjusted)	Mn€	3,593	3,357	3,608
Investments <sup>(2)</sup>	Mn€	489	946	617
Financial leverage (reported)	%	43%	44%	59%

(1) Reported indebtedness includes the financial debt linked to the application of IFRS 16 (equal to approximately 172 million in 2023; 157 mn€ 2022; 129 mn€ in 2021)

(2) In tangible and intangible fixed assets and investments in Merger & Acquisition transactions.

Total revenue in 2021 include EUR 48,000 in contributions from Interprofessional funds as co-financing for employee training activities.

ERG Group does not donate to political parties.

## ERG SHARES

	UoM	2023	2022	2021
Market capitalisation	Mn€	4,338	4,353	4,275
Year-end reference price	EUR	28.86	28.96	28.44
Maximum price	EUR	29.74	36.04	31.72
Minimum price	EUR	21.00	22.98	22.32
Average price	EUR	26.21	30.13	26.11
Average volume	no.	393,531	224,071	268,310

2023: Maximum price recorded on 03/01/2023, minimum price recorded on 03/10/2023

## CUSTOMERS

### GRI G4\_EU

	UoM	2023	2022
PPA	no.	5	4
Trader & Broker	no.	60	51
Customers operating in the electricity system	no.	21	20
<b>Overall total</b>	<b>no.</b>	<b>86</b>	<b>75</b>

## RECLASSIFICATION OF VALUE ADDED

GRI 201-1

	UoM	2023	2022	2021
Production value	Mn€	767	761	601
Economic value distributed	Mn€	(478)	(455)	(382)
Production cost	Mn€	(93)	(141)	(115)
Remuneration of personnel	Mn€	(68)	(62)	(60)
Remuneration of public administration	Mn€	(96)	(82)	(57)
Remuneration of debt capital <sup>(1)</sup>	Mn€	(63)	(29)	(35)
Remuneration of risk capital <sup>(2)</sup>	Mn€	(154)	(139)	(114)
Remuneration for the community	Mn€	(3)	(2)	(1)
Economic value withheld by the Group	Mn€	289	306	220
Amortisation and depreciation	Mn€	(215)	(229)	(219)
Remuneration of the company	Mn€	74	77	1

(1) Interest paid and other financial expense to service debt.

(2) Dividends distributed by the Group net of extraordinary disbursements.

	UoM	2023	2022	2021
Net value added	Mn€	767	761	601
Production cost	Mn€	(93)	(141)	(115)
Remuneration of personnel	Mn€	(68)	(62)	(60)
Remuneration of public administration	Mn€	(96)	(82)	(57)
Remuneration of debt capital	Mn€	(63)	(29)	(35)
Remuneration for the community	Mn€	(3)	(2)	(1)
Amortisation and depreciation	Mn€	(215)	(229)	(219)
Profit (loss) before non-controlling interests	Mn€	228	216	115
Profit attributable to non-controlling interests	Mn€	(0)	-	-
Profit (loss) attributable to the owners of the parent	Mn€	228	216	115

## GRANTS PROVIDED FOR LOBBYING AND TRADE ASSOCIATION ACTIVITIES (PUBLIC AFFAIRS AREA)

GRI 201-1

	UoM	2023	2022	2021
Lobbying activities (PA area)	EUR k	301	329	404
Trade associations (PA area)	EUR k	440	469	494

## TAXES COUNTRY BY COUNTRY

### GRI 207-4 - Italy

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Wind and Solar		
Number of employees <sup>(1)</sup>	no.	479	449	434
Revenue from sales to third parties	Mn€	932	373	401
Revenue from intra-group transactions with other tax jurisdictions	Mn€	52	-	-
Profit / loss before taxes	Mn€	422	438	57
Property, plant and equipment other than cash and cash equivalents	Mn€	1,099	890	650
Corporate income taxes paid on a cash basis <sup>(2)</sup>	Mn€	23	55	37
Corporate income tax accrued on profits/losses (current year) <sup>(3)</sup>	Mn€	19	48	35
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		The main differences are in the economic growth aid deduction and the deduction of non-deductible interest expenses from previous years		

(1) the item number of employees refers to the workforce by company.

(2) Note on cash criterion:

a. 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 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 1.9 million).

a. 2022: The item includes withholding taxes incurred (about 7.3 million) and taxes paid by the companies of the Siena and Donatello projects in the pre-acquisition year (about EUR 4.5 million).

c. 2021: The item includes withholding taxes incurred (amounting to about EUR 11.3 million) and IRES related to previous years (amounting to about EUR 1.5 million).

(3) Note on Income taxes:

b. 2022: The item does not include higher taxes on wind power generation in Italy (amounting to approximately EUR 37.2 million).

### GRI 207-4 - Germany

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Wind		
Number of employees <sup>(1)</sup>	no.	40	33	36
Revenue from sales to third parties	Mn€	74	96	48
Revenue from intra-group transactions with other tax jurisdictions	Mn€	-	-	-
Profit / loss before taxes	Mn€	17	39	(2)
Property, plant and equipment other than cash and cash equivalents	Mn€	115	228	252
Corporate income taxes paid on a cash basis <sup>(2)</sup>	Mn€	7	1	1
Corporate income tax accrued on profits/losses (current year)	Mn€	6	13	3
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		No significant differences		

(1) the item number of employees refers to the workforce by company.

(2) The item income taxes of companies paid on a cash basis includes the refunds of income taxes collected in the current year.

GRI 207-4 - France

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Wind and Solar		
Number of employees <sup>(1)</sup>	no.	88	74	68
Revenue from sales to third parties	Mn€	158	105	78
Revenue from intra-group transactions with other tax jurisdictions	Mn€	-	-	-
Profit / loss before taxes	Mn€	63	5	-
Property, plant and equipment other than cash and cash equivalents	Mn€	332	425	455
Corporate income taxes paid on a cash basis <sup>(2)</sup>	Mn€	(1)	(0)	4
Corporate income tax accrued on profits/losses (current year)	Mn€	4	(1)	(1)
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		No significant differences		

(1) the item number of employees refers to the workforce by company.

(2) The item income taxes of companies paid on a cash basis includes the refunds of income taxes collected in the current year.

GRI 207-4 - United Kingdom

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Wind		
Number of employees <sup>(1)</sup>	no.	14	9	5
Revenue from sales to third parties	Mn€	104	34	-
Revenue from intra-group transactions with other tax jurisdictions	Mn€	-	-	-
Profit / loss before taxes	Mn€	32	21	1
Property, plant and equipment other than cash and cash equivalents	Mn€	369	340	241
Corporate income taxes paid on a cash basis	Mn€	1	-	-
Corporate income tax accrued on profits/losses (current year)	Mn€	5	4	-
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		No significant differences		

(1) the item number of employees refers to the workforce by company.

GRI 207-4 - Bulgaria

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Wind		
Number of employees <sup>(1)</sup>	no.	1	1	1
Revenue from sales to third parties	Mn€	20	38	23
Revenue from intra-group transactions with other tax jurisdictions	Mn€	-	-	-
Profit / loss before taxes	Mn€	9	23	5
Property, plant and equipment other than cash and cash equivalents	Mn€	25	28	32
Corporate income taxes paid on a cash basis	Mn€	2	3	1
Corporate income tax accrued on profits/losses (current year)	Mn€	-	2	1
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		No significant differences		

(1) the item number of employees refers to the workforce by company.

GRI 207-4 - Poland

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Wind		
Number of employees <sup>(1)</sup>	no.	4	2	6
Revenue from sales to third parties	Mn€	41	26	22
Revenue from intra-group transactions with other tax jurisdictions	Mn€	-	-	-
Profit / loss before taxes	Mn€	17	11	15
Property, plant and equipment other than cash and cash equivalents	Mn€	166	158	141
Corporate income taxes paid on a cash basis <sup>(2)</sup>	Mn€	2	3	1
Corporate income tax accrued on profits/losses (current year)	Mn€	2	2	1
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		No significant differences		

(1) the item number of employees refers to the workforce by company.

(2) The item income taxes of companies paid on a cash basis includes the refunds of income taxes collected in the current year.

GRI 207-4 - Romania

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Wind		
Number of employees <sup>(1)</sup>	no.	4	4	3
Revenue from sales to third parties	Mn€	26	54	29
Revenue from intra-group transactions with other tax jurisdictions	Mn€	-	-	-
Profit / loss before taxes	Mn€	18	24	9
Property, plant and equipment other than cash and cash equivalents	Mn€	45	51	56
Corporate income taxes paid on a cash basis	Mn€	2	-	-
Corporate income tax accrued on profits/losses (current year) <sup>(2)</sup>	Mn€	3	4	-
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		No significant differences		

(1) the item number of employees refers to the workforce by company.

(2) 2021: Corporate income taxes accrued on profits/losses do not include higher taxes on wind power generation in Romania (amounting to approximately EUR 4.6 million).

GRI 207-4 - Spain

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Solar		
Number of employees <sup>(1)</sup>	no.	6	1	n.a.
Revenue from sales to third parties	Mn€	27	22	n.a.
Revenue from intra-group transactions with other tax jurisdictions	Mn€	-	-	n.a.
Profit / loss before taxes	Mn€	16	13	n.a.
Property, plant and equipment other than cash and cash equivalents	Mn€	196	81	n.a.
Corporate income taxes paid on a cash basis <sup>(2)</sup>	Mn€	5	3	n.a.
Corporate income tax accrued on profits/losses (current year)	Mn€	4	3	n.a.
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		No significant differences		

(1) the item number of employees refers to the workforce by company

(2) The item income taxes of companies paid on a cash basis includes the refunds of income taxes collected in the current year.

## GRI 207-4 - Sweden

	UoM	2023	2022	2021
Names of resident entities		Refer to the Directors' Report Consolidation Scope on a line-by-line basis		
Main activities of the organisation		Electricity generated from renewable sources - Wind		
Number of employees <sup>(1)</sup>	no.	-	-	-
Revenue from sales to third parties	Mn€	23	-	-
Revenue from intra-group transactions with other tax jurisdictions	Mn€	-	-	-
Profit / loss before taxes	Mn€	1	(0)	-
Property, plant and equipment other than cash and cash equivalents	Mn€	68	66	25
Corporate income taxes paid on a cash basis	Mn€	-	-	-
Corporate income tax accrued on profits/losses (current year)	Mn€	-	-	-
Reasons for the difference between the corporate income tax accrued on profits/losses and the tax due, if the statutory tax rate is applied on pre-tax profits/losses		No significant differences		

(1) the item number of employees refers to the workforce by company.

## POWER OF GROUP PLANTS

### GRI G4\_EU

	UoM	2023	2022	2021
<b>WIND</b>				
Italy	MW	1,321	1,265	1,093
Germany	MW	327	327	327
France	MW	522	522	502
Poland	MW	142	142	82
Bulgaria	MW	54	54	54
Romania	MW	70	70	70
UK	MW	249	157	70
Sweden	MW	62	62	-
<b>Total Wind</b>	<b>MW</b>	<b>2,747</b>	<b>2,599</b>	<b>2,198</b>
<b>SOLAR</b>				
Italy	MW	175	175	141
France	MW	79	79	79
Spain	MW	266	92	-
<b>Total Solar</b>	<b>MW</b>	<b>519</b>	<b>345</b>	<b>220</b>
<b>TOTAL RENEWABLE SOURCES</b>	<b>MW</b>	<b>3,266</b>	<b>2,944</b>	<b>2,418</b>

## PRODUCTION OF GROUP PLANTS

GRI G4\_EU

	UoM	2023	2022	2021
<b>WIND</b>				
Italy	GWh	2,528	2,062	2,078
Germany	GWh	629	556	428
France	GWh	1,219	982	865
Poland	GWh	364	256	216
Bulgaria	GWh	163	155	148
Romania	GWh	214	203	181
UK	GWh	399	226	-
Sweden	GWh	56	1	-
<b>Total Wind</b>	<b>GWh</b>	<b>5,574</b>	<b>4,441</b>	<b>3,916</b>
<b>SOLAR</b>				
Italy	GWh	256	250	216
France	GWh	96	94	24
Spain	GWh	213	171	-
<b>Total Solar</b>	<b>GWh</b>	<b>565</b>	<b>515</b>	<b>240</b>
<b>TOTAL RENEWABLE SOURCES</b>	<b>GWh</b>	<b>6,139</b>	<b>4,956</b>	<b>4,156</b>

## GROUP PLANT AVAILABILITY

GRI G4\_EU

	UoM	2023	2022	2021
<b>WIND</b>				
Italy	%	96.4%	96.7%	96.9%
Germany	%	95.4%	96.1%	96.9%
France	%	96.9%	97.4%	97.3%
Poland	%	98.0%	98.6%	97.7%
Bulgaria	%	97.2%	97.9%	98.2%
Romania	%	98.8%	99.2%	99.1%
UK	%	94.2%	94.3%	n.a.
Sweden	%	n.a.	n.a.	n.a.
<b>Total Wind</b>	<b>%</b>	<b>96.5%</b>	<b>96.9%</b>	<b>97.2%</b>
<b>SOLAR</b>				
Italy	%	79.1%	82.5%	80.6%
France	%	73.9%	73.9%	n.a.
Spain	%	85.2%	85.5%	n.a.
<b>Total Solar</b>	<b>%</b>	<b>80.0%</b>	<b>81.2%</b>	<b>80.6%</b>

## STAFF, ORGANISATION OF WORK AND INDUSTRIAL RELATIONS

GRI 405-1

	UoM	2023	2022	2021
Employees at 31/12	no.	636	573	553
Average workforce	no.	611	567	549
Senior Managers	no.	33	33	28
of which at Genoa site	no.	30	30	25
Middle Management	no.	203	180	171
White Collar	no.	254	221	214
Blue Collar	no.	146	139	140
Other collaborators <sup>(1)</sup>	no.	18	17	5
Female employment (%)	%	30.7%	29.5%	28.8%
of which female employment at Genoa site (%)	%	44.1%	43.1%	42.1%
Average seniority (years)	no.	9.5	10.0	9.9
Average employee age (years)	no.	41.7	42.0	42.0
CEO pay ratio <sup>(2)</sup>	no.	32	33	34
Incidence of part-time work (Italy)	%	5.5%	5.6%	5.5%
Incidence of part-time work (abroad)	%	0.6%	0.8%	1.7%
Incidence of overtime work (Italy)	%	4.1%	3.8%	3.9%
Incidence of overtime work (abroad)	%	1.4%	1.4%	2.0%
Unionisation rate (Italy)	%	25.3%	25.8%	22.4%
Ongoing labour disputes	no.	-	-	-
Strike <sup>(3)</sup>	h	12	6	-
Turnover (inbound staff + outbound staff)/headcount	%	24.1%	21.9%	19.3%
Recruitment Rate	%	17.2%	12.7%	11.8%
Outbound turnover rate	%	6.9%	9.2%	7.1%

(1) The 2023 figure includes 10 men and 8 women, the 2022 figure 11 men and 6 women; the 2021 figure of 2 men and 3 women participating in strikes at national level.

(2) The rate is calculated as the 'Ratio between the total annual remuneration of the highest paid individual and the total annual median remuneration of all employees excluding the highest paid employee'.

(3) Hours of Italy-wide strikes.

## PENSION FUND

GRI 201-3

	UoM	2023	2022	2021
Contractual pension funds	no.	329	307	290
Other funds	no.	14	20	21
Non-registered	no.	293	246	242
<b>Overall total</b>	<b>no.</b>	<b>636</b>	<b>573</b>	<b>553</b>

## TRAINING HOURS

GRI 404-1

	UoM	2023	2022	2021
Total training	h	29,367	28,262	27,058
Average workforce	no.	611	567	549
Average training per employee	days/emp	6.0	6.2	6.2

## TRAINING TYPE

GRI 404-1

	UoM	2023		2022		2021	
		Total Hours	Total Hours %	Total Hours	Total Hours %	Total Hours	Total Hours %
Health and safety training	no./%	9,724	33%	7,815	28%	4,657	17%
Employee language training	no./%	4,320	15%	5,743	20%	4,290	16%
Technical specialised employee training	no./%	7,685	26%	7,177	25%	9,361	35%
On the Job Training	no./%	64	0%	-	-	-	-
Managerial training	no./%	7,102	24%	7,477	26%	8,225	30%
231 Anti-Corruption Training	no./%	473	2%	51	0%	526	2%
<b>Overall total <sup>(1)</sup></b>	<b>no./%</b>	<b>29,367</b>	<b>100%</b>	<b>28,262</b>	<b>100%</b>	<b>27,058</b>	<b>100%</b>

(1) Total training also includes courses provided to staff who left the company during the year.

## TRAINING BY EMPLOYEE CATEGORY AND GENDER

GRI 404-1

	UoM	2023						2022						2021					
		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	Hours Men	Average hours Men	Hours Women	Average hours Women	Total Hours	Total average hours
Senior Managers	no.	730	26	246	49	976	30	786	27	301	75	1,087	33	752	30	108	36	860	31
Middle Management	no.	4,774	35	2,997	44	7,771	38	5,171	43	2,995	49	8,166	45	5,309	46	3,281	59	8,590	50
White Collar	no.	6,924	52	4,546	37	11,470	45	5,943	51	4,868	47	10,811	49	6,022	53	4,015	40	10,038	47
Blue Collar	no.	9,148	63	1	-	9,149	63	8,197	59	-	-	8,197	59	7,571	54	-	-	7,571	54
<b>Total</b>	<b>no.</b>	<b>21,576</b>	<b>49</b>	<b>7,791</b>	<b>40</b>	<b>29,367</b>	<b>46</b>	<b>20,098</b>	<b>50</b>	<b>8,164</b>	<b>48</b>	<b>28,262</b>	<b>49</b>	<b>19,654</b>	<b>50</b>	<b>7,404</b>	<b>47</b>	<b>27,058</b>	<b>49</b>

Average calculated on staff by employee category and gender in force at 31/12.

## STAFF ANALYSIS

### TYPE OF CONTRACT AND GENDER

GRI 2-7

	UoM	2023				2022				2021			
		Men	Women	Other (gender specified by the employee)	Total	Men	Women	Other (gender specified by the employee)	Total	Men	Women	Other (gender specified by the employee)	Total
<b>Total contract employees</b>	<b>no.</b>	<b>441</b>	<b>195</b>	<b>-</b>	<b>636</b>	<b>404</b>	<b>169</b>	<b>-</b>	<b>573</b>	<b>394</b>	<b>159</b>	<b>-</b>	<b>553</b>
Permanent contract	no.	434	194	-	628	400	164	-	564	388	156	-	544
Temporay contract	no.	7	1	-	8	4	5	-	9	6	3	-	9
Non-guaranteed hours (e.g., on-call, occasional)	no.	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total full time + part time employees</b>	<b>no.</b>	<b>441</b>	<b>195</b>	<b>-</b>	<b>636</b>	<b>404</b>	<b>169</b>	<b>-</b>	<b>573</b>	<b>394</b>	<b>159</b>	<b>-</b>	<b>553</b>
Full-time	no.	441	168	-	609	403	144	-	547	392	135	-	527
Part-time	no.	0	27	-	27	1	25	-	26	2	24	-	26

**TYPE OF CONTRACT AND COUNTRY**  
GRI 2-7

	UoM	2023									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
<b>Total contract employees</b>	no.	<b>474</b>	<b>90</b>	<b>40</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>4</b>	-	<b>8</b>	<b>636</b>
Permanent contract	no.	467	90	40	14	1	4	4	-	8	628
Temporary contract	no.	7	-	-	1	-	-	-	-	-	8
Non-guaranteed hours (e.g., on-call, occasional)	no.	-	-	-	-	-	-	-	-	-	-
<b>Total full time + part time employees</b>	no.	<b>474</b>	<b>90</b>	<b>40</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>4</b>	-	<b>8</b>	<b>636</b>
Full-time	no.	448	90	39	15	1	4	4	-	8	609
Part-time	no.	26	-	1	-	-	-	-	-	-	27
	UoM	2022									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
<b>Total contract employees</b>	no.	<b>444</b>	<b>76</b>	<b>33</b>	<b>10</b>	<b>1</b>	<b>2</b>	<b>4</b>	-	<b>3</b>	<b>573</b>
Permanent contract	no.	437	75	33	9	1	2	4	-	3	564
Temporary contract	no.	7	1	-	1	-	-	-	-	-	9
Non-guaranteed hours (e.g., on-call, occasional)	no.	-	-	-	-	-	-	-	-	-	-
<b>Total full time + part time employees</b>	no.	<b>444</b>	<b>76</b>	<b>33</b>	<b>10</b>	<b>1</b>	<b>2</b>	<b>4</b>	-	<b>3</b>	<b>573</b>
Full-time	no.	419	76	32	10	1	2	4	-	3	547
Part-time	no.	25	-	1	-	-	-	-	-	-	26
	UoM	2021									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
<b>Total contract employees</b>	no.	<b>433</b>	<b>68</b>	<b>37</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>3</b>	-	-	<b>553</b>
Permanent contract	no.	428	66	35	5	1	6	3	-	-	544
Temporary contract	no.	5	2	2	-	-	-	-	-	-	9
Non-guaranteed hours (e.g., on-call, occasional)	no.	-	-	-	-	-	-	-	-	-	-
<b>Total full time + part time employees</b>	no.	<b>433</b>	<b>68</b>	<b>37</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>3</b>	-	-	<b>553</b>
Full-time	no.	409	67	36	5	1	6	3	-	-	527
Part-time	no.	24	1	1	-	-	-	-	-	-	26

**COUNTRY AND GENDER**  
GRI 2-7

	UoM	2023									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
Men	no.	334	61	27	7	1	2	2	-	7	441
Women	no.	140	29	13	8	-	2	2	-	1	195
<b>Total</b>	no.	<b>474</b>	<b>90</b>	<b>40</b>	<b>15</b>	<b>1</b>	<b>4</b>	<b>4</b>	-	<b>8</b>	<b>636</b>
	UoM	2022									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
Men	no.	317	55	23	3	1	-	2	-	3	404
Women	no.	127	21	10	7	-	2	2	-	-	169
<b>Total</b>	no.	<b>444</b>	<b>76</b>	<b>33</b>	<b>10</b>	<b>1</b>	<b>2</b>	<b>4</b>	-	<b>3</b>	<b>573</b>
	UoM	2021									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
Men	no.	312	52	24	-	1	3	2	-	-	394
Women	no.	121	16	13	5	-	3	1	-	-	159
<b>Total</b>	no.	<b>433</b>	<b>68</b>	<b>37</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>3</b>	-	-	<b>553</b>

## TYPE OF CONTRACT

GRI 2-30

	UoM	2023	2022	2021
Number of employees covered by collective bargaining agreements	no.	573	523	502
Total number of employees	no.	636	573	553
Percentage of employees covered by collective bargaining agreements	%	90%	91%	91%

## STAFF ANALYSIS BY EMPLOYEE CATEGORY AND GENDER

GRI 405-1

	UoM	2023			2022			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Managers	no.	28	5	33	29	4	33	25	3	28
Middle Management	no.	135	68	203	119	61	180	115	56	171
Managers	no.	28	7	35	20	7	27	22	7	29
Professionals	no.	107	61	168	99	54	153	93	49	142
White Collar	no.	132	122	254	117	104	221	114	100	214
Blue Collar	no.	146	-	146	139	-	139	140	-	140
<b>Total</b>	<b>no.</b>	<b>441</b>	<b>195</b>	<b>636</b>	<b>404</b>	<b>169</b>	<b>573</b>	<b>394</b>	<b>159</b>	<b>553</b>

## STAFF ANALYSIS BY EMPLOYEE CATEGORY AND GENDER %

GRI 405-1

	UoM	2023			2022			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Managers	%	85%	15%	5%	88%	12%	6%	89%	11%	5%
Middle Management	%	67%	33%	32%	66%	34%	31%	67%	33%	31%
Managers	%	80%	20%	6%	74%	26%	5%	76%	24%	5%
Professionals	%	64%	36%	26%	65%	35%	27%	65%	35%	26%
White Collar	%	52%	48%	40%	53%	47%	39%	53%	47%	39%
Blue Collar	%	100%	-	23%	100%	-	24%	100%	-	25%
<b>Total</b>	<b>%</b>	<b>69%</b>	<b>31%</b>	<b>100%</b>	<b>71%</b>	<b>29%</b>	<b>100%</b>	<b>71%</b>	<b>29%</b>	<b>100%</b>

## STAFF ANALYSIS BY AGE GROUP

GRI 405-1

	UoM	2023				2022				2021			
		<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Men	no.	65	293	83	441	48	277	79	404	36	286	72	394
Women	no.	24	124	47	195	24	106	39	169	22	106	31	159
<b>Total</b>	<b>no.</b>	<b>89</b>	<b>417</b>	<b>130</b>	<b>636</b>	<b>72</b>	<b>383</b>	<b>118</b>	<b>573</b>	<b>58</b>	<b>392</b>	<b>103</b>	<b>553</b>
Men	%	15%	66%	19%	69%	12%	69%	20%	71%	9%	73%	18%	71%
Women	%	12%	64%	24%	31%	14%	63%	23%	29%	14%	67%	19%	29%
<b>Total</b>	<b>%</b>	<b>14%</b>	<b>66%</b>	<b>20%</b>	<b>100%</b>	<b>13%</b>	<b>67%</b>	<b>21%</b>	<b>100%</b>	<b>10%</b>	<b>71%</b>	<b>19%</b>	<b>100%</b>

GRI405-1

	UoM	2023				2022				2021			
		<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Senior Managers	no.	-	22	11	33	-	20	13	33	-	18	10	28
Middle Management	no.	4	154	45	203	5	138	37	180	3	138	30	171
White Collar	no.	59	149	46	254	49	133	39	221	41	140	33	214
Blue Collar	no.	26	92	28	146	18	92	29	139	14	96	30	140
<b>Total</b>	<b>no.</b>	<b>89</b>	<b>417</b>	<b>130</b>	<b>636</b>	<b>72</b>	<b>383</b>	<b>118</b>	<b>573</b>	<b>58</b>	<b>392</b>	<b>103</b>	<b>553</b>
Senior Managers	%	-	67%	33%	100%	-	61%	39%	100%	-	64%	36%	100%
Middle Management	%	2%	76%	22%	100%	3%	77%	21%	100%	2%	81%	18%	100%
White Collar	%	23%	59%	18%	100%	22%	60%	18%	100%	19%	65%	15%	100%
Blue Collar	%	18%	63%	19%	100%	13%	66%	21%	100%	10%	69%	21%	100%

## DIFFERENCE BETWEEN AVERAGE ERG GROUP ITALY PAY AND APPLICABLE NATIONAL COLLECTIVE LABOUR AGREEMENTS

GRI 2-19

	UoM	2023		2022		Change in 2023 vs 2022	
		Men	Women	Men	Women	Men	Women
Key Managers	%	254%	-	242%	-	12%	-
Senior Managers <sup>(1)</sup>	%	143%	135%	143%	126%	-	9%
Middle Management	%	122%	121%	131%	128%	-9%	-7%
White Collar	%	114%	115%	116%	117%	-2%	-2%
Blue Collar	%	110%	-	110%	-	-	-

(1) Senior Managers without strategic responsibilities

## DIFFERENCE BETWEEN MINIMUM ERG GROUP ITALY PAY AND APPLICABLE NATIONAL

GRI 2-19

	UoM	2023		2022		Change in 2023 vs 2022	
		Men	Women	Men	Women	Men	Women
Key Managers	%	225%	-	188%	-	37%	-
Senior Managers <sup>(1)</sup>	%	112%	112%	110%	112%	2%	-
Middle Management	%	100%	102%	106%	108%	-6%	-6%
White Collar	%	106%	110%	113%	111%	-7%	-1%
Blue Collar	%	100%	-	100%	-	-	-

(1) Senior Managers without strategic responsibilities

## DETAILED ANALYSIS OF TURNOVER BY AGE AND GENDER

GRI 401-1

	UoM	2023				2022				2021				
		<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total	
New recruits	Men	no.	32	32	-	64	25	22	1	48	16	20	2	38
	Women	no.	15	24	2	41	10	12	2	24	12	15	-	27
	<b>Total</b>	<b>no.</b>	<b>47</b>	<b>56</b>	<b>2</b>	<b>105</b>	<b>35</b>	<b>34</b>	<b>3</b>	<b>72</b>	<b>29</b>	<b>35</b>	<b>2</b>	<b>65</b>
Inbound turnover rate	Men	%	5.2%	5.2%	-	10.5%	4.4%	3.9%	0.2%	8.5%	2.9%	3.6%	0.4%	6.9%
	Women	%	2.5%	3.9%	0.3%	6.7%	1.8%	2.1%	0.4%	4.2%	2.2%	2.7%	-	4.9%
	<b>Total</b>	<b>%</b>	<b>7.7%</b>	<b>9.2%</b>	<b>0.3%</b>	<b>17.2%</b>	<b>6.2%</b>	<b>6.0%</b>	<b>0.5%</b>	<b>12.7%</b>	<b>5.3%</b>	<b>6.4%</b>	<b>0.4%</b>	<b>11.8%</b>
New out-bound	Men	no.	7	16	4	27	7	25	6	38	1	20	5	26
	Women	no.	6	7	2	15	4	7	3	14	2	8	3	13
	<b>Total</b>	<b>no.</b>	<b>13</b>	<b>23</b>	<b>6</b>	<b>42</b>	<b>11</b>	<b>32</b>	<b>9</b>	<b>52</b>	<b>3</b>	<b>28</b>	<b>8</b>	<b>39</b>
Outbound turnover rate	Men	%	1.1%	2.6%	0.7%	4.4%	1.2%	4.4%	1.1%	6.7%	0.2%	3.6%	0.9%	4.7%
	Women	%	1.0%	1.1%	0.3%	2.5%	0.7%	1.2%	0.5%	2.5%	0.4%	1.5%	0.5%	2.4%
	<b>Total</b>	<b>%</b>	<b>2.1%</b>	<b>3.8%</b>	<b>1.0%</b>	<b>6.9%</b>	<b>1.9%</b>	<b>5.6%</b>	<b>1.6%</b>	<b>9.2%</b>	<b>0.5%</b>	<b>5.1%</b>	<b>1.5%</b>	<b>7.1%</b>

## STAFF ANALYSIS BY CONTRACT TYPE

GRI 401-1

	UoM	2023			2022			2021		
		Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Company acquisitions	no.	-	3	3	-	-	-	-	8	8
Permanent contract	no.	42	53	95	32	33	65	22	29	51
Temporary contract	no.	6	1	7	5	2	7	3	3	6
Apprenticeship	no.	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>no.</b>	<b>48</b>	<b>57</b>	<b>105</b>	<b>37</b>	<b>35</b>	<b>72</b>	<b>25</b>	<b>40</b>	<b>65</b>

## OPEN POSITIONS HELD BY INTERNAL CANDIDATES

GRI 401-1

	UoM	2023	2022
Open positions held by internal candidates	no.	9%	14%

## OUTBOUND BY MODE

GRI 401-1

	UoM	2023			2022			2021		
		Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Resignation	no.	13	21	34	13	28	41	18	13	31
End of temporary contract	no.	-	-	-	1	1	2	1	-	1
Mutual termination	no.	4	-	4	6	1	7	6	-	6
Failure to pass the probationary period	no.	-	3	3	-	-	-	-	-	-
Dismissal	no.	1	-	1	-	1	1	-	-	-
Death	no.	-	-	-	1	-	1	1	-	1
Company divestiture	no.	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>no.</b>	<b>18</b>	<b>24</b>	<b>42</b>	<b>21</b>	<b>31</b>	<b>52</b>	<b>26</b>	<b>13</b>	<b>39</b>

## NEW RECRUITMENTS AND TURNOVER BY COUNTRY

GRI 401-1

	UoM	2023				2022				2021			
		New recruits	New outbound	Recruitment Rate	Turnover rate	New recruits	New outbound	Recruitment Rate	Turnover rate	New recruits	New outbound	Recruitment Rate	Turnover rate
Italy	no.	48	18	7.9%	2.9%	37	21	6.5%	3.7%	25	26	4.6%	4.7%
France	no.	31	18	5.1%	2.9%	20	15	3.5%	2.6%	20	9	3.6%	1.6%
Germany	no.	12	4	2.0%	0.7%	8	11	1.4%	1.9%	16	4	2.9%	0.7%
UK	no.	6	1	1.0%	0.2%	4	-	0.7%	-	1	-	0.2%	0.0%
Bulgaria	no.	-	-	-	-	-	-	-	-	-	-	-	-
Poland	no.	2	-	0.3%	-	1	5	0.2%	0.9%	3	-	0.5%	-
Romania	no.	-	-	-	-	1	-	0.2%	-	-	-	-	-
Sweden	no.	-	-	-	-	-	-	-	-	-	-	-	-
Spain	no.	6	1	1.0%	0.2%	1	-	0.2%	-	-	-	-	-
<b>Total</b>	<b>no.</b>	<b>105</b>	<b>42</b>	<b>17.2%</b>	<b>6.9%</b>	<b>72</b>	<b>52</b>	<b>12.7%</b>	<b>9.2%</b>	<b>65</b>	<b>39</b>	<b>11.8%</b>	<b>7.1%</b>

## HIRING COST

GRI 2-7

	UoM	2023	2022	2021
Average hiring cost per FTE	EUR k	4.6	4.5	4.2

## OTHER COLLABORATORS

GRI 2-8

	UoM	2023	2022	2021
Fellows	no.	13	7	5
Agency workers	no.	5	10	-
<b>Other collaborators</b>	<b>no.</b>	<b>18</b>	<b>17</b>	<b>5</b>

## ABSENTEEISM INDEX

GRI 403-10

	UoM	2023			2022			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Cases of occupational disease	no.	-	-	-	-	-	-	-	-	-
Occupational disease rate	%	-	-	-	-	-	-	-	-	-
Work-related deaths	no.	-	-	-	-	-	-	-	-	-
Absenteeism index <sup>(1)</sup>	%	2%	2%	2%	2%	3%	2%	2%	1%	2%

The safety indicators do not count the 'other external collaborators'.

(1) Sick leave rate refers to Italian employees only (no. of days absence / workable days).

## SAFETY

### INJURIES IN THE WORKPLACE

GRI 403-9

	UoM	2023			2022			2021		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
Working days lost	no.	181	-	181	213	-	213	22	-	22
Number of injuries	no.	5	-	5	2	-	2	2	-	2
Hours worked	no.	703,541	287,381	990,922	689,611	261,157	950,768	670,931	247,752	918,683
Frequency index <sup>(1)</sup>		7.1	-	5.0	2.9	-	2.1	3.0	-	2.2
Severity index <sup>(2)</sup>		0.3	-	0.2	0.3	-	0.2	0.0	-	0.0

(1) Frequency index calculated as (no. of injuries x 1,000,000)/no. hours worked.

(2) Severity index calculated as (no. of days lost x 1,000)/no. hours

### INJURIES IN THE WORKPLACE BY THIRD PARTIES

GRI 403-9

	UoM	2023	2022	2021
Third party companies lost days	no.	42	155	136
Third party companies number of injuries	no.	1	6	3
Third party companies hours worked	no.	950,346	991,943	727,274
Frequency index – third party companies <sup>(1)</sup>		1.1	6.0	4.1
Severity index – third party companies <sup>(2)</sup>		0.0	0.2	0.2

(1) Frequency index calculated as (no. of injuries x 1,000,000)/no. hours worked.

(2) Severity index calculated as (no. of days lost x 1,000)/no. hours

### TOTAL INJURIES IN THE WORKPLACE

GRI 403-9

	UoM	2023	2022	2021
Working days lost	no.	223	368	158
Number of injuries	no.	6	8	5
Hours worked	no.	1,941,268	1,942,711	1,645,957
Frequency index <sup>(1)</sup>		3.1	4.1	3.0
Severity index <sup>(2)</sup>		0.1	0.2	0.1

(1) Frequency index calculated as (no. of 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

GRI 403-9

	UoM	2023	2022	2021
Field inspections on construction sites	no.	1,916	574	1,169
Field inspections on contractors	no.	191	135	-
Internal field inspections	no.	468	474	-
Management system audits	no.	29	25	19
<b>Total field inspections/Audits</b>	no.	2604	1,208	1,188

## SUPPLIERS

GRI 204-1

	UoM	2023	2022	2021
Suppliers (level 1) with at least 1 order in the year	no.	1,577	1,625	1,731
Strategic suppliers (level 1) with at least 1 order in the year	no.	150	165	164
Percentage of spending by strategic suppliers	%	78%	80%	80%
Strategic suppliers in level 2 level 3	%	-	-	-
Suppliers with at least 1 order in the year with registered office or invoicing address in Italy	no.	701	790	1004
Suppliers with at least 1 order in the year with registered office or billing address in the Italian regions of presence of our plants	no.	33%	34%	35%
expenditure local suppliers (Italy/total)	%	48%	83%	49%
Number of qualified suppliers on vendor list	no.	1,067	1,072	1,086
Number of suppliers on vendor list qualified according to environmental parameters	no.	321	336	334
Number of suppliers on vendor list qualified according to social parameters	no.	281	200	0
Number of newly qualified suppliers in the year	no.	194	225	210
Number of newly qualified suppliers in the year qualified according to environmental parameters	%	52	82	95
Number of newly qualified suppliers in the year qualified according to social parameters	%	81	77	0
Average qualification time number of days	%	31	49	58
Value of tenders/total value of orders issued	%	78%	86%	72%
Number of tenders/total number of orders issued	%	26%	30%	21%
New suppliers that were screened using social criteria	no.	81	77	-
No. of audits	no.	18	27	48
of which No. of field audits	no.	-	2	8

## ENVIRONMENT AND TERRITORY - WIND POWER

Consumption and emissions	UoM	2023	2022	2021
Production	GWh	5,574	4,441	3,916
Technical availability plants	%	96.5%	96.9%	97.2%
CO <sub>2</sub> avoided <sup>(1)</sup>	kt	1,890	1,508	1,327
Indirect energy consumption <sup>(1)</sup>	GWh	16.61	14.89	13.54
Indirect green energy consumption	%	98%	98%	100%
Scope 2 emissions (market based) <sup>(2)</sup>	kt	0.04	0.06	0.03
Scope 2 emissions (location based) <sup>(3)</sup>	kt	4.60	4.20	3.80
SF6 top ups	kg	1.5	2.0	5.2
Equivalents to tCO <sub>2</sub>	t	35	47	122
F-GAS top ups	kg	59	39	-
Equivalents to tCO <sub>2</sub>	t	94	63	-

(1) The increase in consumption is 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. The 2022 and 2021 figures were re-formed using these factors (replacing the Terna factor used in the previous version).

(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 to the national residual mix of each country published by AIB (Association of Issuing Bodies) according to a Location Based approach. The 2022 and 2021 figures were re-formed using these factors (replacing the Terna factor used in the previous version).

Waste	UoM	2023	2022	2021
Total waste OUTPUT - tonnes	t	216	513	754
Total waste RECOVERED	t	186	409	550
HAZARDOUS waste PRODUCED	t	82	132	196
Hazardous waste recovered	t	56	85	149
Hazardous waste for disposal	t	26	47	47
NON-HAZARDOUS waste PRODUCED	t	134	381	558
Non-hazardous waste recovered	t	130	325	402
Non-hazardous waste for disposal	t	4	57	156

## ENVIRONMENT AND TERRITORY - SOLAR

Consumption and emissions	UoM	2023	2022	2021
Production	GWh	565	515	240
Technical availability plants	%	80.0%	81.2%	80.6%
CO <sub>2</sub> avoided	kt	198	180	84
Indirect energy consumption <sup>(1)</sup>	GWh	4	4	2
Indirect green energy consumption	%	83%	84%	33%
Scope 2 emissions (market based) <sup>(2)</sup>	kt	0.17	0.13	-
Scope 2 emissions (location based) <sup>(3)</sup>	kt	0.92	0.78	0.59
SF6 top ups	kg	-	-	0.4
Equivalentents to tCO <sub>2</sub>	t	-	-	8.9
F-GAS top ups	kg	11	5	13
Equivalentents to tCO <sub>2</sub>	t	17	9	21
Square metres of panels	m <sup>2</sup>	2,770,151	2,084,566	891,706
Water used for panel cleaning	m <sup>3</sup>	1,176	1,276	1,083

(1) The increase in consumption is 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. The 2022 and 2021 figures were re-formed using these factors (replacing the Terna factor used in the previous version)

(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 to the national residual mix of each country published by AIB (Association of Issuing Bodies) according to a Location Based approach. The 2022 and 2021 figures were re-formed using these factors (replacing the Terna factor used in the previous version)

Waste	UoM	2023	2022	2021
Total waste OUTPUT - tonnes	t	136	-	-
Total waste RECOVERED	t	136	-	-
HAZARDOUS waste PRODUCED	t	-	-	-
Hazardous waste recovered	t	-	-	-
Hazardous waste for disposal	t	-	-	-
NON-HAZARDOUS waste PRODUCED	t	136	-	-
Non-hazardous waste recovered	t	136	-	-
Non-hazardous waste for disposal	t	-	-	-

## HEADQUARTERS AND OFFICES

Consumption and emissions	UoM	2023	2022	2021
Indirect energy consumption	MWh	884	1,029	1,104
Indirect green energy consumption <sup>(1)</sup>	%	100%	41%	34%
Scope 2 emissions (market based) <sup>(2)</sup>	tCO <sub>2</sub> e	-	279	332
Scope 2 emissions (location based) <sup>(3)</sup>	tCO <sub>2</sub> e	249	290	311

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 change is attributable to the coverage with renewable supply contracts.

(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. The 2022 and 2021 figures were re-formed using these factors (replacing the Terna factor used in the previous version).

(3) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions. The 2022 and 2021 figures were re-formed using these factors (replacing the Terna factor used in the previous version).

## GROUP

Consumption and emissions	UoM	2023	2022	2021
Total installed power	MW	3,266	2,945	2,418
Total electricity production	GWh	6,139	4,956	4,156
of which from renewable energy sources	GWh	6,139	4,956	4,156
Total electricity sales	GWh	6,139	4,956	4,156
Indirect energy consumption	GWh	21.74	19.51	16.73
of which electricity from green sources	GWh	20.81	18.12	15.95
of which electricity from non-green sources	GWh	0.93	1.39	0.78
Electricity consumption from green sources	%	96%	93%	95%
CO <sub>2</sub> avoided	kt	2,087	1,688	1,411
Emission Intensity	gCO <sub>2</sub> /kWh	28.35	9.56	8.32
Scope 1 emissions	kt	1.1	1.0	0.2
Scope 2 emissions (market based) <sup>(1)</sup>	kt	0.2	0.5	0.4
Scope 2 emissions (location based) <sup>(2)</sup>	kt	5.8	5.3	4.7
Scope 3 Emissions <sup>(3)</sup>	kt	172.7	45.9	34.0

(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. The 2022 and 2021 figures were re-formed using these factors (replacing the Terna factor used in the previous version).

(2) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions. The 2022 and 2021 figures were re-formed using these factors (replacing the Terna factor used in the previous version).

(3) The figure was calculated with reference to all 8 categories applicable to the Group with respect to only category 2 considered in 2022 and 2021. The category was adapted to the standards with reference to 2023.

Waste	UoM	2023	2022	2021
Total waste OUTPUT - tonnes	t	352	513	754
Total waste RECOVERED	t	322	409	550
Total waste recovered	%	91%	80%	73%
HAZARDOUS waste PRODUCED	t	82	132	196
Hazardous waste recovered	t	56	85	149
Hazardous waste for disposal	t	26	47	47
NON-HAZARDOUS waste PRODUCED	t	270	381	558
Non-hazardous waste recovered	t	266	325	402
Non-hazardous waste for disposal	t	4	57	156

Other indicators	UoM	2023	2022	2021
NOx emissions	t	n.a.	n.a.	n.a.
SOx emissions	t	n.a.	n.a.	n.a.
Water withdrawals in the production process	m <sup>3</sup>	n.a.	n.a.	n.a.
Water discharges downstream of the production process	m <sup>3</sup>	n.a.	n.a.	n.a.
Areas subject to water stress	m <sup>2</sup>	n.a.	n.a.	n.a.
Direct energy consumption (GWh)	GWh	0	0	0

<b>Compliance with laws and regulations</b>	<b>2023</b>
Number of significant cases of non-compliance with laws and regulations	0
of which number of cases for which fines were incurred	0
of which number of cases for which non-monetary sanctions were incurred	0
Number of fines for cases of non-compliance with laws and regulations paid during the reporting period	0
of which fines received in the current reporting period	0
of which fines received in previous reporting periods	0
Monetary value of fines for cases of non-compliance with laws and regulations paid during the reporting period	0
of which value of fines received in the current reporting period	0
of which value of fines received in previous reporting periods	0
Number of data breaches recorded in the year	0
Number of data breaches registered to date	0
Numbers of environmental violations during the year	0
Monetary value of fines for environmental non-compliance cases	0

<b>Recorded cases</b>	<b>2023</b>
Cases of discrimination and actions taken	0
Cases of occupational disease	0
Proven cases of corruption and actions taken	0
Cases of human rights violations	0

## FOCUS 'ASSETS SOLD IN 2023': CCGT THERMOELECTRIC PLANT (IFRS 5)

On 17 October 2023, we finalised the sale to Acheron Energy S.p.A. of the Combined Cycle Gas Turbine (CCGT) plant in Priolo Gargallo (Syracuse). Powered by natural gas, the thermoelectric plant sold is characterised by its low environmental impact and high efficiency.

With this sale, the ERG Group is now a 100% Pure Renewable operator, taking a decisive step towards its Net Zero objective.

In the consolidated Financial Statements at 31 December 2023, the CCGT thermoelectric plant is classified as 'discontinued operations' on the basis of the application of IFRS-5 (which governs the presentation method of the profit (loss) from discontinued operations in financial statements). Following the approach of the consolidated financial statements, the CCGT is also classified under 'assets held for sale' in the NFS and the related data are reported separately manner below.

The specific ESG information of the thermoelectric plant is provided below:

### Environmental:

1. **Emissions:** there was a reduction in direct Scope 1 emissions (681 kTon in 2023 vs 939 kTon in 2022), mainly related to the change in the reporting period. The main Scope 1 atmospheric emissions are determined by continuous measurements at emission points and, where necessary, by spot measurements

combined with estimates that take into account both the combustion systems and the types of fuel used. CO<sub>2</sub> emissions are certified by an independent third party, as provided for by EU-ETS law. Scope 2 emissions (0.7 kTon in 2023) are instead in line with the previous year (0.7 kTon in 2022).

2. **Water consumption:** in general, the withdrawals decreased. Seawater withdrawals for plant cooling amounted to 176.2 million m<sup>3</sup> in 2023 (230 million m<sup>3</sup> in 2022). Water withdrawals from wells amounted to 5.5 million m<sup>3</sup> in 2023 (7 million m<sup>3</sup> in 2022). With respect to withdrawals, the water returned to the natural cycle represents 97%.
3. **Waste management:** the total waste is 530.9 t (significantly lower than the value of 927 t in 2022). Of these, non-hazardous waste amounted to 491.8 t (93% of the total), while waste sent for recovery amounted to 236.9 t (45% of the total).

**Social:** the workforce at the end of the period numbered 143 people. 100% of employees had a permanent contract (142 full-time and 1 part-time). There were 10 women on the workforce (7%) and 133 men (93% of the workforce).

**HSE:** NO injuries were recorded. The accident frequency index is therefore zero.

# BRIDGING TABLE BETWEEN ERG MATERIAL TOPICS - GRI STANDARDS

Material Topics of the ERG GROUP	Correlation with GRI Standards	Scope of material topics	Type of impact
Climate Action	GRI 305: Emissions	Group, Supply Chain	Direct and Indirect
	GRI 405: Diversity and Equal Opportunity	Group	Direct
D&I & Human Rights	GRI 406: Non-discrimination	Group	Direct
	GRI 302: Energy	Group	Direct and Indirect
Energy Efficiency & Innovation	GRI 2-27: Environmental Compliance	Group	Direct
	GRI 2: General disclosures 2-1	Group	Direct and Indirect
Engagement with stakeholders	GRI 413: Local Communities	Group	Direct and Indirect
	GRI 205: Anti-Corruption	Group	Direct
	GRI 207: Tax	Group	Direct
	GRI 2-27: Socio-economic compliance	Group	Direct
Environment & Biodiversity	GRI 304: Biodiversity	Group	Direct
	GRI 306: Waste	Group	Direct
	GRI 2-27: Environmental Compliance	Group	Direct
Financial Results	GRI 201: Economic performance	Group, Community	Direct
Governance & Ethics	GRI 2: General disclosures	Group	Direct
HSE & Employee care	GRI 403: Occupational Health and Safety (2018)	Group	Direct
	GRI 401: Employment	Group	Direct
Risk management	GRI 2: General disclosures	Group	Direct
Sustainable Supply Chain	GRI 308: Supplier environmental assessment	Group, Supply Chain	Direct and Indirect
	GRI 414: Supplier social assessment	Group, Supply Chain	Direct and Indirect

# BRIDGING TABLE WITH ITALIAN LEGISLATIVE DECREE 254/2016

Scope of Italian Legislative Decree 254/2016	Requirements of Italian Legislative Decree 254/2016	Documents and paragraphs of reference 2023
<b>Corporate management module</b>	Art. 3.1, paragraph a) Description of the company model for the management and organisation of its business activities, including any models adopted pursuant to Leg. Decree 231/2001	
<b>Environment</b>	<b>Policies</b> Art. 3.1, paragraph b) Description of company policies, including due diligence policies	
	<b>Risk management model</b> Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	
	Art. 3.2, paragraph a, b, c) Use of energy resources, distinguishing between those produced by renewable and non-renewable sources, the use of water resources; greenhouse gas emissions and emissions of pollutants in the atmosphere; environmental impact	
<b>People</b>	<b>Policies</b> Art. 3.1, paragraph b) Description of company policies, including due diligence policies	
	<b>Risk management model</b> Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	
	Art. 3.2, paragraph c) Information on the impact on health and safety	
<b>Social</b>	Art. 3.2, paragraph d) Information on HR management, including gender equality, the implementation of international conventions and dialogue with social stakeholders	
	<b>Policies</b> Art. 3.1, paragraph b) Description of company policies, including due diligence policies	
	<b>Risk management model</b> Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	
<b>Human rights</b>	Art. 3.2, paragraph d) Information on social aspects	
	<b>Policies</b> Art. 3.1, paragraph b) Description of company policies, including due diligence policies	
	<b>Risk management model</b> Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	
<b>Fight against active and passive corruption</b>	Art. 3.2, paragraph e) Respect for human rights, measures adopted to prevent violations, as well as actions taken to prevent discriminatory behaviour and actions	
	<b>Policies</b> Art. 3.1, paragraph b) Description of company policies, including due diligence policies	
	<b>Risk management model</b> Art. 3.1, paragraph c) Description of the main risks, including the ways of managing these risks, generated or suffered, and which derive from the company's activities	
<b>Diversity of governance bodies</b>	Art. 3.2, paragraph f) Information on combating active and passive corruption	
	<b>Policies</b> Art. 10.1 paragraph a) Description of diversity policies applied in relation to the composition of administrative, management and control bodies with regard to aspects such as age, gender composition, training and professional background, as well as a description of the goals, implementation methods and results of these policies	

# TABLE CORRELATING THE GLOBAL COMPACT PRINCIPLES AND THE GRI STANDARDS

Category	Global Compact Principle	GRI Disclosures
Human Rights	Principle 1: Businesses must promote and respect universally recognised human rights within their sphere of influence	405-1, 405-2, 406-1,
	Principle 2: Businesses must ensure that they are not, even indirectly, complicit in the abuse of human rights	414-1,
Labour	Principle 3: Businesses must uphold the freedom of association of workers and recognise the right to collective bargaining	2-30, 402-1,
	Principle 4: Businesses must eliminate all forms of forced and compulsory labour	409-1
	Principle 5: Businesses must effectively abolish child labour	408-1
Environment	Principle 6: Businesses must eliminate all forms of discrimination in employment and occupation	2-7, 2-8, 404-1, 404-3, 405-1, 405-2
	Principle 7: Businesses must support a precautionary approach to environmental challenges	2-23, 3-3, 302-4, 303-1, 305-4, 306-1, 2-27, 308-1, 305-5
	Principle 8: Businesses must undertake initiatives to promote greater environmental responsibility	302-4, 303-1, 305-4, 306-1, 307-1, 308-1
Anti-corruption	Principle 9: Businesses must encourage the development and diffusion of environmentally friendly technologies	302-4, 302-5
	Principle 10: Businesses must work against corruption in all its forms, including extortion and bribery	2-23, 2-26, 205-1, 205-2, 205-3, 415-1

INDEPENDENT  
AUDITORS' REPORT



**(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)**

# **ERG Group**

**Consolidated non-financial statement as at and for the year ended 31 December 2023**

(with report of the auditors thereon)

KPMG S.p.A.  
26 March 2024



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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' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of  
 ERG S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5.1.g) of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2023 consolidated non-financial statement of the ERG Group (the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 12 March 2024 (the "NFS").

Our procedures did not cover the information set out in the "European taxonomy" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

### Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of ERG S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

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.

Ancona Bari Bergamo  
 Bologna Bolzano Brescia  
 Catania Como Firenze Genova  
 Lecce Milano Napoli Novara  
 Padova Palermo Parma Perugia  
 Pescara Roma Torino Treviso  
 Trieste Varese Verona

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**ERG Group**  
*Independent auditors' report*  
31 December 2023

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

### **Auditors' independence and quality control**

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (the IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. During the year covered by this engagement, our company applied International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintained a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Auditors' responsibility**

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS 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 NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we performed the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:
  - the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
  - the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
  - the main risks generated or borne in connection with the aspects set out in article 3 of the decree.



**ERG Group**  
*Independent auditors' report*  
31 December 2023

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the parent's management personnel. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and subsidiaries level:
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- including through remote communication tools, we held discussions with the management of the parent and ERG Power Generation S.p.A., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

### **Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2023 consolidated non-financial statement of the ERG Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Our conclusion does not extend to the information set out in the "EU taxonomy" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Genoa, 26 March 2024

KPMG S.p.A.

(signed on the original)

Andrea Carlucci  
Director of Audit

# GRI CONTENT INDEX

# GRI CONTENT INDEX

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
<b>GRI 2: GENERAL DISCLOSURES 2021</b>			
<b>THE ORGANIZATION AND ITS REPORTING PRACTICES</b>			
2-1	Organisation details	10-11; 84	Please refer to the Annual Report as at 31 December 2023 "Consolidation scope"
2-2	Entities included in the organization's sustainability reporting	28-29	
2-3	Reporting period, frequency and contact point	28-29	Please refer for the publication date of the report to the corporate website <a href="http://www.erg.eu">www.erg.eu</a>
2-4	Restatements of information	28-29	
2-5	External assurance	175-178	
<b>ACTIVITIES AND WORKERS</b>			
2-6	Activities, value chain and other business relationships	10-11; 58; 84; 133-137; 149;	
2-7	Employees	158-162	
2-8	Workers who are not employees	157; 163;	
<b>GOVERNANCE</b>			
2-9	Governance structure and composition	22-23 ; 110-115	Please refer to the Report on Corporate Governance and Ownership in "Composition of the Board of Directors"
2-10	Nomination and selection of the highest governance body	110-111	Please refer to the Report on Corporate Governance and Ownership in "Board of Directors"
2-11	Chair of the highest governance body	110	
2-12	Role of the highest governance body in overseeing the management of impacts	22-23; 126-131; 142-147	
2-13	Delegation of responsibility for managing impacts	22-23	
2-14	Role of highest governance body in sustainability reporting	22-23	
2-15	Conflicts of interest	119-122	
2-16	Communication of critical concerns	22; 122	Please refer to the Report on Corporate Governance and Ownership in "main risks". One report received I in 2023 (whistleblowing channel)
2-17	"Collective knowledge of highest governance body"	114-115	
2-18	"Evaluation of the performance of the highest governance body"	113-114	
2-19	Remuneration policies	86-89; 102-103	
2-20	Process to determine remuneration	86-87; 102-103	Please refer to the 'Report on the remuneration policy and fees paid', chapter 2 "summary of the main changes"
2-21	Annual total compensation ratio	157	No changes in the compensation for the organization's highest-paid individual were recorded.

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
<b>STRATEGY, POLICY AND PRACTICES</b>			
2-22	Statement on sustainable development strategy	5-6	
2-23	Policy commitments	24-25; 48-49; 59; 82-83; 98-99; 103; 109; 118; 119-122; 125; 131; 132	
2-24	Embedding policy commitments	24-25; 48-49; 59; 82-83; 98-99; 103; 109; 118; 119-122; 125; 131; 132	
2-25	Processes to remedy negative impacts	126-131; 142-147	
2-26	"Mechanisms for seeking advice and raising concerns"	22-23; 24; 122	
			No significant monetary sanctions or non-monetary sanctions due to failure to observe laws and regulations were recorded in 2023.
			No reports or environmental violations were recorded.
2-27	Compliance with laws and regulations	33; 126-131; 142-147; 169	To date, the ERG Group has not received any objections and/or reports from the Privacy Guarantor. 4 requests were received from interested parties to exercise their rights pursuant to articles 15 et seq. GDPR, which have been managed and archived.  There were no data breaches or complaints from data subjects during the year.
2-28	Membership associations	59-61; 150	
<b>STAKEHOLDER ENGAGEMENT</b>			
2-29	Approach to stakeholder engagement	57-59	
2-30	Collective bargaining agreements	160	
<b>TOPIC-SPECIFIC STANDARDS</b>			
<b>GRI 200: ECONOMIC SERIES</b>			
<b>GRI-201: ECONOMIC PERFORMANCE (2016)</b>			
3-1	Process to determine material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	15; 33; 131; 146-147	
201-1	Direct economic value generated and distributed	150	
201-3	Defined benefit plan obligations and other retirement plans	157	
<b>GRI-202: MARKET PRESENCE (2016)</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	87; 161	
<b>GRI-203: INDIRECT ECONOMIC IMPACT (2016)</b>			
203-1	Infrastructure investments	48-52; 66-68; 125	
<b>GRI-204: PROCUREMENT PRACTICES (2016)</b>			
204-1	Proportion of spending on local suppliers	165	

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
<b>GRI-205: ANTI-CORRUPTION (2016)</b>			
3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 119-123; 131; 146-147	
205-1	Operations assessed for risks related to corruption	117 ; 119-123; 132-133	
205-2	Communication and training about anti-corruption policies and procedures	121-124	
205-3	Confirmed incidents of corruption and actions taken		No incidents of corruption were recorded in 2023.
<b>GRI 207: TAX (2019)</b>			
207-1	Approach to tax	132-133	
207-2	Tax governance, control, and risk management	132-133	
207-3	Stakeholder engagement and management of concerns related to tax	132-133	
207-4	Country-by-country reporting	151-155	
<b>GRI-G4 SECTOR DISCLOSURES - ELECTRIC UTILITIES EU (2013): AVAILABILITY AND RELIABILITY</b>			
G4 - EU10	Planned capacity	155	
<b>GRI 300: ENVIRONMENTAL SERIES</b>			
<b>GRI-302: ENERGY (2016)</b>			
3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 39-43 ; 131; 146-147	
302-1	Energy consumption within the organization	166-168	
302-4	Reduction of energy consumption	39-43	
<b>GRI-303: WATER (2016)</b>			
303-1	Interactions with water as a shared resource	51	
303-2	Management of water discharge-related impacts	51	
303-3	Water withdrawal	168	
<b>GRI-304: BIODIVERSITY (2016)</b>			
3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 48-53; 131; 146-147	
304-2	Significant impacts of activities, products, and services on biodiversity	48-53	
<b>GRI-305: EMISSIONS (2016)</b>			
3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	28-29; 33; 39; 131; 146-147	
305-1	Direct (Scope 1) GHG emissions	28-29; 39	
305-2	Energy indirect (Scope 2) GHG emissions	28-29; 39	
305-3	Other indirect (Scope 3) GHG emissions	28-29; 39	
305-4	GHG emissions intensity	168	

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
305-5	Reduction of GHG emissions	28-29; 37	
305-6	Emission of ozone-depleting substances (ODS)	166-168	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	168	

**GRI-306: WASTE (2020)**

306-1	Waste generation and significant waste-related impacts	45-48	
306-2	Management of significant waste-related impacts	45-48	
306-3	Waste generated	166-168	

**GRI-308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)**

3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 131; 134-137 ; 146-147	
308-1	New suppliers that were screened using environmental criteria	134-137; 165	

**GRI 400: SOCIAL SERIES**

**GRI-401: EMPLOYMENT (2016)**

3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 82; 85; 131; 146-147	
401-1	New employee hires and employee turnover	162-163	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	96-97	

**GRI-402: LABOR/MANAGEMENT RELATIONS (2016)**

402-1	Minimum notice periods regarding operational changes		The minimum notice period for the operational changes adopted by ERG is compliant with the legislative provisions envisaged by national labour agreement for workers in Italy
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**GRI-403: OCCUPATIONAL HEALTH AND SAFETY (2018)**

3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 105-107; 131; 146-147	
403-1	Occupational health and safety management system	125	
403-2	Hazard identification, risk assessment and incident investigation	105-107	
403-3	Occupational health services	96-97; 105-107	
403-4	Worker participation, consultation and communication on occupational health and safety	105-107	
403-5	Worker training on occupational health and safety	105-107	
403-6	Promotion of worker health	105-107	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	105-107	
403-8	Workers covered by an occupational health and safety management system	125	
403-9	Work-related injuries	164	
403-10	Work-related ill health	163	

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
<b>GRI-404: TRAINING AND EDUCATION (2016)</b>			
3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 91-93 ; 131; 146-147	
404-1	Average hours of training per year per employee	157-158	
404-3	Percentage of employees receiving regular performance and career development appraisals		In 2023, 326 people were assigned individual objectives, equal to 51% of the workforce at the end of the year (67% excluding the blue collar category).
<b>GRI-405: DIVERSITY AND EQUAL OPPORTUNITY (2016)</b>			
3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 98-103; 131; 146-147	
405-1	Diversity of governance bodies and employees	112; 157 ;160-161	
405-2	Ratio of basic salary and remuneration of women to men	102	
<b>GRI-406: NON DISCRIMINATION (2016)</b>			
3-1	Process of determining material topics	28; 30; 34	
3-2	List of material topics	30-34	
3-3	Management of material topics	33; 82; 131; 134-137; 146-147	
406-1	Incidents of discrimination and corrective actions taken		No incidents of discrimination were recorded in 2023.
<b>GRI-407: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING (2016)</b>			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	134-137	
<b>GRI-408: CHILD LABOR (2016)</b>			
408-1	Operations and suppliers at significant risk for incidents of child labour		In line with the provisions of the Code of Ethics and the Supplier Code of Conduct, ERG does not use as suppliers parties who are at risk of child labor incidents.
<b>GRI-409: FORCED OR COMPULSORY LABOR (2016)</b>			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		In line with the provisions of the Code of Ethics and the Supplier Code of Conduct, ERG does not use as suppliers parties who are at risk of episodes of forced or compulsory labour.
<b>GRI-413: LOCAL COMMUNITIES (2016)</b>			
413-2	Operations with significant actual and potential negative impacts on local communities	48-51	
<b>GRI-414: SUPPLIER SOCIAL ASSESSMENT (2016)</b>			
414-1	New suppliers that were screened using social criteria	165	
<b>GRI-415: PUBLIC POLICY (2016)</b>			
415-1	Political contributions	55	The guidelines explicitly prohibit the use of funds for political purposes.

# TAXONOMY

## PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023

Financial year 2023	2023		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)										
Economic activities (1)	Code (2)	Turnover 2023 (3) <sup>(a)</sup> mn€	Proportion of Turnover, year 2023 (4) %	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (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 2022 (18) <sup>(a)</sup> %	Category (enabling activity or) (19) E	Category (transitional activity) (20) T
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																			
Electricity generation from wind power	CCM 4.3	587.4	84%	Y						Y	Y			Y	Y	Y	85%		
Electricity generation using solar photovoltaic technology	CCM 4.1	114.7	16%	Y						Y	Y			Y	Y	Y	15%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		702.2	100%	100%						Y	Y			Y	Y	Y	100%		
Of which enabling																			
Of which transitional																			
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-													-		
<b>A. Turnover of Taxonomy eligible activities (A.1+A.2)</b>		<b>702.2</b>	<b>100%</b>	<b>100%</b>													<b>100%</b>		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
Turnover of Taxonomy-non-eligible activities		-	-																
<b>TOTAL A+B</b>		<b>702.2</b>	<b>100%</b>																

(a) Turnover is the value of Group Revenue as indicated in the "taxonomy" section  
 (b) The 2022 figure was reformed according the new approach used in 2023 (ref to Taxonomy page 19)

**PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023**

Financial year 2023	2023		Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)(a)	Category (enabling activity or) (19)	Category (transitional activity) (20)	
Economic activities (1)	Code (2)	CapEx (3) mn€	Proportion of CapEx, year 2023 (4) %	Climate change mitigation (5)	Climate change adaption (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11) Y/N	Climate change adaption (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N					Biodiversity (16) Y/N
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																			
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																			
Electricity generation from wind power	CCM 4.3	277.5	57%	Y						Y	Y			Y	Y	Y	76%		
Electricity generation using solar photovoltaic technology	CCM 4.1	208.4	43%	Y						Y	Y			Y	Y	Y	24%		
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		485.9	100%	100%						Y	Y			Y	Y	Y	100%		
Of which enabling																			
Of which transitional																			
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)</b>																			
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-													-		
<b>A. CapEx of Taxonomy eligible activities (A.1+A.2)</b>		485.9	100%	100%													100%		
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																			
CapEx of Taxonomy-non-eligible activities		-	-																
<b>TOTAL A+B</b>		485.9	100%																

(a) The 2022 figure was reformed according the new approach used in 2023 (ref to Taxonomy page 19)

**PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - DISCLOSURE COVERING YEAR 2023**

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)						Minimum safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2022 (18) <sup>(a)</sup>	Category (enabling activity or) (19)	Category (transitional activity) (20)	
Economic activities (1)	Code (2)	OpEx (3) mn€	Proportion of OpEx, year 2023 (4) %	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate change mitigation (11) Y/N	Climate change adaptation (12) Y/N	Water (13) Y/N	Pollution (14) Y/N	Circular Economy (15) Y/N	Biodiversity (16) Y/N					Y/N
<b>A. TAXONOMY-ELIGIBLE ACTIVITIES</b>																				
<b>A.1 Environmental sustainable activities (Taxonomy-aligned)</b>																				
Electricity generation from wind power	CCM 4.3	166.4	89%	Y						Y	Y			Y	Y	Y	90%			
Electricity generation using solar photovoltaic technology	CCM 4.1	20.4	11%	Y						Y	Y			Y	Y	Y	10%			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		186.7	100%	100%						Y	Y			Y	Y	Y	100%			
Of which enabling																				
Of which transitional																				
<b>A.2 Taxonomy-Eligible but not environmental sustainable activities (not Taxonomy-aligned activities) (g)</b>																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-													-			
<b>A. OpEx of Taxonomy eligible activities (A.1+A.2)</b>		186.7	100%	100%													100%			
<b>B. TAXONOMY-NON-ELIGIBLE ACTIVITIES</b>																				
OpEx of Taxonomy-non-eligible activities		-	-																	
<b>TOTAL A+B</b>		186.7	100%																	

(a) The 2022 figure was reformed according the new approach used in 2023 (ref to Taxonomy page 19)

## SFDR – MANDATORY KPI

#	Mandatory KPI	u.m.	KPI	Comments
1A	Scope 1 emissions	ton CO <sub>2</sub> e	1,133	
1b	Scope 2 emissions	ton CO <sub>2</sub> e	208	
1c	Scope 3 emissions	ton CO <sub>2</sub> e	172,697	
2	Carbon footprint (total GHG emissions)	ton CO <sub>2</sub> e	174,038	
3	GHG intensity of investee company	ton CO <sub>2</sub> e/EVIC (mn€)	-	Calculated by the investor based on its own assumptions
4	Exposure to companies active in the fossil fuel sector	%	Not applicable	
5a	Share of non-renewable energy consumption	%	4	Total Group energy consumption is about 21,74 GWh of which - non-renewable energy consumption is about 4% (0,93 GWh) - green energy consumption is about 96% (20,81 GWh) according to our green supply policy
5b	Share of non-renewable energy production	%	0	All the production refers to Wind and Solar plants
6	Energy consumption intensity per high impact climate sectors	MWh/Revenues (mn€)	29.35	The formula used for the calculation is the following: total Energy consumption (non-renewable energy + renewable energy)/Turnover 2023 €mn
7	Activities negatively affecting biodiversity-sensitive areas	n of sites	no	
8	Emissions to water	kt	0	ERG does not have emission to water
9	Hazardous waste ratio	kt	0.08	
10	Violations of UN Global Compact principles and Organization from Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Y/N	N	
11	Lack of processes and compliance mechanism to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	%	0	Structured process and compliance mechanism. Please refer to our Sustainability Policy and other ESG policies
12	Gender pay gap	%	-1	
13	Board gender diversity	%members women/ total	41.7	
14	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Y/N	Not applicable	

## SFDR – OPTIONAL KPI

#	Optional KPI	u.m.	KPI	Comments
1	Emission of inorganic pollutants	ton	Not applicable	
2	Emission of air pollutants	ton	Not applicable	
3	Emission of ozone depletion substances	kt	Not applicable	
4	Emission reduction initiatives	Y/N	Y	Science Based Targets emission reduction targets approved Our targets: - Please refer to page 37
5	Breakdown of energy consumption by type of non-renewable sources of energy	GWh	0.93	Non-Renewable energy consumptions are represented by – 0,93 GWh by electricity
6a	Water usage	Water (m <sup>3</sup> )/ Revenues (mn€)	1.6	It refers to water for PV cleaning
6b	Water Recycled	%	100	
7	Water management policies	Y/N	Y	Sustainability Policy ( <a href="https://www.erg.eu/c/document_library/get_file?uuid=d174ca36-74f6-985e-bfa4-311623123402&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=d174ca36-74f6-985e-bfa4-311623123402&amp;groupId=10181&amp;version=1.0</a> ) and HSEQ Policy ( <a href="https://www.erg.eu/c/document_library/get_file?uuid=ea6b4677-a05f-f905-74e4-7ccd5cb7b164&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=ea6b4677-a05f-f905-74e4-7ccd5cb7b164&amp;groupId=10181&amp;version=1.0</a> )
8	Exposure to areas of high water stress	%	0	
9	Investments in companies producing chemicals	%	Not applicable	
10	Land degradation, desertification, soil sealing	ha	Not applicable	
11	Investments in companies without sustainable land/agriculture practices	ha	Not applicable	
12	Investments in companies without sustainable ocean/sea practices	-	Not applicable	
13	Non-recyclable waste ratio	%	9	
14	Natural species and protected areas	Y/N	Y	We have an environmental policy certified (ISO 14001) that defines all the action put in place for protecting environment / biodiversity
15	Policy on Deforestation	Y/N	Y	Please refer to our Sustainability Policy for more details ( <a href="https://www.erg.eu/c/document_library/get_file?uuid=d174ca36-74f6-985e-bfa4-311623123402&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=d174ca36-74f6-985e-bfa4-311623123402&amp;groupId=10181&amp;version=1.0</a> )
16	Share of securities not certified as green under a future EU legal act setting up an EU Green Bond	%	0	
17	Workplace accident prevention policies	Y/N	Y	ERG has a workplace accident prevention policy certified (ISO 45001)
18	Rate of accidents	FI	3.1	Frequency index calculated as (no. of injuries x 1,000,000)/ no. hours worked Internal+external workers
19	Number of days lost to injuries, accidents, fatalities or illness	n	223	The data refers to internal+external injuries
20	Supplier code of conduct	Y/N	Y	ERG has a supplier code of conduct: <a href="https://www.erg.eu/c/document_library/get_file?uuid=c5fe4471-9ed2-4ee9-aae9-1e5e93f2db51&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=c5fe4471-9ed2-4ee9-aae9-1e5e93f2db51&amp;groupId=10181&amp;version=1.0</a>
21	Grievance/complaints handling mechanism related to employees matters	Y/N	Y	ERG has a whistleblowing system: <a href="https://erg.integrityline.com/frontpage">https://erg.integrityline.com/frontpage</a>

#	Optional KPI	u.m.	KPI	Comments
22	Whistleblower protection	Y/N	Y	ERG has a whistleblowing system: <a href="https://erg.integrityline.com/frontpage">https://erg.integrityline.com/frontpage</a>
23	Anti-harassment Policy	Y/N	Y	Link: <a href="https://www.erg.eu/c/document_library/get_file?uuid=ba86b922-1e61-4438-078c-b352a87c8d83&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=ba86b922-1e61-4438-078c-b352a87c8d83&amp;groupId=10181&amp;version=1.0</a>
24	CEO pay ratio		32X	Average ratio of the annual total compensation for the highest compensated individual to the median annual total compensation for all employees (excluding the highest-compensated individual)
25	Human rights policy	Y/N	Y	ERG has a human rights policy. Link: <a href="https://www.erg.eu/c/document_library/get_file?uuid=ebf1a016-8f82-4f20-8399-ffeb61fbd271&amp;groupId=10181&amp;version=1.1">https://www.erg.eu/c/document_library/get_file?uuid=ebf1a016-8f82-4f20-8399-ffeb61fbd271&amp;groupId=10181&amp;version=1.1</a>
26	Due diligence on Human Rights	Y/N	Y	ERG has a due diligence process to identify, address and prevent human rights impacts
27	Processes and measure for preventing trafficking in human beings	Y/N	Y	ERG has a system of policy and procedures to prevent human trafficking
28	Policy against child labour	Y/N	Y	ERG has an internal control system of policy and procedures to prevent child labour, even among the supply chain
29	Operations and suppliers at significant risk of incidents of forced or compulsory labour	%	0	ERG has an internal control system of policy and procedures to prevent forced or compulsory labour, even among the supply chain
30	Number of identified cases of severe human rights issues and incidents	n	0	
31	Anti-corruption and anti-bribery policies	Y/N	Y	ERG has an anticorruption policy: <a href="https://www.erg.eu/c/document_library/get_file?uuid=c1e3d7c5-8bdb-b2ef-3ae5-0240e1bb9759&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=c1e3d7c5-8bdb-b2ef-3ae5-0240e1bb9759&amp;groupId=10181&amp;version=1.0</a>
32	Cases of insufficient action taken to address breaches of anti-corruption and anti-bribery	n	0	
33	Number of convictions and amount of fines for violation of anti-corruption and anti-bribery	n	0	



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