

# 2022 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





# CONTENTS

Letter to shareholders and stakeholders	5
We are ERG: 1938-2022	7
ERG in 2022	9
The ERG Group	10
Key economic indicators	12
Key ESG indicators and recognitions	13
IFM joins the ERG Group	14
The ERG Group Strategy	15
The European Taxonomy	23
Our sustainability Governance model	26
Our sustainability policies	28
Methodological Note	33



## Planet

The Reference Context	41
CO <sup>2</sup> avoided: a positive impact of renewable sources	44
Energy Efficiency	46
Building while respecting the environment and biodiversity	50
Innovation: Strategies for a Green Future	53



## Engagement

The Reference Context	55
Dialogue with our Stakeholders	57



## People

The Reference Context	73
Governance in the Context of People	75
Human capital management and development	76
People engagement	85
The search for new talent	87
Diversity & Inclusion	90
Industrial Relations	92
Health and safety protection in our workplaces	93



## Governance

ERG's Context and Values	97
Governance	99
Main procedures to protect minority shareholders	106
Anti-corruption: Commitment to Ethical Integrity	108
Group's Management Systems	111
Internal Control and Risk Management System	112
Tax Strategy	122
Supplier Management	123
Carbon Footprint and D&I	126

## The Edoardo Garrone Foundation 127

### DATA AND INDICATORS PERFORMANCE 129

### FOCUS ON "ASSETS HELD FOR SALE": CCGT THERMOELECTRIC PLANT (IFRS 5) 150

### INDEPENDENT AUDITORS' REPORT 168

### GRI CONTENT INDEX 173

# LETTER TO SHAREHOLDERS AND STAKEHOLDERS

Dear shareholders, dear stakeholders,

2022 was characterised by the energy system crisis, unprecedented in size and severity. The speculative phenomena related to the gas market, to which the energy price market remains closely linked, were compounded by the exponential increase in inflation. Completing the scenario were the effects of the war in Ukraine with the decisive tightening of gas supplies from Russia.

Even more significant is the evidence of the effects of climate change, which in 2022 manifested themselves in all their dramatic proportions with extreme events such as record droughts, heat waves, forest fires and floods, causing numerous casualties as well as considerable economic damage.

These facts that have provided an urgent need to resolve the European energy system's excessive dependence on gas, especially from unstable geographies, by finding new sources of supply and implementing wide-ranging strategies for the use of sustainable technologies, with the aim of freeing Europe from fossil fuels. To this day, in fact, there is no other way out than the achievement of full energy independence, which only renewable sources can guarantee. This will make it possible to look to the sustainable future of our communities with greater confidence and security.

To cope with soaring prices, a series of extraordinary temporary government measures were also introduced for the renewable sector, including price-caps and extra-taxation on profits often in open contrast to European Regulations, which in a short-sighted manner generated a perception of regulatory risk and unprecedented management complexity in the sector. Short-sighted measures that do not represent the solution to the problem but that undermine the ability of RES operators to invest in the energy transition, at the same time blocking the further development of renewables. Suffice it to say that in 2022 they had an impact of EUR 91 million for the Group not included in the EBITDA as special items as significant income components of an unusual nature, of which approximately EUR 63 million in Italy alone. The tax rate in our country, including extra levies, was 70%, the highest in Europe.

In this extremely challenging context, the ERG Group continued to strengthen its role as a leader in the decarbonisation process underway at global level, in the firm belief that the development of renewable energies represents the only solution to these multiple challenges.

Indeed, 2022 was a year in which the Group was able to further demonstrate its industrial and financial solidity, recording very positive economic results and strongly increased installed capacity, and a strong execution in line and ahead with the plan objectives, towards a "pure renewable" business model.

The Group's installed capacity in wind and solar power grew by 526 MW in 2022 to reach over 3 GW, thanks to both M&A transactions, which accounted for around 60%, and organic development, for around 40%. In line with the geographical diversification objectives, ERG has more than 1,500 MW of installed capacity abroad with strong growth recorded in the United Kingdom, consolidation in Poland and entry into new countries, such as Spain and Sweden. In France in particular, after the extension of the Parc Eolien Vallée de l'Aa2, we commissioned the Les Bouchats wind farm; in Poland, we commissioned the Piotrkow and Laszki wind farm, although

the proximity to the Ukrainian border made construction activities particularly difficult. In December 2022, the Sandy Knowe wind farm came into operation and during the first days of 2023 the Creag Riahbach wind farm in UK was started up with a capacity of 86 MW and 92 MW respectively. After the commissioning in 2021 of the Craiggore and Evishagaran wind farms in Northern Ireland, these projects mark an important step in the planned development in the UK, a key market in our growth strategy. Furthermore, in Sweden we completed the construction of the Furuby wind farm (62 MW). With regard to solar abroad, at the beginning of 2022 we finalised the acquisition of two photovoltaic plants in Spain (92 MW), and at the end of the year we signed the agreement for a 25 MWp photovoltaic plant in the final commissioning phase. The increased focus on solar technology resulted in the acquisition of 18 photovoltaic plants totalling 34 MW in Italy.

In 2022, investment efforts continued in line with the Group's mission "keep growing in RES acting as #SDGsContributor", amounting to EUR 946 million. In line with the objective of 85-90% quasi-regulated EBITDA, we have further stabilised our revenue through new PPAs in the UK for 0.5 TWh, and in Italy thanks to the 12-year agreement with Essilor-Luxottica for 0.9 TWh for the green energy produced by the Partinico-Monreale wind farm, the first in ERG's portfolio subject to repowering activities of which ERG is a pioneer.

And it is precisely thanks to the validity of our business strategy that ERG reached a milestone in 2022 with its entry into the FTSE MIB, the primary benchmark index of Euronext Milan – a regulated market organised and managed by Borsa Italiana S.p.A. – consisting of the 40 largest securities in terms of liquidity and trading volume, representing around 80% of domestic market capitalisation. Inclusion in this index, 25 years after the Group's IPO in 1997 at a launch price of about one-tenth of its current value, is an incentive to continue our growth path with the aim of creating sustainable long-term value.

For the second year in a row, our financial and sustainability reporting has been rewarded for its transparency with the Oscar di Bilancio 2022, the award promoted by FERPI, Borsa Italiana and Università Bocconi, in the 'Medium and Small Listed Companies' category. The award once again recognised ERG's effective and transparent communication in both the Consolidated Financial Statements and the Consolidated Non-Financial Statement.

From a financial point of view, as anticipated, the results excluding non-recurring items, were decidedly positive with EBITDA standing at EUR 537 million, up by 35% following the increase in installed capacity during the year for 526 MW, as well as the full contribution of the plants that entered into operation or were acquired in 2021. Profit for the year of, EUR 216 million (+71%) compared to EUR 127 million in 2021, is also up significantly due to improved operating results and lower financial expense.

Regarding the guidance, EBITDA, net of clawback measures, is estimated to be in the range of EUR 500 million to EUR 550 million in 2023, up from 2022 (EUR 502 million net of clawback), capital expenditure is expected to be in the range of EUR 400 million to EUR 500 million. The financial structure is strengthened, with net financial debt expected to be in the range between EUR 1,300 million and EUR 1,400 million (EUR 1,434 million at the end of 2022), including the distribution of the ordinary dividend of EUR

1 per share.

In light of the changed context and the high volatility described above, ERG has approved an update of the Plan targets to 2026, confirming the strategic guidelines of the 2022-2026 Business Plan and reiterating its commitment to developing its renewable portfolio. The objective for 2026 is to reach an installed capacity of 4.6 GW with the ambition of exceeding 5 GW in 2027, with an increase of 2.2 GW in the period 2022-2026 – of which 526 MW already reached in 2022 and around 1.7 GW to be installed in the period 2023-26 – through repowering projects in Italy and abroad, greenfield projects in wind and solar in Europe and M&A transactions.

The investments expected for the period 2022-26 increase from approximately EUR 2.9 billion to EUR 3.5 billion, of which EUR 0.9 billion has already been made during 2022. The increase is attributable to acquisitions made in 2022, high-quality assets with higher cost per MW, more than offset by higher profitability, new repowering projects with COD expected in 2027, as well as higher construction costs per MW in light of the changed market environment (so-called green inflation). Expected EBITDA is now over EUR 650 million in 2026, 85-90% of a quasi-regulated nature, supported by CFD auctions and mainly by Power Purchase Agreements (PPAs).

We have confirmed the objective of geographical diversification with 9 countries reached in Europe and the launch of geographies such as Spain and Sweden, and of technological diversification with an increased focus on solar, which we expect will reach 25% of our total assets over the Plan horizon.

Debt at the end of 2026 will be EUR 2.3 billion, compared to EUR 1.43 billion at the end of 2022. As regards asset rotation, completion of the traditional asset enhancement process is expected with the relaunch of the sale of the Priolo CCGT which will allow the group to finalise its transformation to a pure RES business model.

ERG can count on a solid financial structure capable of supporting its growth in a sustainable manner, always with the aim of maintaining its Investment Grade rating BBB- (Fitch). For this reason, and also as a result of the resources deriving from disposals and the positive growth prospects, the Business Plan envisages an increase in the dividend from EUR 0.90 to EUR 1 per share over the five-year period.

As a leader in the renewable energy sector, ERG will continue to evaluate new business opportunities, seeking to exploit all the innovative technologies capable of contributing to the future growth of the RES market. In this regard, the Group is carrying out battery storage projects and is evaluating opportunities in floating offshore wind.

At the same time, we have updated our ESG plan, setting even more challenging objectives in terms of sustainability, in light of the excellent results achieved over the past year.

ESG issues remain at the heart of our business strategy. As a leading Group in the transition, we believe that this path must be fair, for a just transition, that brings value and benefits to all without leaving anyone behind.

We therefore updated our sustainability plan based on four 'pillars' closely integrated in our business model: Planet, Engagement, People and Governance. The 2022 – 2026 ESG plan sets

out 18 well-defined objectives that are measurable through constantly monitored KPIs, with a view to reaching 14 of the 17 SDGs established by the United Nations, incorporated in the management's short and long-term incentive system. In Planet, we confirm our goal of becoming Net Zero by 2040 and our commitment to the circular economy, in the repowering and the revamping projects. In Engagement, we are laying the foundations for the ERG Academy, an educational platform created to involve our people in training courses and the younger generations, both in Italy and abroad, in education on sustainability and renewable. In the People area, we are committed to an increasingly inclusive and international ERG, strengthening our D&I objectives. Finally, we want to remain best-in-class with regard to Group governance, and we want to have access to green financing for at least 90%.

In 2022, we made significant progress along the path outlined by the ESG plan and the results achieved are in line with the objectives and also included in the short-term incentive system. Our strategy has been rewarded through upgrades and recognition of the main international ratings, where ERG is confirmed in the Top Tier. In particular, ERG was added to the exclusive "A List" of CDP (Carbon Disclosure Project), the global non-profit organisation that guides companies and governments towards reducing greenhouse gas emissions. During the year, thanks to the implementation of effective supply chain policies, ERG had already been included in the CDP "Suppliers Engagement Leaderboard", with an A rating. As for "Diversity & Inclusion"; in January 2022 ERG was included in the Bloomberg Gender Equality Index, and at the beginning of 2023, following a score improvement, it entered the 1st quartile of the index. In terms of governance, the Group entered the Top 10 of the "Integrated Governance Index 2022" and is among the Top 2% of Moody's ESG Solutions ranking, while MSCI confirmed the 'AA' rating.

At the beginning of 2023 the Group entered the Corporate Knights Top 100, in 54th position, while Sustainalytics promoted ERG by assigning it the "Low Risk" rating, an improvement on the Medium Risk (20.7) of the previous year.

Furthermore in 2022 we updated our Sustainability Policy and we approved the Policy Against Violence, Harassment and Bullying. We have also signed the Women's Empowerment Principles and joined the United Nations Global Compact. In order to clearly and effectively present our approach to sustainability, the Group finally approved the Consolidated Non-Financial Statement and published the Executive Summary summarising the main findings.

ERG's commitment to sustainability remains a fundamental element of the Group's strategy. The ESG aspects of the business model are decisive in guiding ERG in this uncertain and volatile context. It is our mission to create long-term sustainable value for all our stakeholders that once again supported the Group in achieving financial and industrial strength and resilience in a year that was challenging to say the least. Great praise is however due to all the people in the Group, who have internalised ERG's values and brought them passionately into their daily work. Winning elements that will help the Group reaffirm its leading role in the energy transition process, a leader in the development of renewables and a forerunner of global trends.

We are #SDGsContributors

**Edoardo Garrone**

Chairman



**Paolo Merli**

Chief Executive Officer





# WE ARE ERG

## #VALUES

Edoardo Garrone establishes ERG in Genoa



1938

Production begins at the ISAB refinery in Priolo



1975

ERG – through ISAB Energy – begins to produce and market electricity from the gasification of heavy refinery residues



2000

ERG sells 49% of the ISAB refinery to LUKOIL



2008

ERG becomes the leading wind power operator in Italy (1,087 MW) and one of the top ten in Europe (1,340 MW). It acquires a company for wind farm O&M activities. ERG sells the ISAB refinery and completes its exit from refining



2013

ERG enters the hydroelectric business with the purchase of the Terni Complex (527 MW). ERG grows in the wind-power market in France (+64 MW) and Poland (+82 MW). Installed wind capacity at year end totals 1,506 MW



2015

Solar capacity increases to 141 MW with the purchase of 51 MW. ERG continues to grow in the wind-power market in Germany (+52 MW), France (+34 MW) and the United Kingdom (180 MW under construction). Installed wind capacity at the end of 2019 totals 1,929 MW



2019

ERG enters the solar sector in France (79 MW). In wind, ERG enters the market in Sweden, begins operations in the United Kingdom and grows in France and Germany. Installed wind capacity at the end of 2021 is 2,198 MW



2021

1947



Production begins at the San Quirico refinery in Genoa

1997



ERG is listed on the Italian Stock Exchange

2006



ERG enters the renewable energy sector by acquiring EnerTAD

2010



ERG Power's combined cycle power plant starts up (480 MW) fuelled by natural gas. Launch of TotalErg, a joint venture to market petroleum products

2014



ERG sells its ISAB Energy plant and its ERG Oil Sicilia fuel networks

2018



ERG enters the solar sector, acquiring 30 photovoltaic plants in Italy (89 MW). Definitive exit from the oil sector with the sale of TotalErg. Installed wind capacity at year end totals 1,822 MW

2020



Installed wind capacity at year end is 1,967 MW

2022



ERG sells the hydroelectric asset to ENEL and continues to grow in wind and solar in Italy and Europe. Year-end installed capacity amounts to 2,599 MW in wind and 345 MW in solar

## WE ARE ERG #VALUES



"Even before we completed our industrial transformation, our primary objective was to implement a sustainable development model based on sharing the values that make up our heritage. In an increasingly complex international context, today more than ever, we reaffirm our commitment to decarbonisation and the fight against climate change".

**Edoardo Garrone**  
Chairman of the Board



"The world is facing unparalleled complexities, as it has in the more than 80 years of ERG's entrepreneurial history. I am firmly convinced that we will succeed in transforming the complexities we are experiencing into sustainable value, thanks to the vision and trust of our people, in whom our founding values are rooted, and who have already demonstrated their ability to support the Group's profound changes".

**Alessandro Garrone**  
Executive Vice President



"ERG has made sustainability the cornerstone of its strategy, from an environmental, social and economic perspective. We are strongly committed to our growth path in the renewables sector in perfect harmony with the European Union's decisions on energy transition and the fight against climate change. We are convinced that the creation of a sustainable and inclusive development model that puts people at its centre is essential to ensure long-term business success".

**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**, our development model is focused on contributing to the achievement of the Sustainable Development Goals set by the UN.

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

**CONTRIBUTORS**





## ERG IN 2022

 	Completes the closing for the sale of the Hydro portfolio to Enel	<b>3-Jan</b>		
 	Entry into the Spanish photovoltaic market with the acquisition of 92 MW	<b>31-Jan</b>	<b>26-Jan</b>	Enters the Bloomberg Gender-Equality Index, thanks to its commitment to D&I 
 	Enters the Italian storage market with two projects for a total capacity of 22 MW	<b>23-Feb</b>	<b>10-Feb</b>	Joins CDP's "Suppliers Engagement Leaderboard" for its commitment to creating a sustainable supply chain 
 	Two Power Purchase Agreements (PPA) signed with ENGIE covering two new wind farms in Scotland	<b>24-Mar</b>	<b>15-Mar</b>	The Board of Directors approves the 2022-2026 Business Plan and ESG Plan: confirmed growth in renewables under the banner of sustainability and geographical and technological diversification 
 	Commissioning of the Les Bouchats wind farm in France (20 MW)	<b>9-Jun</b>	<b>13-May</b>	Fitch confirms ERG's BBB- rating with stable outlook 
	Agreement between San Quirico and IFM Investors for the creation of a long-term strategic partnership to promote ERG's dominant position in renewables	<b>16-Jun</b>	<b>15-Jun</b>	Signing of the Women's Empowerment Principles and entry into the United Nations Global Compact for a just and inclusive transition 
 	Grows in Italy, purchasing 7 wind farms (+172 MW)	<b>9-Sept</b>	<b>7-Jul</b>	Acquires 18 solar farms in Italy (34 MW), and commissions the Piotrkow wind farm in Poland (24.5 MW) 
	Included among the Top 2% of the Moody's ESG Solutions classification, with the "Advanced" rating confirmed for the third consecutive year	<b>30-Sept</b>	<b>23-Sept</b>	Italian Antitrust Authority refuses approval of the sale of the CCGT to ENEL. ERG confirms its development strategy in wind and solar 
 	The Laszki wind farm (36 MW) becomes operational in Poland	<b>24-Oct</b>	<b>13/14-Oct</b>	Acquires a project for the construction of the 47 MW Corlacky wind farm 
 	Commissioning of its first wind farm in Sweden (62 MW)	<b>25-Nov</b>	<b>3-Nov</b>	Policy Against Violence, Harassment and Bullying approved to ensure an inclusive, positive and fair working environment 
	Enters the FTSE MIB Index, comprising the 40 largest Italian stocks by liquidity and trading volume	<b>29-Nov</b>	<b>26-Nov</b>	For the 2nd year in a row, it wins Italy's "Oscar di Bilancio" (financial communication award) in the "Medium and Small Listed Companies" category, thanks to its clear, detailed and transparent reporting 
 	Additional 36 MW commissioned at Sandy Knowe wind farm in Scotland	<b>16-Dec</b>	<b>13-Dec</b>	Enters the CDP Climate A list 2022, the top ranking of leading companies in the fight against climate change 
			<b>23-Dec</b>	Agreement signed for the purchase of the Fregenal photovoltaic plant (25 MW) in Spain. 

## THE ERG GROUP

We are a leading independent player in the production of electricity from renewable sources, in particular wind and solar power. Management of the industrial and commercial processes of the Group is entrusted to the subsidiary ERG Power Generation S.p.A., which carries out:

- centralised Energy Management & Sales activities for all the generation technologies in which we operate;

- the Operation & Maintenance activities of our Italian wind and solar farms and part of the plants in France and Germany.

We have 2,944 MW of installed capacity (as at 31 December 2022). We work, directly and through subsidiaries, in the two main sectors of electricity production from renewable sources:



### Wind

It operates in the wind power generation sector with 2,599 MW of installed capacity and is the leading operator in wind power in Italy (1,265 MW) and one of the top ten in Europe (1,334 MW), notably in: France (522 MW), Germany (327 MW), Poland (143 MW), Romania (70 MW), Bulgaria (54 MW), the UK (157 MW) and Sweden (62 MW).



### Solar

It operates in the solar power generation sector with 345 MW of installed capacity and is the sixth largest operator in wind power in Italy with 175 MW, while in France it has 79 MW and in Spain 92 MW.



## TOTAL: 2,944 MW

Wind: 2,599 MW (1,265 MW Italy and 1,334 MW abroad)

Solar: 345 MW (175 MW Italy and 170 MW abroad)

Under construction/RtB: 246 MW

UK: 92 MW

Italy: 153 MW

### FRANCE

Wind: 522 MW

Solar: 79 MW

### SPAIN

Solar: 92 MW

### ITALY

Wind: 1,265 MW

Solar: 175 MW

### UK

Wind: 157 MW

### GERMANY

Wind: 327 MW

### SWEDEN

Wind: 62 MW

### POLAND

Wind: 142 MW

### ROMANIA

Wind: 70 MW

### BULGARIA

Wind: 54 MW

### PIEMONTE

Solar: 21 MW

### EMILIA ROMAGNA

Solar: 3 MW

### MARCHE

Solar: 4 MW

### ABRUZZO

Solar: 5 MW

### MOLISE

Wind: 79 MW

Solar: 6 MW

### PUGLIA

Wind: 249 MW

Solar: 30 MW

### LAZIO

Solar: 56 MW

### SARDEGNA

Wind: 111 MW

Solar: 7 MW

### CAMPANIA

Wind: 282 MW

Solar: 7 MW

### BASILICATA

Wind: 211 MW

### SICILIA

Wind: 198 MW

Solar: 11 MW

### CALABRIA

Wind: 136 MW

Solar: 24 MW



Wind farm



Photovoltaic plants



Office



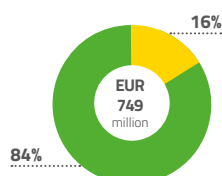
O&M Logistic centre

# KEY ECONOMIC INDICATORS



## ECONOMIC DATA

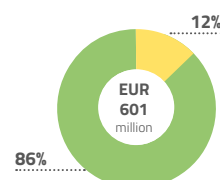
Adjusted revenue



VS

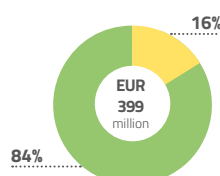
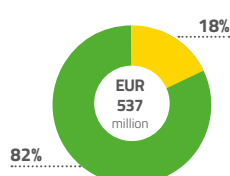
2021 restated

= Δ



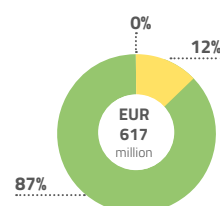
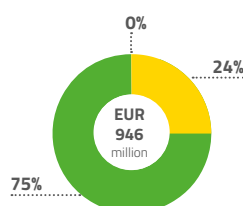
+25%

EBITDA



+35%

Capital expenditure



+53%

Net financial indebtedness

EUR 1,434 million

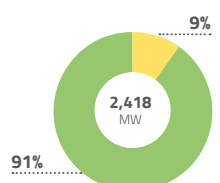
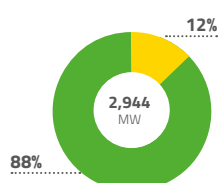
EUR 2,051 million

-30%



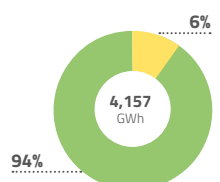
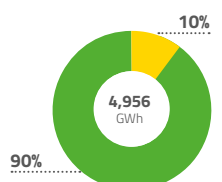
## OPERATING DATA

Installed capacity



+22%

Energy production



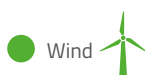
+19%

Employees at year end

573

553

+4%



Wind

Solar



(1) The 2022 data include only the Wind and Solar perimeter.



# KEY ESG INDICATORS AND RECOGNITIONS



## ESG DATA

		2022	2021 restated	= Δ
<b>PLANET</b> 	CO <sub>2</sub> avoided	2,710 kt	2,260 kt	+20%
	Circular economy wind	100%	100%	0%
<b>ENGAGEMENT</b> 	Contribution to local communities	9,351 k eur	8,705 k eur	+7%
	Students involved in educational activities	16,377	5,832	+181%
<b>PEOPLE</b> 	Employees at year end	573	553	+4%
	Training per employee	6.2 days	6.1 days	+2%
<b>GOVERNANCE</b> 	Composition of the BoD	12	12	+0%



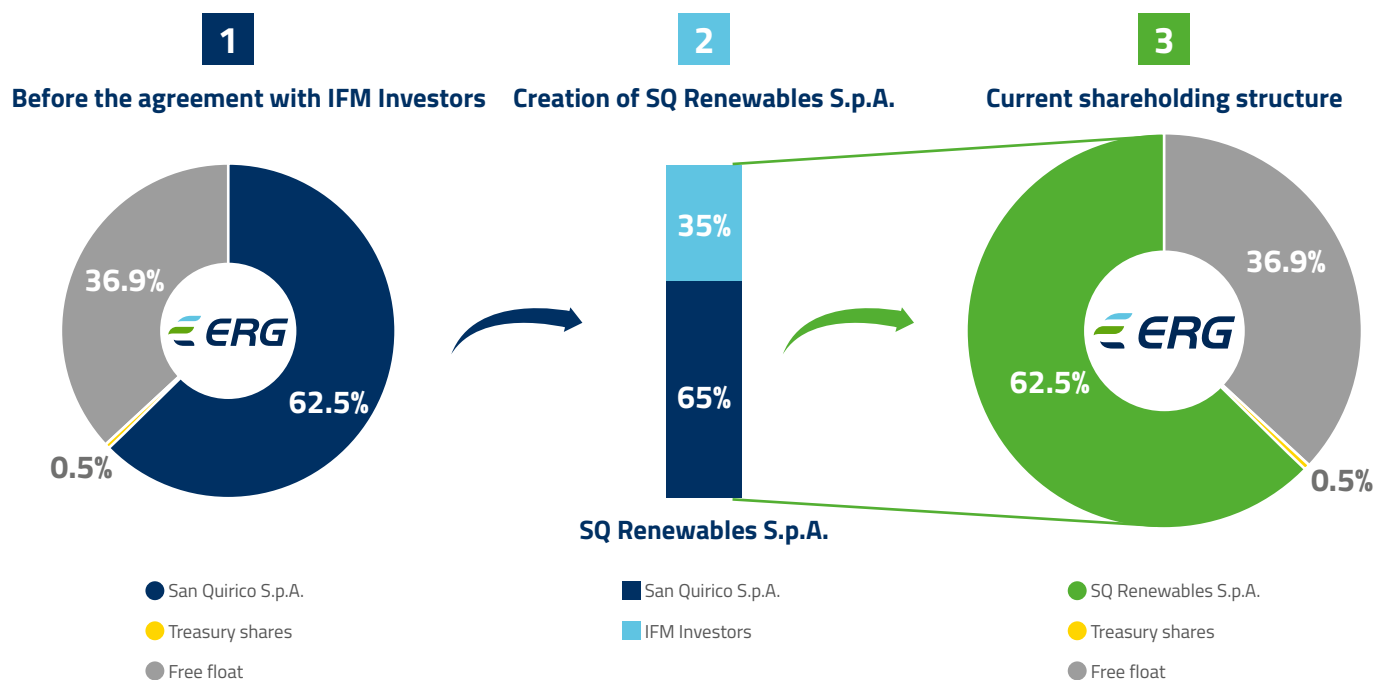
## IFM JOINS THE ERG GROUP

On 16 June 2022, San Quirico, a company owned by the Garrone - Mondini families and major shareholder of ERG S.p.A, and IFM Investors, through the IFM Net Zero Infrastructure Fund - IFM NZIF, signed a long-term partnership concerning ERG associates. Under this agreement, IFM NZIF and its respective affiliated companies acquired an initial 35% stake in the new holding company San Quirico Renewables, which in turn holds approximately 62.5% of ERG.

The investment by IFM NZIF - the first carried out directly in Italy by the fund - exceeds EUR 1 billion and includes an option for an additional 500 million in capital to support ERG's growth, based on the strategic objectives announced in March 2022.

San Quirico and IFM share a vision of a sustainable future for the energy sector and a strong commitment to ESG. The partnership aims to consolidate ERG's leadership position as a key player in Europe's energy transition, giving the Group a central role in the evolution towards a zero-emission economy and developing its growth potential in accordance with the ambitious decarbonisation targets that governments and institutions are setting globally. The transaction officially closed on 15 September 2022. After receiving a favourable opinion from the Control, Risk and Sustainability Committee, ERG's Board of Directors adopted the Regulation on the limited management and coordination of ERG Spa by SQ Renewables.

### CHANGES IN ERG'S SHAREHOLDING STRUCTURE



## ERG enters the FTSE MIB Index

ERG entered the main reference index of Euronext Milan, a regulated market managed by Borsa Italiana S.p.A. The FTSE MIB consists of the 40 most liquid and traded stocks and represents about 80% of the national market capitalisation. Our entry into the index comes

25 years after ERG's IPO (1997), at a much lower launch price than its current value, and rewards our industrial growth strategies, encouraging us to continue on our path focused on developing our renewable portfolio to actively contribute to the energy transition.

### FTSE MIB Index





# THE ERG GROUP STRATEGY

## THE RESULTS ACHIEVED IN 2022

In 2022, ERG took important steps on its strategic path to decarbonise and grow its RES portfolio.

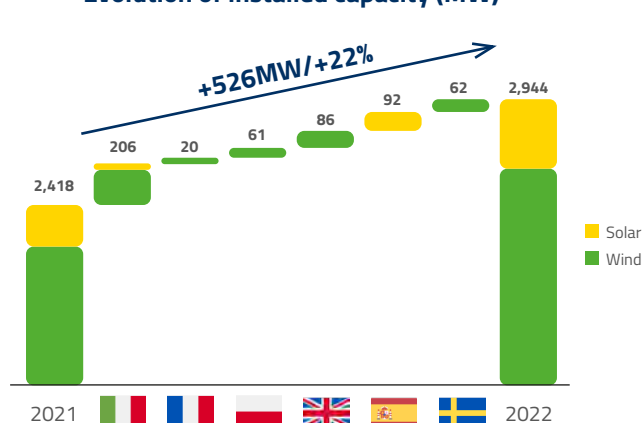
### GROWTH AND SECURITISATION OF THE RES PORTFOLIO:

In the course of 2022, the Group's installed capacity in Wind and Solar power increased by 526 MW of which:

- 172 MW of new wind power capacity through M&A transactions in Italy;
- 86 MW wind power built in the UK;
- 62 MW wind power in Sweden;
- 60 MW wind power in Poland;
- 20 MW wind power in France;
- 126 MW of solar power through M&A transactions in Italy (34 MW) and Spain (92 MW).

There was also significant progress in repowering and green field projects in Italy in 2022, with around 100 MW authorised and auctioned. The objective of "securing revenues" 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, ERG's first to complete repowering operations.

Evolution of installed capacity (MW)



## 2022-2026 BUSINESS PLAN - RESULTS TO DATE

		2022-2026 BP TARGETS	RESULTS TO DATE
	RES Portfolio Growth	▪ <b>+2.2 GW</b> through RPW, Greenfield and M&A	▪ <b>+526 MW in 2022</b> ▪ <b>+97 MW</b> awarded at auction in Italy
	Revenue Securitization	▪ <b>85-90%</b> regulated	▪ <b>PPA with Engie in Scotland for 0.5 TWh</b> ▪ <b>PPA with EssilorLuxottica totalling 0.9 TWh</b>
	Geographical diversification	▪ <b>Increased geographical diversification</b>	▪ Increased presence in the <b>UK (+86 MW)</b> , <b>Sweden (+62 MW)</b> and <b>Poland (+60 MW)</b> .
	Solar as a strategic pillar	▪ <b>+625 MW of solar</b>	▪ <b>+125 MW<sup>1</sup></b> in solar
	Investment in innovation	▪ <b>+50 MW in storage</b>	▪ Ongoing progress on some storage projects in Italy
	Asset Rotation for Conventional Sources	▪ <b>Asset rotation opportunities</b>	▪ Completion of the closing for the sale of the Hydro portfolio to Enel
	Incorporation of ESG matters	▪ <b>ESG Plan</b>	▪ Top performer in the main ESG ratings

<sup>1</sup> 34 MW Siena - Italy; 92 MW Valencia - Spain



"As ERG, we have the opportunity to make a mark in the challenge of fighting climate change. Our team is committed to growing the Group in the renewable energy sector on a daily basis, aware that this is a concrete, significant action in the processes aimed at ensuring a more sustainable future for the next generation".

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

## THE CONSOLIDATION OF THE PURE "WIND & SOLAR" MODEL

ERG continues on the path towards transforming its business model into a pure "Wind & Solar" operator, in line with what was presented in the 2022-2026 Business Plan. Thanks to the predisposition for change, and the expertise acquired over its 85-year history, the Group has managed to achieve a leading position in renewables by anticipating long-term energy scenarios, consolidating its presence in nine countries internationally. The Group now wants to confirm itself as a leader in the energy transition, contributing to the achievement of global climate change targets.

Having finalised the sale of the hydroelectric assets to Enel Produzione, ERG is now finalising the sale of the Priolo Gargallo CCGT plant. Following these major transactions, the Group aims to become a 100% renewable operator: as of today, ERG has 3,000 MW of installed renewable capacity, and a pipeline that has grown from 3,500 MW to 3,800 MW.

Based on the strategic guidelines set forth in the 2022-2026 Business Plan, the growth of the renewable portfolio through geographic and technological diversification continues. To date, ERG has more than 1,500 MW (+320 MW compared to 2021) of installed capacity abroad, with strong growth recorded in the United Kingdom (where from December 2021 to December 2022 ERG installed 156 MW of wind power), consolidation in Poland, and entry into new countries, such as Spain and Sweden. In Italy, ERG has 1,440 MW of installed renewable capacity (+206 MW compared to 2021).

During 2022, the Group increased its installed wind power capacity by 400 MW, and photovoltaic capacity by 126 MW. The increased focus on solar technology has resulted in the finalisation of the acquisition of 18 photovoltaic plants totalling 34 MW in Italy. Also abroad, in Spain, the Group has increased its presence in the solar energy market, finalising the acquisition of a 92 MW plant and concluding an agreement for the acquisition of a 25 MWp photovoltaic plant in the commissioning stage.

## 2022 - 2026 BUSINESS PLAN UPDATE

The energy system underwent a crisis unprecedented in size and severity in 2022. The gradual relaxation of the measures to limit the spread of COVID 19, the effects of the war in Ukraine, rising global inflation and the reduction of gas supplies from Russia influenced energy prices and generated a highly volatile environment.

The transition to renewable energies is therefore becoming crucial, firstly to combat climate change, the effects of which are becoming increasingly dramatic, but also to stabilise prices for consumers and

increase the security of energy supply. However, extraordinary and short-sighted government measures, such as the price-cap and extra-taxation on renewable profits, have generated a perception of regulatory risk and unprecedented management complexity in the energy sector, undermining the ability of operators to invest in the energy transition.

In light of this changed context, ERG's Board of Directors approved an update of the plan targets to 2026, confirming the strategic guidelines defined for the 2022-2026 period, reinforcing the growth strategy in Wind & Solar through a policy of geographical and technological diversification and the progressive securing of revenue.

ERG reaffirms its commitment to the growth of its renewable portfolio through three channels:

- 1) **Greenfield and co-Development:** ERG intends to continue its growth strategy through the organic development of proprietary pipelines and co-development agreements in Italy and in the main European reference countries.
- 2) **Repowering of its plants in Italy and abroad:** in view of technological developments in the wind and solar sector, ERG aims to repower assets currently equipped with obsolete technologies, with latest generation technologies aimed at increasing the generation of energy, taking advantage of the quality of the most productive sites. The revenues of the new wind farms will be secured through participation in the auction system or through long-term agreements (PPAs).
- 3) **M&A:** 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.

ERG confirms its 2026 target of 4.6 GW installed capacity and its ambition to reach 5 GW in 2027, with an increase of 2.2 GW in the period 2022-2026, of which 526 MW already achieved in 2022 and 1,674 MW to be installed in the period 2023-26, through:

- projects commissioned in the first quarter of the year or currently under construction in the UK and Repowering in Italy: +0.4 GW;
- repowering projects in wind in Italy and abroad: +0.1 GW (on a differential basis);
- greenfield projects in wind and solar: +0.4 GW;
- M&A transactions amounting to approximately +0.8 GW.















The expected EBITDA in 2026 will be more than EUR 650 million, 85-90% of which will be quasi-regulated in nature, thanks to long-term power purchase agreements (PPAs) and government CFD schemes.

The investments earmarked for the period 2022-26 increase from approximately EUR 2.9 billion to EUR 3.5 billion, of which EUR 0.9 billion has already been made during 2022. The increase in total MW is attributable to acquisitions made in 2022 on high-quality assets with better expected cash generation and thus higher cost per MW, as well as higher construction costs per MW in light of the changed market environment (so-called green inflation). Debt at the end of 2026 will be EUR 2.3 billion, compared to EUR 1.43 billion at the end of 2022. ERG can count on a solid financial structure capable of supporting its growth in a sustainable manner, always with the aim of maintaining its Investment Grade rating BBB- (Fitch).

Considering the Group's financial strength, and also as a result of the resources deriving from disposals, as well as the positive growth prospects, the new Business Plan envisages an increase in the dividend from EUR 0.90 to EUR 1.00 per share over the Plan period.

A new organisation aimed at international and technological diversification and a re-skilling activity will contribute to the new Plan's success.

## 2022-2026 STRATEGIC PLAN TARGETS

	ERG'S NEW TARGETS TO 2026	VS. LAST YEAR
 Growth in scale	<ul style="list-style-type: none"> <li>▪ <b>+2.2 GW 2022-26</b> (+526MW in 2022)</li> <li>▪ <b>4.6GW Installed Capacity in 2026 (5GW in 2027)</b></li> </ul>	Confirmed
 Investments/EBITDA	<ul style="list-style-type: none"> <li>▪ <b>€3.5bn 22-26; &gt;€650mn @2026</b></li> </ul>	 CAPEX  EBITDA
 Energy Sales / Mgmt	<ul style="list-style-type: none"> <li>▪ <b>Confirmed target 85-90%</b> regulated on total EBITDA; PPAs vs auction</li> </ul>	Confirmed
 Geographical diversification	<ul style="list-style-type: none"> <li>▪ <b>9 countries in 2022:</b> Spain and Sweden in operation</li> </ul>	Confirmed
 Solar as strategic pillar	<ul style="list-style-type: none"> <li>▪ <b>~ 860 MW of solar PV (out of +2,200MW)</b></li> <li>▪ <b>~ 25% of solar on group capacity @2026-27</b></li> </ul>	
 Innovation	<ul style="list-style-type: none"> <li>▪ Battery Storage;</li> <li>▪ Exploring offshore opportunities</li> </ul>	Confirmed our commitment to new business lines
 Conventional is "legacy"	<ul style="list-style-type: none"> <li>▪ <b>Relaunch of the CCGT disposal process</b></li> </ul>	Asset Rotation Confirmed
 Integration of ESG	<ul style="list-style-type: none"> <li>▪ <b>Confirmed at the core of ERG's business model</b></li> </ul>	
 Dividend Policy	<ul style="list-style-type: none"> <li>▪ <b>1.0 € per share</b> (+10% vs previous)</li> </ul>	 +10%



"We are committed to supporting the global process of "Just Transition", meaning an energy transition that leaves no-one behind, fostering innovation and change, always putting people and the environment in which we live at the centre, and seeking to translate everyone's ideas and contributions into inclusion, towards an increasingly sustainable future".

**Emanuela Delucchi**  
ESG, IR & Communication

## The ESG Assessment of Investments

In order to create sustainable value over time, it is crucial to assess the impact of the strategy with respect to social, environmental and governance (ESG) issues. In 2021, fully in line with the transformation of our business model towards renewable energy, we introduced the evaluation of investments from the perspective of ESG criteria, following the evolution of the world of finance that increasingly considers the sustainability of companies. We have therefore developed a model to assess the contribution of

ERG's investments to our ESG Plan, with a qualitative analysis of 16 topics that can be traced back to the 4 Pillars of the ESG Plan (Planet, Engagement, People and Governance, see below), defined in line with the mandatory topics under Italian Legislative Decree 254/2016 and with the EU GREEN Taxonomy. In 2022, all Group investments were analysed according to ESG parameters with a positive outcome.

### ESG topics assessed in investments



In the second half of 2022, we initiated a working group comprising the ESG area and the Corporate Finance area, which is responsible for the Group's investment valuation models, to implement the ESG valuation from qualitative to quantitative and to integrate it into our economic-financial model. According to the project schedule, the

model should be completed by the first half of 2023. By pursuing sustainable development and also taking ESG criteria into account, value creation is greater, because multiple aspects are analysed that help reduce the risk associated with the investment.

## THE ESG PLAN INTEGRATED INTO ERG'S BUSINESS STRATEGY

ERG's ESG strategy is based on four 'pillars', which are closely integrated in our business model:

1. Planet: fight against climate change;
2. Engagement: commitment to local areas;
3. People: attention to the growth and well-being of people;
4. Governance: management bodies and principles inspired by best practices.

The 2022 – 2026 Business Plan incorporates the ESG Plan, aligned with the Sustainable Development Goals of the United Nations,

which confirms the Group's mission to "keep growing in RES acting as #SDGsContributor

The 2022 – 2026 ESG plan sets out 18 well-defined objectives that are measurable through constantly monitored KPIs, with a view to guaranteeing a tangible contribution to the creation of value over time for all our stakeholders and reaching 14 of the 17 SDGs established by the United Nations, incorporated in the management's short and long-term incentive system.



### PLANET



- Net Zero
- Circular Economy
- Energy Efficiency
- Biodiversity



### ENGAGEMENT



- ERG Academy for Next Generation
- >1% for the Community
- Trust & Reputation
- Social Purpose for circular solar



### PEOPLE



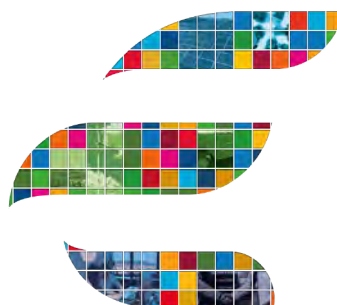
- ERG Academy for ERG People
- Diversity & Inclusion
- Health & Safety always
- Employees' well-being



### GOVERNANCE



- ESG objectives in MBO/LTI
- Enhancing Governance Model
- Tax Control Framework abroad
- Sustainable Procurement
- ESG Finance
- Cyber Security



## 2022-2026 ESG PLAN



### SOCIAL PURPOSE SOLAR REVAMPING



In the **Planet Pillar**, we confirm the goal of becoming Net Zero by 2040, and reaffirm our commitment to the circular economy with the objective of recovering materials from the dismantling of all our wind and solar plants. This environmental objective is also complemented by social re-use projects for photovoltaic panels in good condition.

In the **Engagement Pillar**, we will continue to be committed to supporting our local areas, with a contribution of at least 1% of turnover to the communities where we operate with our plants.

We will launch our ERG Academy in 2023 with education programmes for the Next Generation on the topics of Sustainability and Renewable Energy. The goal is to reach at least 20,000 students by 2026; the Academy will also include all development and training programmes for our people.

Indeed, in the **People Pillar** we envisage employee growth programmes with objectives up to 2026 that focus on both defining individual development plans (for at least 80% of ERG People) and internal training activities (for 100% of our people).

A pillar of our ESG strategy is Diversity & Inclusion, in which we already have a strong foundation with the D&I Policy and specific training programmes, but we want to move even further towards a more international and inclusive ERG: by 2026 we intend to increase both the percentage of female key leaders to at least 20% (by 2027 the increase is at least 25%) and the percentage of female key leaders abroad (by 2027 the increase is at least 25%), as well as to maintain at least 25% women in the ERG Group (by 2027 the increase is between 25% and 30%). We also intend to achieve certification on Gender Equality (NRRP) during 2023 and Diversity & Inclusion certification by 2025.

In the **Governance Pillar**, we maintain the commitment to having best-in-class governance with the inclusion of ESG targets in the MBO/LTI remuneration systems. For more transparency in relation to Taxes, we plan to extend the Tax Control Framework to Germany in 2023. We have Sustainable Procurement targets on measuring the Carbon Footprint on Diversity & Inclusion programmes in the supply chain. In the area of Cyber Security, we plan to achieve Information Security Management System certification by 2024. Furthermore, growth is accompanied by a Green financial strategy: the goal is to have at least 90% of our funding classified as "Green Funding" by 2026.

























In 2022, we made significant progress along the path outlined by the ESG plan and the results achieved are in line with the objectives defined in the ESG Plan and also included in the short-term incentive system. The results achieved are summarised below:

UN SDGs	2026 TARGETS	2022 REPORTING
<b>PLANET</b>		
    	<b>Net Zero</b>	<ul style="list-style-type: none"> <li>Target Net Zero under validation by SBTi</li> </ul>
	<b>Circular economy</b>	<ul style="list-style-type: none"> <li>Wind: 100% Partinico Monreale Repowering wind components sold</li> <li>Solar: 92% Solar Revamping materials recycled</li> <li>Social Purpose: 4 projects authorised (2 in Africa, 2 in Italy)</li> </ul>
	<b>Energy efficiency</b>	<ul style="list-style-type: none"> <li>Wind: +11.9 GWh</li> <li>Solar: +3.8 GWh</li> </ul>
	<b>Biodiversity</b>	<ul style="list-style-type: none"> <li>100% of RES plants developed internally with assessments of the impact on biodiversity</li> </ul>
<b>ENGAGEMENT</b>		
    	<b>ERG Academy for Next Generation</b>	<ul style="list-style-type: none"> <li>16,377 students involved in educational activities</li> </ul>
	<b>1% for the Community</b>	<ul style="list-style-type: none"> <li>&gt;1% of revenue for local community development in 2022</li> </ul>
	<b>Trust &amp; Reputation</b>	<ul style="list-style-type: none"> <li>Top performer in the main ESG ratings</li> </ul>
<b>PEOPLE</b>		
   	<b>ERG Academy for our People</b>	<ul style="list-style-type: none"> <li>41% of employees with personal development plans</li> <li>97.6% of employees involved in training initiatives</li> </ul>
	<b>Diversity &amp; Inclusion</b>	<ul style="list-style-type: none"> <li>18.3% women among key leaders (managers and senior managers)</li> <li>20.0% key leaders abroad</li> <li>29.5% women in staff</li> </ul>
	<b>Employees' well-being</b>	<ul style="list-style-type: none"> <li>Assessment of Flexible benefits at Group level</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, Frequency Index = 4.12</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>Complying with gender diversity in the boards of statutory auditors, requiring one person of the least represented gender (ERG Wind Investment S.r.l., ERG Solar Holding and ERG Power Generation)</li> </ul>
	<b>Tax Control Framework</b>	<ul style="list-style-type: none"> <li>Tax Control Framework implemented in France</li> </ul>
	<b>Sustainable Procurement</b>	<ul style="list-style-type: none"> <li>61.1 average score of strategic suppliers (+5.6 vs. 2021)</li> </ul>
	<b>ESG Finance</b>	<ul style="list-style-type: none"> <li>88% Green Finance</li> </ul>





## SUMMARY OF THE 2022-2026 ESG PLAN

 <b>PLANET</b>	 <b>ENGAGEMENT</b>	 <b>PEOPLE</b>	 <b>GOVERNANCE</b>
    	    	    	    
2026 TARGETS	2026 TARGETS	2026 TARGETS	2026 TARGETS
<p><b>1. Net Zero:</b></p> <ul style="list-style-type: none"> <li>- Scope 1 after Asset Rotation</li> <li>- Scope 2 @2025</li> <li>- Scope 3 @2040</li> </ul> <p><b>2. Circular Economy:</b></p> <ul style="list-style-type: none"> <li>- ≥ 98% Circular Wind</li> <li>- ≥ 90% Circular Solar</li> </ul> <p><b>3. Energy Efficiency:</b></p> <ul style="list-style-type: none"> <li>- Wind Reblading (+72 GWh)</li> <li>- Solar Revamping (+55 GWh)</li> </ul> <p><b>4. Biodiversity:</b></p> <ul style="list-style-type: none"> <li>- Biodiversity assessment for 100% of RES organic projects</li> </ul>	<p><b>5. ERG Academy for Next Generation:</b></p> <ul style="list-style-type: none"> <li>- 20,000 students involved</li> </ul> <p><b>6. 1% for the Community:</b></p> <ul style="list-style-type: none"> <li>- &gt;1% revenues for social developments of local communities</li> </ul> <p><b>7. Trust &amp; Reputation:</b></p> <ul style="list-style-type: none"> <li>- Top performer in main ESG Ratings</li> </ul> <p><b>8. Social Purposes for circular solar</b></p> <ul style="list-style-type: none"> <li>- Developing RES Projects with NGOs</li> </ul>	<p><b>9. ERG Academy for our People:</b></p> <ul style="list-style-type: none"> <li>- 80% people with individual development plan</li> <li>- 100% people involved in learning activities</li> </ul> <p><b>10. Diversity &amp; Inclusion:</b></p> <ul style="list-style-type: none"> <li>- ≥ 20% women amongst the key leader -manager and senior manager (≥ 25% @2027)</li> <li>- ≥ 20% key leaders abroad (≥ 25% @2027)</li> <li>- 25 - 30% women in the workforce</li> <li>- D&amp;I Certification @2025</li> </ul> <p><b>11. Employees' well-being</b></p> <ul style="list-style-type: none"> <li>- Flexible benefit Plan</li> <li>- Solidarity holidays at Group level</li> <li>- Smart Working post Pandemia</li> </ul> <p><b>12. Health &amp; Safety, always:</b></p> <ul style="list-style-type: none"> <li>- No fatalities, IF&lt;4</li> </ul>	<p><b>13. Sustainability Incentives:</b></p> <ul style="list-style-type: none"> <li>- 100% incentives plan integrated with ESG objectives</li> </ul> <p><b>14. Enhancing Governance Model:</b></p> <ul style="list-style-type: none"> <li>- BoD Independence &amp; Diversity</li> </ul> <p><b>15. Tax Control Framework:</b></p> <ul style="list-style-type: none"> <li>- Tax Control Framework in Germany (by FY 2024)</li> </ul> <p><b>16. Sustainable Procurement:</b></p> <ul style="list-style-type: none"> <li>- Average score @2026: &gt;65%</li> <li>- Increase % of Suppliers with Carbon footprint and D&amp;I (vs Baseline 2022)</li> </ul> <p><b>17. ESG Finance:</b></p> <ul style="list-style-type: none"> <li>- ≥ 90% of Green Funding</li> </ul> <p><b>18. Cyber Security:</b></p> <ul style="list-style-type: none"> <li>- Information Security Management System certification (@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, in line with our ERG Why:

**Our commitment is substantial and concrete, outlined in specific and measurable lines of action.**



**Social purpose**  
for Solar Revamping  
(circular economy of  
photovoltaic modules)



**HSE targets** refocused  
on wind and solar  
activities. Target on  
**Employees' well-being**



**ERG Academy**  
for the Next Generation  
(20k students involved  
in educational activities  
by 2026)



Target on **Diversity & Inclusion** in the ESG Plan.  
Signing of the **Women's Empowerment Principles**



Among the leading  
European players in  
Renewables. Target:  
**5 GW** of installed  
capacity by 2027



At the end of the Plan  
period, CAPEX of **EUR  
2.9 billion** and EBITDA  
of **EUR 560 million**



Researching  
opportunities in both  
Storage and Hydrogen:  
**50 MW of storage  
batteries @2026**



Membership in the  
**UN Global Compact,  
and WEP<sup>(1)</sup>** for a just  
transition that leaves no  
one behind



Distribution of at least  
**1% of revenues to local  
communities** close  
to our wind and solar  
plants



Circular economy:  
recovery of **> 98%** of  
waste from wind power  
repowering, and **> 90%**  
from decommissioned solar  
plants



**Net Zero by 2040:**  
leading the way in the  
fight against climate  
change



**Biodiversity  
assessment** for **100%**  
of organic RES projects,  
following the mitigation  
hierarchy



**"Zero tolerance"**  
against corruption, with  
an excellent governance  
system



Sustainable  
procurement: **+10 points**  
in the average score of  
strategic suppliers

<sup>(1)</sup> WEP = Women Empowerment Principles

# THE EUROPEAN TAXONOMY

In recent years there has been a growing focus on environmental and social sustainability issues, with new legislative initiatives at both international and national level. To support the achievement of the sustainability goals, in 2018 the European Union published an Action Plan for financing sustainable growth, which proposes the following three targets:

- orientation of capital flows towards sustainable investments;
- integration of sustainability into risk management;
- promotion of transparency in financial activities.

Sustainable finance plays a crucial role in the fight against climate change, and investments in 'green' assets that take ESG factors into account when making investment decisions are becoming increasingly popular.

In this context, the process of regulating sustainable finance implemented by the European institutions to ensure common rules, combat green washing and finance companies that prove to be truly sustainable is of great importance. Regulation 2020/852 of the European Parliament and of the Council of the EU (known as the European Taxonomy) aims to promote sustainable investments and accelerate the decarbonisation of the European economy, while creating security and transparency for investors and supporting companies in the transition to a "Net-Zero" economy. The regulation therefore establishes criteria for determining whether an economic activity can be considered environmentally sustainable and for defining the degree of sustainability of an investment.

## GREEN TAXONOMY

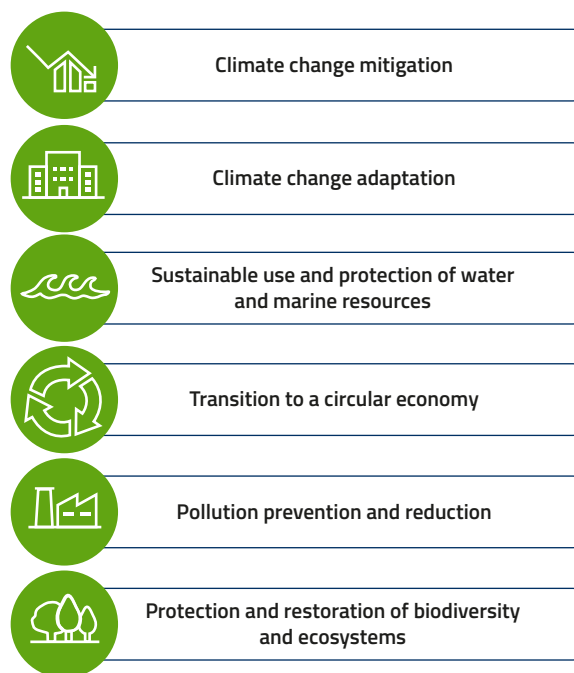


<sup>2</sup> Comply with the OECD's Guidelines for Multinational Enterprises and the UNI Guiding Principles on Business and Human Rights.

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;
- respects the principle of "Do No Significant Harm" (DNSH), i.e., does not harm any of the other objectives;
- has minimum safeguards to comply with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core conventions identified in the ILO (International Labour Organisation) Declaration and the International Bill of Human Rights;
- complies with the Technical Screening Criteria - TSC established by the European Commission, which define the performance conditions for the activity in question to contribute substantially to one of the six environmental objectives.

## ENVIRONMENTAL OBJECTIVES

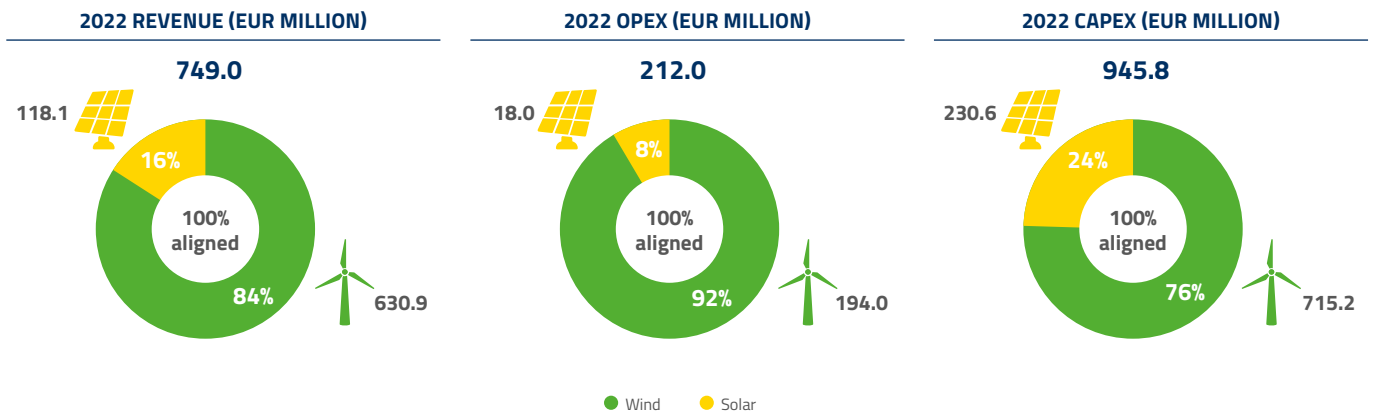


ERG adapted to the European Taxonomy in advance of the legislation - which stipulated alignment as of 2022 - and submitted data as early as its 2021 NFS.

Also for 2022, following the 'by technology' view used in the Directors' report of the Consolidated Financial Statements, we conducted an analysis of the ERG Group. By generating electricity from solar photovoltaics (point 4.1 of the 'Taxonomy report: technical annex - March 2020) and wind power (point 4.3), we contribute to the goal of 'climate change mitigation'. Wind and solar technologies are 100% green.

The data used for the calculation of KPIs, referring to the Consolidated Financial Statements as at 31/12/2022, relate revenue<sup>3</sup>, Opex (calculated as the difference between revenue and EBITDA) and Capex (investments for the year) of each technology to the Group total as presented in the section 'Performance by Country' in the Directors' report of the Consolidated Financial Statements. The infographic shows the results of the analysis.

## EUROPEAN TAXONOMY – ANALYSIS RESULTS



The CCGT and the related indicators (Revenue, Opex and Capex) are excluded from the calculation scope of the taxonomy; for the sake of completeness, they are reported in the 'Assets held for sale' section at the end of the document. For more details on the reporting scope of this Consolidated Non-Financial Statement, please refer to the chapter Methodological Note.

### Substantial Contribution

Annexes I and II of the Commission's Delegated Regulation (EU) 2021/2139 of 4 June 2021 set out the Technical Screening Criteria for determining the conditions under which a specific economic activity qualifies as a substantial contribution to climate change mitigation or adaptation, respectively. Accordingly, the technical screening criteria specify the minimum requirements that the economic activity must meet in order to be considered environmentally sustainable in terms of the **Substantial contribution to climate change mitigation**.

From the analysis carried out by the Group, **activity 4.1** Electricity generation using solar photovoltaic technology and **activity 4.3** Electricity generation from wind power are currently aligned with the EU Taxonomy.

### Do No Significant Harm (DNSH)

The Climate Delegated Act establishes, for each relevant environmental objective in Article 9 of the Taxonomy Regulation, the technical screening criteria for determining whether the economic activity in question does no significant harm to one or more of these environmental objectives. The technical criteria for 'do no significant

harm' should ensure that the economic activity does not have a significant negative environmental impact. In light of the regulatory requirements, ERG conducted an internal analysis with respect to activities 4.1 and 4.3 in accordance with the requirements of the Annexes to the Delegated Acts, with reference to the **Substantial contribution to climate change mitigation**. With regard to the above-mentioned activities, the Group simultaneously assessed:

- The environmental authorisations for the plants
- The list of sites affected by the installation of technologies
- 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 equipment and components

From the analysis carried out by the Group, on the basis of the guidelines available today and with the commitment to monitor the regulatory and interpretative evolution in relation to the DNSH criteria and to further improve its compliance with the regulator's requirements, **activity 4.1** Electricity generation using solar photovoltaic technology and **activity 4.3** Electricity generation from wind power are currently aligned with the EU Taxonomy.

Stage	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 only 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	✓	✓

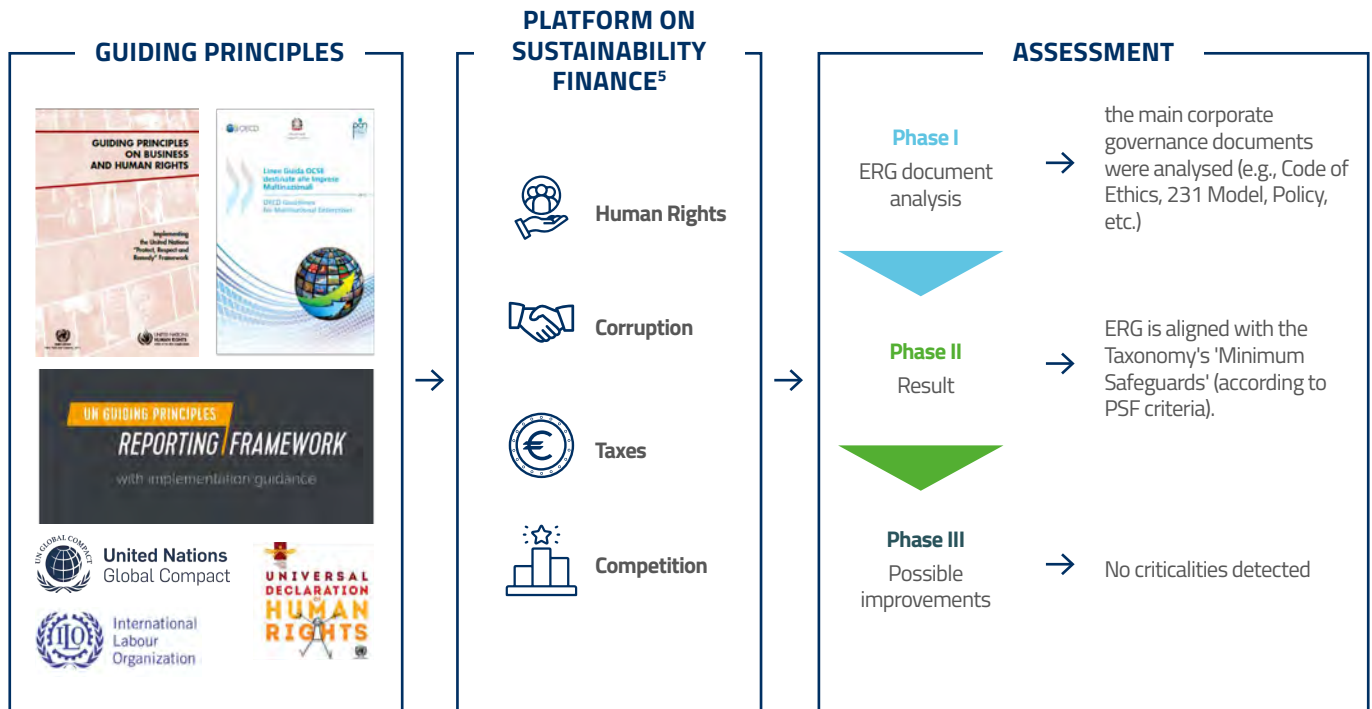
<sup>3</sup> Revenues from eligible activities mainly comprise revenues generated from sales of electricity produced by onshore wind and photovoltaic power.

## ANALYSIS OF COMPLIANCE WITH MINIMUM SAFEGUARDS

An economic activity can be considered environmentally sustainable and aligned with the European Taxonomy when it is carried out in compliance with the minimum safeguards established in Art. 18 of Reg. EU 852/2020 (represented by the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight core

conventions identified in the ILO Declaration and the International Bill of Human Rights.

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 methodology adopted made it possible to analyse the internal regulatory documents underlying the above-mentioned**

**policies in detail and to reach the conclusion that ERG, on the basis of the recommendations contained in the PSF's non-binding opinion, conducts its activities to date in compliance with the minimum safeguards, as prescribed by Article 18 of Reg. EU 852/2020.**

That being said, ERG undertakes to monitor regulatory and interpretative developments with regard to minimum safeguards and to further improve its compliance with the regulator's requirements.

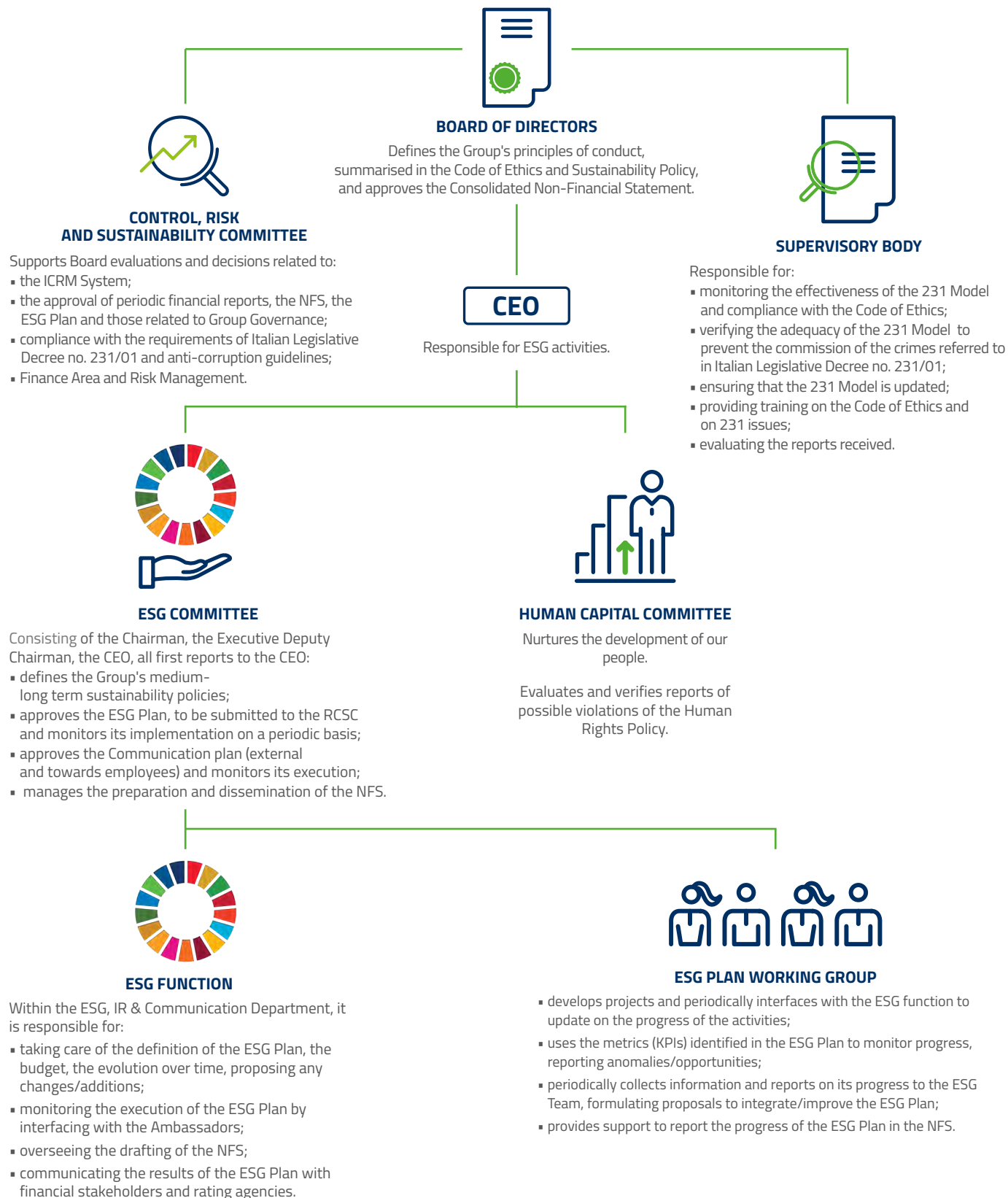
<sup>4</sup> 'Final Report on Minimum Safeguards', October 2022, which is the only interpretation of the regulatory requirement to date and is based on the analysis of the following international references: United Nations Guiding Principles on Business and Human Rights (UNGPs); OECD Guideline for MNEs; ILO Core Conventions; International Bill of Human Rights.

<sup>5</sup> To date, no official interpretations have been published regarding the minimum safeguards, the PSF criteria is recognised as the most reliable standard.

# OUR SUSTAINABILITY GOVERNANCE MODEL

For our Group, sustainability is a complementary lever across the entire value chain. The relative initiatives are an integral part of the business strategy and are aimed at maximising sustainable value creation across the board. 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.





The Internal Board committee 'Control, Risk and Sustainability Committee' supports the decisions of the ERG SpA Board of Directors in all areas related to Sustainability, in particular the approval of the ESG Plan and the NFS and decisions on specific issues (e.g., Climate Change).

The ESG, IR & Communication Department reports directly to the CEO of ERG SpA. Its objectives include developing and monitoring the implementation of the ESG Plan integrated in the strategy, as well as enhancing the Group's value with the financial community and all stakeholders, communicating ERG's strategy and disseminating its values, maximising its reputation and protecting its corporate image.

formed by the Chairman, Executive Deputy Chairman, CEO and all his first reports, the ESG Committee has the task of supporting the CEO in guiding, planning and supervising the implementation of ESG objectives. In particular, the ESG Committee:

- defines the Group's sustainability guidelines in the medium-long term and promotes consistent practices and projects relating to ESG (e.g., Climate Change Assessment according to the TCFD approach);
- approves the ESG Initiatives Plan as a constituent part of the Group's Business Plan, oversees its execution, reaching objectives and the priority intervention areas;
- approves the Communication Plan addressed to both the external audience and to employees, and promotes the plan's ESG initiatives, enhancing its increasing strategic relevance;
- manages the preparation and dissemination of the 'Consolidated Non-financial Statement' (NFS) and other reporting methods related to ESG issues.

The ESG Committee also acts as the 'Green Bond Committee' selecting projects to be funded with Green Bond proceeds, also based on the Green Bond Framework.

In 2022, the ESG Committee met six times (every two months) with an average attendance of over 90%.

The main topics discussed were:

- the definition of the new objectives of the 22-26 ESG Plan integrated in the Business Plan;
- the finalisation of the 2022 ESG Plan targets (including the ESG targets included in the MBO incentive scheme);
- updating the materiality analysis (including Impact Materiality and Double Materiality);
- monitoring the results of the ratings obtained and the inclusion of ERG in financial indices;
- the impact of the 'Green Taxonomy' on the Group's economic activities;
- the evaluation and approval of 2023 projects related to Social Purpose for solar revamping;
- ESG policies (update of the Sustainability Policy, integrated with Biodiversity, and new Harassment and Bullying Policy);
- funds in support of the Humanitarian Emergency in Ukraine and their utilisation;
- the allocation of Green Bonds.

The Committee works with the ESG department, which develops and follows the implementation of the Group ESG plan, monitors all the initiatives related to Corporate Social Responsibility, ensures full communication of the Group's value to the financial community, including ESG rating agencies, and provides non-financial reporting.

To support the ESG function, the ESG Plan Working Group was set up, a cross-functional team that 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, as well as overseeing ERG's employees' growth and development, verifies any reports of possible violations of the Human Rights Policy, the D&I Policy and the new Anti-harassment Policy.

## ERG signs the Women's Empowerment Principles

We confirm our commitment to achieving an equitable and inclusive energy transition by signing the Women's Empowerment Principles (WEP), a set of principles aimed at promoting gender equality in the world of work, and the empowerment of women in general. A further step in the direction of an increasingly international and inclusive ERG,

where diversity and multiculturalism serve to enhance the specificities and talents of each person in generating innovation.



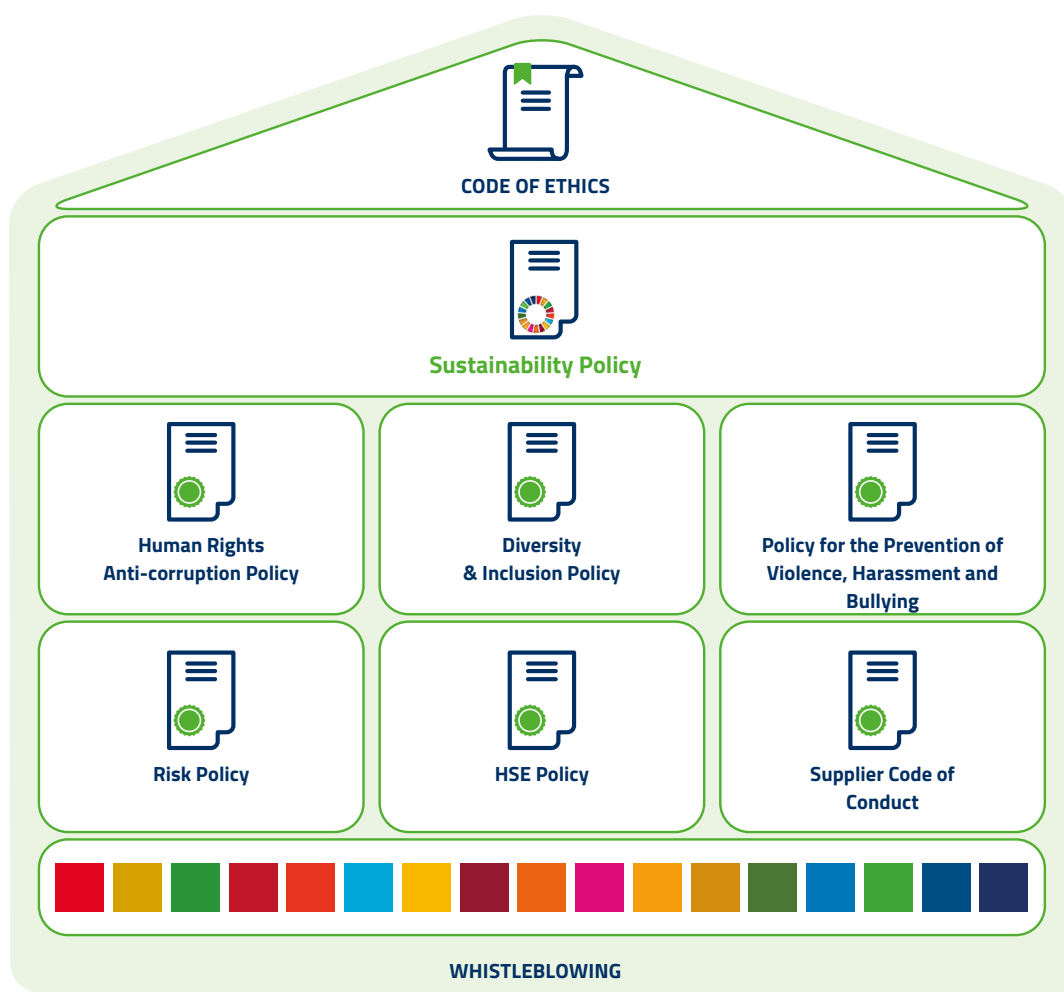
## OUR SUSTAINABILITY POLICIES

The Code of Ethics adopted in 2004 is the instrument by which we declare our principles and convey the desire to invest in transparent dialogue with stakeholders, managing the company in an ethical and responsible manner. It is the cornerstone of our approach to business, which guides, evolves, and supports the development of business initiatives.

This important document is accompanied by various policies, such as the 'Sustainability Policy' (updated in 2022), the 'Human Rights

Policy', the 'D&I Policy' and the new policies approved by the ESG Committee: the 'Anti-harassment Policy' 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 create shared value.



- The 'Sustainability Policy' (2022) defines the guidelines and guiding principles of sustainability with reference to ethics, integrity, anti-corruption; people, communities and stakeholders; the environment and biodiversity; and business partners (including customers and suppliers).
- The 'Human Rights Policy' (2018) has as its object respect for human rights without distinction, with specific reference to the business context and the location of the activities carried out.
- Through the 'Diversity & Inclusion Policy' (2021), we are committed to acting impartially to eliminate all forms of discrimination; to support a culture based on mutual respect and differences; to promote individual expression and the exchange of knowledge; to achieve gender balance in the staff selection and development process; to remove unfair treatment; and to promote work-life balance.
- With the 'Risk Policy' (2022), we intend to identify and assess the risks to which our activities are exposed, manage them consistently with the objectives defined in the risk policies and strategic plan, define rules and responsibilities, and identify monitoring and reporting processes.
- Through the 'HSE Policy' (2022), we pursue a progressive reduction of the environmental impact of energy production in the various locations in which we operate; we protect people's health and safety through the continuous improvement of safety performance.
- The 'Supplier Code of Conduct' (2019) must be accepted by every contractor, subcontractor and business partner and is aimed at respecting ERG's values throughout the supply chain.

## New Policies in 2022: Anti-harassment and Whistleblowing

We reaffirm our commitment to inclusive growth that leaves no one behind and avoids any kind of discrimination, as enshrined in our ESG Plan's goals for a fair 'just transition'. This commitment was fulfilled in 2022 with the adoption of new policies:

- The 'Policy for the Prevention of Violence, Harassment and Bullying in the Workplace' aims to evolve an inclusive culture and strengthen the governance system. The goal of the policy is to prevent, detect and counteract any phenomena related to

violence, harassment and bullying, and to provide support to people who report such behaviour (including as witnesses or because they are informed of the facts), protecting them from retaliatory acts.

- The Whistleblowing Procedure aims to encourage the reporting of crimes, offences or irregularities of general interest in the work environment and to avoid retaliatory acts. A platform for receiving reports was opened in the first quarter of 2022.

## ERG'S ESG RATINGS AND SUSTAINABILITY AWARDS

We are constantly engaged in the management and reporting of all ESG aspects. We view rating agency assessments and external recognition as an important opportunity to improve our sustainability performance and as a stimulus in defining our action plans.

ERG's ESG ratings are all unsolicited, originating from the initiative of individual agencies and are therefore based on public information. The ESG assessments are then used by investors to identify the most sustainability-friendly companies and to make investment choices.

In 2022, we improved our ranking in all major ESG ratings, keeping us in the 'leadership' bracket.

- MSCI, one of the world's leading ESG rating companies, has confirmed ERG's 'AA' rating in the leader bracket.
- The Group was included in the TOP 10 of the 'Integrated Governance Index 2022', the index that verifies the degree of ESG factor integration in corporate strategies, placing ERG among the Italian best practices in corporate governance.

- ERG received the Advanced Rating, the highest, from Moody's ESG Solutions (formerly Vigeo Eiris). The score of 65/100 rewards the continuous growth of the Group's ESG performance over the past three years. We are ranked 100th in Moody's ESG Solutions' global ranking, which includes 4,906 companies, and have risen two points on the rating scale.
- ERG also received a 'Low Risk' rating from Sustainalytics with a score of 14.6, improving its ESG risk profile from the previous year and ranking fifth (out of 75) among the Independent Power Producers globally. Sustainalytics is a leading ESG and corporate governance research, evaluation and analysis company that has analysed more than 15,600 companies.

ESG RATING COMPANY	RATING	ESG RATING COMPANY	RATING
	65 Advanced		MSCI ESG RATINGS
			14.6 Low Risk
			82 / 100
	77 / 100		EE+
			10 / 87
	ESG Vulnerability Score = Tier 1		81/100

## ERG joins CDP's 'A List' for combating Climate Change

CDP (Carbon Disclosure Project), the global non-profit organisation which monitors performance in governance and managing climate change to guide companies and governments towards reducing greenhouse gas emissions, awarded ERG an A (previously A-). The Group thus enters the prestigious 'A List 2022', which includes the most important global companies adopting best practices in the field of climate change. ERG thus consolidates its position in the CDP ranking within the 'Leadership' bracket, which includes all the companies that adopt best practices in the fight against climate change. ERG is above the European average (B rating) and above the average of companies producing energy from renewable sources (B- rating). Based on data reported through CDP's Climate Change 2022 questionnaire, ERG is among the best companies

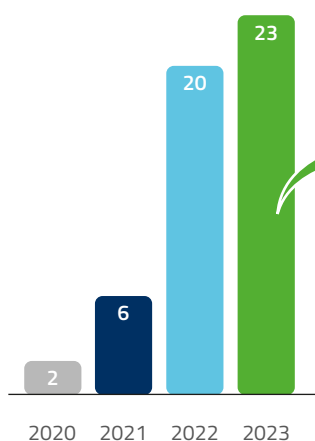
(283 in the 2022 A bracket) out of more than 15,000 evaluated, confirming the Group's transparency in reporting data and objectives on the path to 'net-zero'. The award confirms ERG's leadership in the fight against climate change, which has been at the heart of our corporate strategy for more than a decade now, and is even more significant in the current geopolitical and market context which, more than ever before, requires joint action by companies and institutions to achieve climate neutrality.



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 23 ESG indices at the beginning of 2023, in particular:

- S&P Global Clean Energy Index, the stock market index of Standard & Poor's, which incorporates 100 companies at international level that are key players in the production of green energy with high ESG standards;
- MIB ESG Index: an index dedicated to the 40 most important Italian listed issuers that stand out for their best ESG practices, combined with the measurement of economic performance (e.g., Vigeo Eiris);
- Bloomberg's Gender Equality Index (GEI), which includes 484 companies in 45 countries worldwide and measures the commitment to supporting gender equality by promoting a more inclusive work environment, ensuring the transparent and comprehensive representation of information;
- Solactive Clean Energy Index, which aims to track the performance of a set of stocks of companies actively engaged in the international clean energy industry;
- ISE Global Wind Energy Index, designed to monitor companies active in the wind energy industry;
- Global 100 Most Sustainable Corporations in the world, a ranking compiled by the Canadian company Corporate Knights, which assesses around 7,000 listed companies with revenues above USD 1 billion. ERG ranks 54th in the 2023 index, and is the first among the Italian companies included in the list.

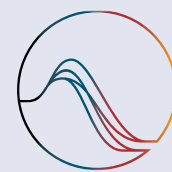
### ESG INDICES IN WHICH ERG IS PRESENT



#### Main indices

- S&P Global Clean Energy Index
- Bloomberg Gender-Equality Index
- MIB ESG
- Solactive Clean Energy Index NTR
- Ise Global Wind Index
- Corporate Knights Global 100

## Science Based Target approves our decarbonisation targets



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

We continue our decarbonisation journey with the certification of our carbon footprint reduction targets:

- In 2021, with the new business plan, we obtained certification of the targets from Science Based Target, which approved our reduction targets, deeming them to be in line with keeping the global temperature increase well below 2°C. ERG's commitment is focused on: - reducing the carbon index of our production by

45% per MWh by 2025 compared to 2020; - increase the share of energy from renewable sources from 94% in 2020 to 96% in 2025.

- In 2022, we submitted our new emission reduction targets related to the "Net Zero @2040" goal, and as of the date of preparing this document, we have completed the submission phase and are waiting to receive the final result from Science Based Target.



## ERG wins the Oscar di Bilancio for the second year running

For the third time in its history and for the second year in a row, ERG was awarded the Oscar di Bilancio for the year 2022 in the 'Medium and Small Listed Companies' category. FERPI (Federazione Relazioni Pubbliche Italiana), together with Borsa Italiana and Università Bocconi, annually awards this important recognition to companies that not only report on their work, but also demonstrate their willingness to share results and objectives with stakeholders through timely and transparent communication.

Based on the analysis of the Group's complete set of reports, the award recognises ERG's clear and well-structured financial statements and its efficient use of images that help the reader understand the goals it sets out to achieve. The general aspects of the financial reporting and the degree of detail in the presentation of the company's identity such as the mission, vision, sustainability, values and history of the Group, were also judged positively. The award is a confirmation of the effectiveness of the reporting model adopted in recent years for both the Annual Consolidated Report and the Non-Financial Statement.







'Our goal is to ensure the profitability and sustainability of our investments. At ERG, sustainable finance remains at the core of our business model, with the aim of constantly increasing our sources of 'green' finance, in line with market best practices.'

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

## SUSTAINABLE FINANCE

We are aware that finance is the engine for addressing the challenges of climate change and for combining economic development with environmental protection and ecology. Already in 2018, the ERG Group had initiated Sustainable Finance sources through two instruments:

- Green Bonds, the proceeds of which are used to finance the development of renewable energies;
- Sustainable-linked Loans, general purpose loans with reward mechanisms linked to the achievement of ambitious and predetermined environmental, social and governance sustainability targets.

As at 31 December 2022, Sustainable Finance sources, amounting to EUR 1,829 million, represent 88% of total debt (out of total financial sources of EUR 2,083 million) and comprise:

- Green Bonds totalling EUR 1.6 billion, i.e. around 88% of sustainable financing sources for financing and refinancing the construction and/or acquisition of wind and solar projects. ERG is among the leading Italian green corporate issuers in terms of total amount of green bonds issued. Our Green Bonds were structured based on ERG's Green Bond Framework, compliant with the Green Bond Principles of the International Capital Market Association, in line with best practices and certified by an independent advisor. Revenues are earmarked for investments in wind and photovoltaic power plants that enable the Group to achieve sustainable development in terms of renewable energy produced and corresponding CO<sub>2</sub> avoided, and are fully allocated to 31 December 2022;
- Environmental, Social and Governance Linked' financing totalling EUR 150 million, representing around 8% of sustainable financing sources. They envisage a reward mechanism linked to the achievement of targets in terms of CO<sub>2</sub> emission savings;
- Project Green and Sustainability Linked Loan, for a total of EUR 79 million, representing about 4% of sustainable financing

sources and underwritten for three wind farms in Italy with a total capacity of 154 MW. This loan calls for the periodic evaluation of sustainability parameters, and reward mechanisms linked to the achievement of objectives in terms of plant availability and green energy output.

In addition to the these *funded* financial sources, in October 2022 ERG S.p.A. entered into an ESG-linked Revolving Credit Facility, with a three-year duration and with the possibility of extension up to a further two years, the margin of which is subject to an adjustment mechanism based on the achievement of certain ESG targets (one of which is environmental and one relating to diversity in the composition of the workforce). This facility, amounting to EUR 600 million, was fully available as at 31 December 2022.

We will continue to integrate sustainable finance into our business model. In fact, the ESG Plan stipulates that financial strategies should consist of at least 90% 'Green' financing.

## ERG GREEN REPORTING

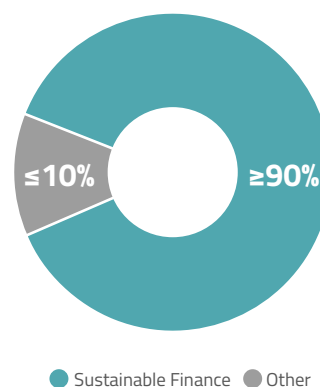
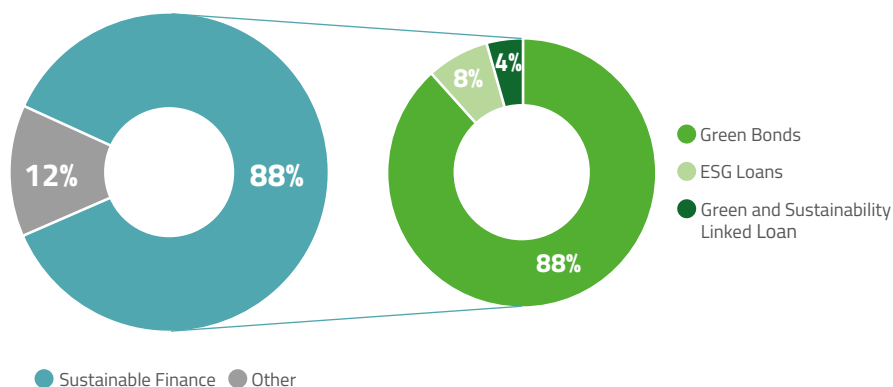
Since 2020, ERG has been committed to publishing a report on the allocation of proceeds on an annual basis and up to each maturity date of the Green Bond issues: the report provides information on the actual or expected annual output of the projects financed, the environmental benefits achieved by the selected projects in terms of CO<sub>2</sub> avoided.

The reports are verified by an external auditor (Third Party Opinion) in accordance with Limited Assurance, consistent with International Standards on Assurance Engagement ISAE 3000.

The ERG Green Bond Reports are available on the ERG website under '[Green Financing](#)'.

2022

@2026





## SFDR – Sustainable Financial Disclosure Regulation

The European Sustainable Financial Disclosure Regulation (SFDR) aims to promote transparency and sustainability within the financial markets. The regulation requires that listed companies provide detailed information on their sustainability policies, activities and performance, and that financial intermediaries such as fund managers provide information on how sustainability is incorporated into their investments.

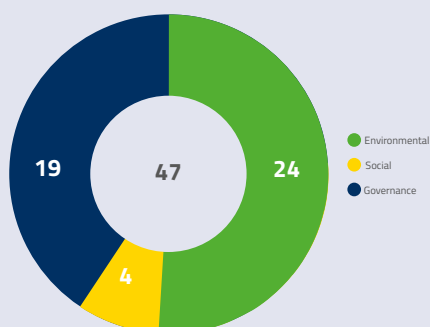
In advance of the regulations, we decided to report the Group's positioning with respect to the KPIs set by the Regulatory Technical Standards (RTS) as early as 2021, and to confirm it for 2022, found at the end of this document. Of the 47 Key Performance Indexes (KPIs) in the regulation, we report 41 (while six are not applicable

to our business), providing investors with clear and comprehensive non-financial information. Here is a brief example of some of the KPIs:

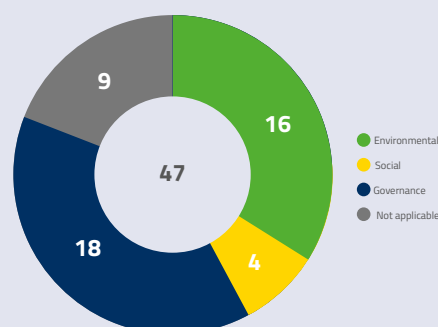
- On an environmental level: CO<sub>2</sub> emissions, % of green energy consumed, waste, water consumption;
- On a social level: the gender pay gap, accidents at work, the ratio of CEO pay to median employee pay;
- At a governance level: the whistleblowing system, sustainability policies and HSE certifications;

A report on this can be found at the end of the document.

KPIs - SFDR



KPIs REPORTED BY ERG



## METHODOLOGICAL NOTE

The 2022 edition is the 16th edition of ERG Group's Sustainability Report and the sixth 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"). It contains information on environmental and social issues, those on personnel, respect for human rights and the fight against corruption, to the extent useful for providing an understanding of the business conducted by the ERG Group, the impact produced by the same and the Group's results. Furthermore, the NFS describes the main risks, both generated or sustained, related to these topics and due to the company's business.

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 process of gathering information and data is carried out under the guidance of the ESG Committee through the ESG Department, with the involvement of all Group departments and companies within the reference perimeter, using software and control systems that guarantee data certainty.

The NFS was submitted for examination and assessment by the ESG Committee on 28/02/2022, by the Control, Risk and Sustainability Committee on 09/03/2022 and subsequently approved by the Board of Directors of ERG S.p.A. on 14/03/2022. This document was subject to limited assurance in accordance with the criteria of ISAE 3000 (Revised) carried out by KPMG. 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.

## METHODOLOGICAL PRINCIPLES

This Consolidated Non-Financial Statement has been prepared 'in accordance with GRI Standards', and in particular with the new 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 "Guidelines for the communication of non-financial reporting: Supplement on reporting climate-related information", which recalls the principles of the TCFD (Task Force on Climate-related Financial Disclosure).

The reporting scope of the non-financial information reported in this 2022 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 2022 (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: since it is subject to sale, this plant is classified in the Consolidated Financial Statements as an "asset held for sale" (based on the application of IFRS 5). However, in order to ensure completeness of information, in the "assets held for sale" section, ESG issues and indicators related to the CCGT plant are reported separately.

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 2021 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 2022 and to the Report on Corporate Governance and Ownership.

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

- the main Scope 1 atmospheric emissions are generated by ERG Power's CCGT plant and are reported separately in the 'assets held for sale' section;
- Scope 2 emissions are mainly related to electricity purchases necessary to operate the plants (when not in production) and offices;
- the emissions generated by the supply chain (known as Scope 3 emissions) are calculated for 'capital goods wind & solar' and were estimated using as a reference the coefficients extracted from the LCA (Life Cycle Assessment) provided by manufacturers;
- "CO<sub>2</sub> avoided", an indicator used to show the positive contribution of production from renewable sources to environmental improvement, 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 Terna in the "electricity/statistics/international comparisons" section of its website (last publication updated to 2020);
- 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 performance figures have been reclassified from those published in the 2021 NFS, and are therefore presented net of the contribution of the thermoelectric business (CCGT plant) and the hydroelectric business (divested on 3 January 2022). Therefore, the tables showing historical data will have, in addition to the usual three years for the indicators, the column '2021 restated' as well, which will present the data excluding these two businesses.

Furthermore, to ensure the correct representation of performance and to guarantee the reliability of data, the use of estimates has been limited as much as possible and, if present, any estimates are based on the best available methods and are appropriately indicated.

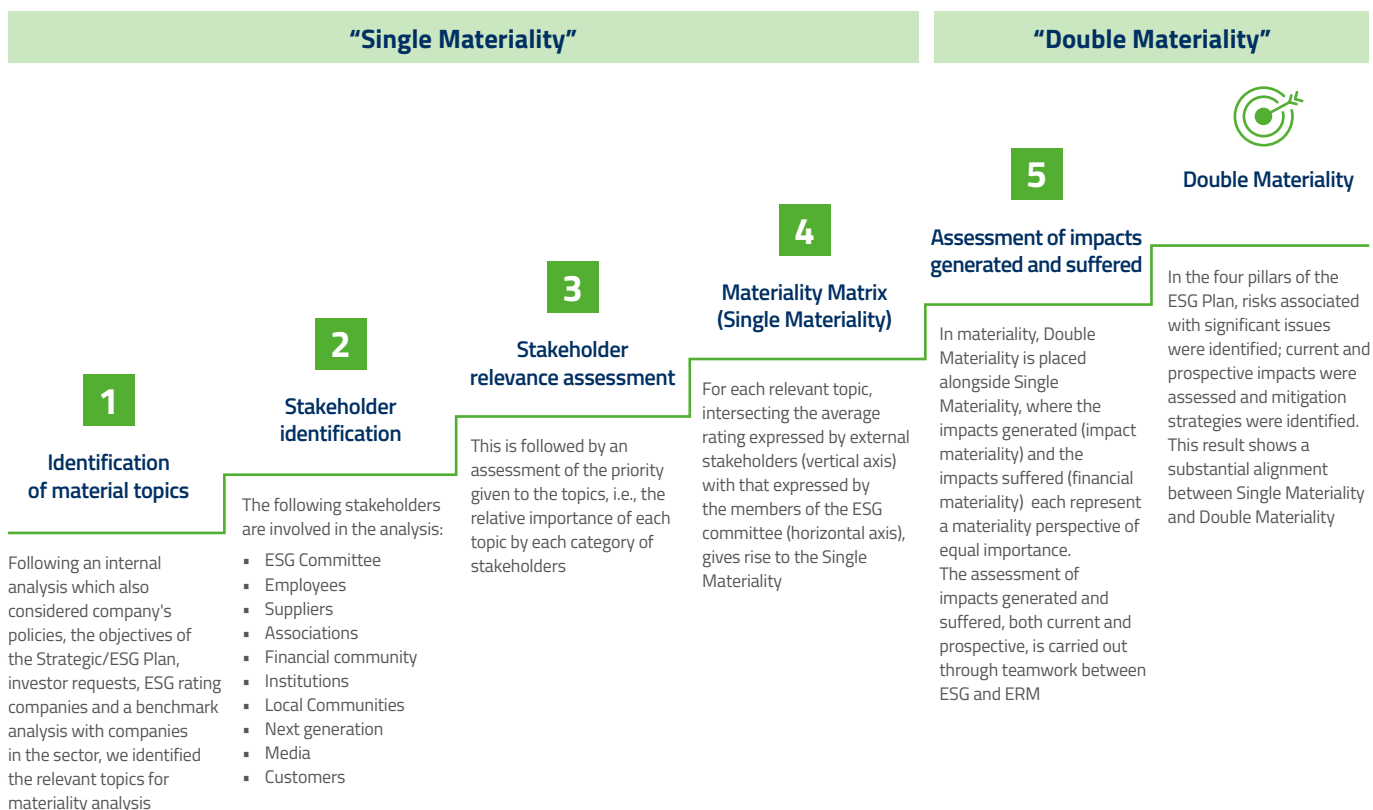
The Non-Financial Statement is published annually. For information regarding the Non-Financial Statement, please write to [sustainability@erg.eu](mailto:sustainability@erg.eu). This document is also available on the Group's website under the Sustainability section ([www.erg.eu](http://www.erg.eu)).



## MATERIALITY ANALYSIS

Materiality analysis aims to identify the most relevant aspects for the company and its stakeholders. Monitoring stakeholder expectations makes it possible to understand the evolution of material topics over time and to identify objectives aimed at the

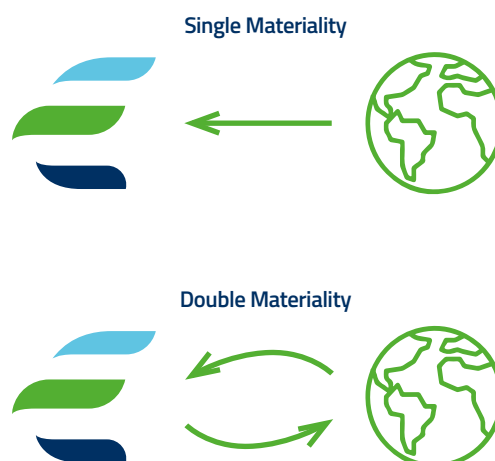
creation of sustainable value, highlighting their interconnections with the 17 UN Sustainable Development Goals (known as the Agenda 2030), both in the short and medium to long term. The process we followed in identifying the material topics is outlined below:



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

- **Single Materiality:** a classic approach used in previous years, 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,** a new approach that represents a novelty in that it allows two aspects to be analysed:
  - 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.

The ESG Department is responsible for updating the Group-wide materiality analysis on an annual basis, involving all key stakeholders (including ESG Committee members, employees, suppliers, new generations, investors



and financial analysts, the media). The materiality analysis is then reviewed by the Control, Risk & Sustainability Committee and approved by the Board of Directors in the Non-Financial Statement.

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). With regard to the materiality analysis within this NFS, the approach called for by GRI standard 3-3 was followed, which requires:

- describing the actual and potential positive and negative impacts on the economy, the environment and people, including those on human rights;
- describing the policies and commitments made;
- describing the actions taken to address the topic and its related impacts;
- reporting on the monitoring of actions undertaken (e.g.: processes used; objectives and indicators chosen for monitoring; effectiveness of actions, including progress achieved; any lessons learnt).

The 17 Sustainable Development Goals (SDGs) of the United Nations were also taken as a reference for the analysis.

## The Materiality Matrix (Single Materiality)

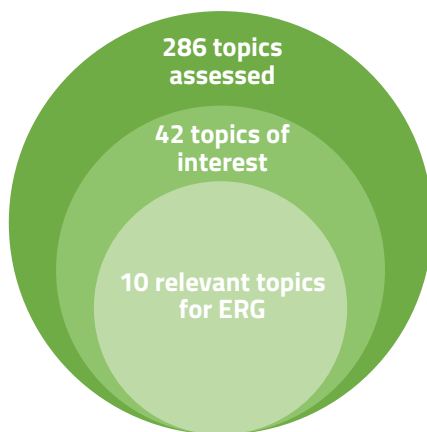
During 2022, in accordance with the principles of the GRI Standard, the materiality matrix was updated to review the topics most relevant to the company and its stakeholders in the creation and sharing of sustainable value.

Following an internal analysis based on the assessment 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, we identified 286 potentially relevant topics.

We extracted 42 topics of interest from this list that are connected to ERG's reality (by type of business and/or reference market), which were further merged to identify the ten main topics to be assessed by the ESG Committee and all Group stakeholders.

## UPDATING THE MATERIALITY ANALYSIS

### Pathway to identify the...



### ... relevant topics in 2022



1. **Climate Action** (climate change, energy transition, emission reduction strategy, development of renewables)
2. **Environment & Biodiversity** (protection of environment and biodiversity, end-of-life plants and circular economy)
3. **Energy Efficiency & Innovation** (energy efficiency and technological innovation)



4. **Stakeholder Engagement** (institutional and local authorities, local communities, Next Generation)



5. **D&I & Human Rights** (Diversity & Inclusion, Welfare & Human Rights)
6. **HSE & Employee care** (Health & Safety, promoting employees' well-being)



7. **Governance** (Sound governance, ethical and transparent conduct)
8. **Sustainable supply chain** (sustainable supply chain management)
9. **Financial results** (economic and financial results)
10. **Risk Management** (Cyber Security, Crisis & Risk Management)

## CORRELATION BETWEEN ERG MATERIAL TOPICS AND THE SDGs

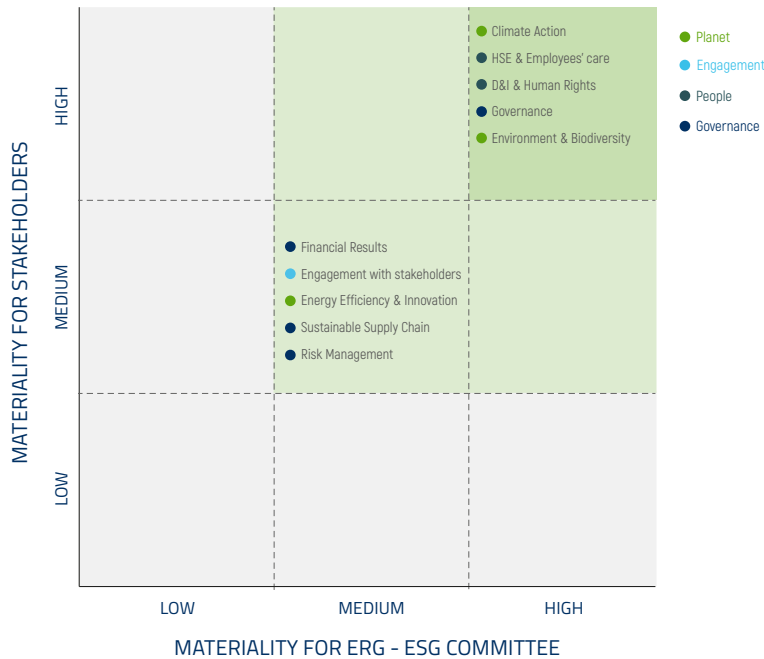
	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR THE GOALS
Climate change, energy transition, emission reduction strategy, development of Renewables						✓	✓	✓		✓	✓	✓			
Health and safety, promotion of employees' well-being			✓												
Diversity & Inclusion, Welfare & Human Rights			✓	✓	✓		✓		✓						
Sound governance, ethical and transparent conduct														✓	
Protection of environment and biodiversity, end-of-life plants and circular economy	✓	✓	✓									✓	✓		
Economic and financial results							✓								✓
Stakeholder engagement, institutional and local authorities, local communities				✓	✓		✓					✓		✓	✓
Energy efficiency and technological innovation						✓		✓		✓	✓	✓			
Sustainable supply chain management							✓				✓	✓			✓
Cyber Security, Crisis & Risk Management												✓			

In 2022, in addition to the usual online questionnaires, we sought 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 stakeholder categories involved were: Group employees, suppliers, investors and financial analysts, customers, partners, associations, local authorities and communities.

The results of the analysis substantially confirmed the topics identified previously.

By cross-referencing the average rating expressed by stakeholders (vertical axis) with that expressed by the members of the ESG committee (horizontal axis) for each topic, we identified the material topics reported in this Report and in the materiality matrix below.

## 2022 MATERIALITY MATRIX



The 2022 Materiality Matrix was submitted for approval by the ESG Committee on 01 December 2022 and the Control, Risk and Sustainability Committee on 12 December 2022. The material topics are aligned with those presented in the 2021 NFS.

## Impact Materiality

As of 1 January 2023, the organisations that annually report their sustainability performance according to the GRI Standards will have to publish the report following the 2021 update of the Universal Standards which, among other changes, has also affected the process of identifying the organisation's material topics, which requires supplementing the standard approach described above (i.e., Single Materiality) by assessing the identified impacts in terms of 'severity' (according to a quantitative and qualitative analysis) and then assigning a priority based on the severity detected.

As for the materiality of the impact, with the contribution of the ERM - Enterprise Risk Management - Department, which has the necessary expertise to identify and assess risks and opportunities related to Group-wide activities, in 2022 we therefore strengthened the methodology for analysing the impacts generated by our Group, in line with the international GRI standards.

We conducted the impact materiality analysis by identifying the impacts generated on the economy, the environment, and people, including impacts on human rights, assessing:

- 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 2022.

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

- ranked in the four pillars that characterise our commitment to ESG: Planet, Engagement, People and Governance
- linked to the 10 relevant topics identified in the Single Materiality analysis: Climate Action; Environment & Biodiversity; D&I & Human Rights; HSE & Employee care; Engagement with stakeholders; Governance & Ethics; Sustainable Supply Chain; Energy Efficiency & Innovation; Financial Results; Risk Management
- 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
- the mitigation strategies adopted in the ERG Group were identified
- evaluated in both inherent (without mitigation strategies) and residual terms (after implementation of mitigation strategies)

Relevant Topic	Severity (Inherent Risk)	Mitigation strategy (Main actions)	Severity (Residual Risk)
Climate Action	High	<ul style="list-style-type: none"> <li>- Implementation of a 100% RES development strategy aligned with the EU Taxonomy to support the energy transition</li> <li>- Technological (Wind &amp; Solar) and geographical diversification of the generation portfolio to compensate for climate change impacts</li> <li>- Decarbonisation objectives of the ERG Group throughout the value chain (including the supply chain)</li> <li>- Continuous monitoring of plant performance through specific KPIs</li> <li>- Programmes for the continuous improvement of the processes for managing and maintaining assets in order to ensure their increased efficiency</li> </ul>	Low
D&I & Human Rights	Medium	<p>In consideration of the countries in which the Group operates, the business sector, the regulations and practices to which we refer, the procedures, the Management Models and the governance structure, although important, are assessed with a Medium risk. The main governance systems in place are:</p> <ul style="list-style-type: none"> <li>- HR policies and procedures (Code of Ethics; Sustainability Policy; Human Rights Policy; D&amp;I Policy; Anti-harassment)</li> <li>- Human Resources Committee</li> <li>- Organisational manual (by Role/Position)</li> <li>- Application and interpretation of first and second level contracts</li> <li>- Institutional relations with trade unions / Confindustria / trade associations</li> </ul>	Low
Energy Efficiency & Innovation	Low	<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
Engagement with stakeholders	High	<ul style="list-style-type: none"> <li>- Mapping of key Stakeholders with identification of expectations and engagement methods;</li> <li>- Engagement model based on transparency and enhancing relationships with all stakeholders.</li> <li>- Stakeholder engagement programmes with active participation in the working tables of trade associations both internationally and nationally in the various countries where we are present</li> </ul>	Low
Environment & Biodiversity	Medium	<ul style="list-style-type: none"> <li>- Implementation of a 100% RES development strategy aligned with the EU Taxonomy to support the energy transition</li> <li>- Sustainability Policy with section on Environment and Biodiversity</li> <li>- ERG Group decarbonisation targets across the entire value chain (including the supply chain) to reduce impacts on the environment</li> <li>- Biodiversity targets in the ESG Plan</li> <li>- Topic assessed during permitting (Environmental Impact Assessment / Biodiversity) for our Wind &amp; Solar plants</li> <li>- Monitoring programme foreseen during the authorisation phase to reduce possible impacts on the Environment / Biodiversity</li> </ul>	Low
Governance & Ethics	High	<ul style="list-style-type: none"> <li>- 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&amp;I Policy') approved by the Board.</li> <li>- 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;</li> <li>- Endorsement of the Corporate Governance Code for Listed Companies issued by Borsa Italiana</li> <li>- 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).</li> </ul>	Low
Sustainable Supply Chain	High	<p>Sustainable Procurement Project involving (main actions):</p> <ul style="list-style-type: none"> <li>- Selection of suppliers belonging to international groups that manage their production processes from an ESG (sustainability assessment) perspective</li> <li>- 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</li> <li>- Use of a 'K-technique' for tenders &gt; 100K€ that favours the most ESG-friendly suppliers</li> <li>- Internal contracts with safeguard clauses (Code of Ethics, Supplier Code of Conduct)</li> </ul>	Low
HSE & Employee care	Medium	<ul style="list-style-type: none"> <li>- OHSAS 18001 Certified Management Systems (policies, procedures, regulatory monitoring, audits, non-compliance management, training)</li> <li>- HSE audit on field + - Third party Audit (RINA)</li> <li>- Periodic HSE Reporting - Specific objectives in the Well-being area in the ESG Plan (e.g. Remote Working)</li> </ul>	Low
Financial Results	High	<p>ERG implements a risk mitigation strategy aimed at preventing the emergence of 'crisis' situations (e.g., liquidity; breaches of financial covenants) which is developed on various levels and envisages the pursuit of (i) a balanced financial structure in terms of duration and composition, (ii) the evaluation of each new investment initiative in relation to the impact it may have in terms of eco-fin results; (iii) the systematic generation of cash by its business activities and (iv) the geographical and technological diversification of its facilities (v) continuous monitoring of actual and expected results and financial balances, (vi) monitoring of the principal financial risks that may directly or indirectly impact eco-fin results;</p>	Low
Risk management	Low	<ul style="list-style-type: none"> <li>- Group-wide 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>- Design, development, operation, maintenance, support for mitigating ICT system vulnerability, in line with best practices;</li> <li>- Insurance policies covering damage</li> </ul>	Low

## Evaluation of the Impacts Generated and Suffered: Double Materiality

Dual materiality is a concept included by the European Commission in its new proposal for the Corporate Sustainability Reporting Directive (CSRD) which is expected to become effective as of 2024<sup>6</sup>. The aim is on the one hand to help investors, civil society, consumers and other interested parties assess the non-financial performance of large companies, and on the other hand to encourage companies to develop a responsible approach. At ERG, we wanted to anticipate the introduction of double materiality by two years compared to regulatory requirements, in

order to give a comprehensive view of material topics, establish strategic priorities and prepare adequate disclosure in the NFS. In the process of the 2022 materiality analysis, we therefore decided to combine single materiality and impact materiality with the view of the impacts suffered (financial materiality) to represent the double materiality.

Again, as in the case of the Impact Materiality assessment, the evaluation of the impacts generated and suffered was carried out with the support of the ERM Department and the scope of the analysis included the Wind & Solar businesses and all the countries in which we are present as at 31 December 2022.



In the four pillars of the ESG Plan - Planet, Engagement, People & Governance - the risks and opportunities associated with the significant issues were identified; current and prospective impacts were then assessed according to a 'high, medium, low' scale, and mitigation strategies were identified.

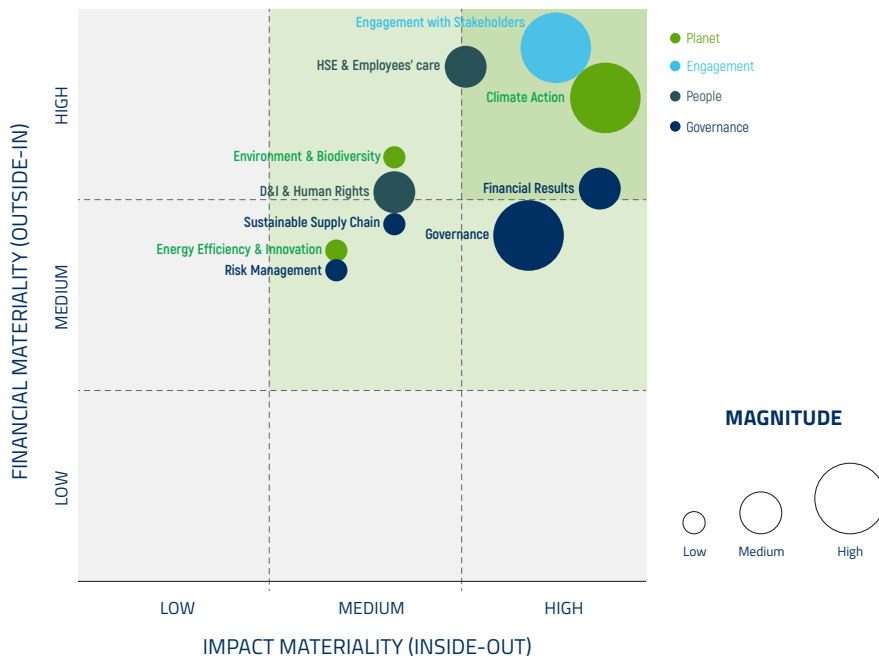
**Impact materiality:** the analysis made it possible to identify the impacts generated by the ERG Group, both current and prospective, in all areas in which we operate, assessing any negative impact or positive contribution generated by the opportunity.

**Financial materiality:** on the basis of financial materiality, for we

identified the impacts suffered by the ERG Group for each ESG topic (e.g., impacts from climate change).

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



The final result shows a substantial alignment between Single Materiality and Double Materiality.



<sup>6</sup> The CSRD was approved by the European Parliament on 10 November 2022 and was published in the European Journal on 14 December 2022. The Commission will adopt the first set of implementing rules by June 2023. The rules will start to apply between 2024 and 2028: i) From 1 January 2024 for large public interest companies (with more than 500 employees) already subject to the NFRD - Non Financial Reporting Directive, with a publication deadline in 2025; ii) From 1 January 2025 for large companies not yet subject to the NFRD (with more than 250 employees and/or EUR 40 million turnover and/or EUR 20 million total assets), with a deadline in 2026; iii) From 1 January 2026 for SMEs and other listed companies, with a deadline in 2027. SMEs can opt out until 2028.



## Planet

### Our key figures

**2,710 kt**

CO<sub>2</sub> avoided (over 15 million since 2017)

**100%**

wind circular economy (in recovered materials)

**92%**

solar circular economy (in recovered materials)

**100%**

biodiversity (projects with assessment)

# PLANET



## THE REFERENCE CONTEXT

The international scientific community is unanimously convinced that climate change is a genuine threat to future generations and that it is largely the result of human activity. This awareness is the result of the commitment, study and insight of many, including non-governmental organisations, governments, institutions and companies that over the past decades have joined together to create policies and concrete actions aimed at protecting the climate and the environment at a global level. Starting from the first United Nations Conference on these issues, held in 1992 as part of the 'Earth Summit' in Rio de Janeiro, through the Kyoto Protocol in 1997, the European 20-20-20 package in 2007, the Paris Agreement of 2015 on the reduction of harmful emissions, we have reached the European Green Deal in Europe, along with the implementation package 'Fit for 55', up to the REPOwerEU explained below. In this evolving phase of its climate and environmental goals, Europe has decided to make its emission reduction target even more ambitious, moving from an initial target of a 40% cut in CO<sub>2</sub> by 2030, compared to 1990 levels, to a new, more ambitious target of a 55% cut by 2030, to achieve net carbon neutrality by 2050. To achieve this target, a gradual decarbonisation of the energy system is envisaged, as well as an increase in energy from renewable sources and the simultaneous elimination of coal. In fact, the production and use of energy in the various economic sectors accounts for over 75% of the EU's greenhouse gas emissions. With ambitious and well-defined action plans, Europe has played a leading role in UN conferences against climate shift.

Not least because of the ongoing energy crisis triggered by the Russian-Ukrainian crisis, the outcomes of the last Conference of the Parties (COP 27) in Sharm El-Sheikh were not particularly encouraging. However, it emerged that the commitments already made in the world to date would make it possible to limit climate shift to within 2°C by the end of the century, although the new safe threshold has been raised to 1.5°C, and therefore new efforts and investments by states and new actions will be needed to achieve limiting the temperature rise to within 1.5°C.

The energy crisis triggered by the conflict between Russia and Ukraine has further strengthened the other fundamental motivation of the decarbonisation process through renewable energies: the increase in the security of energy supplies, which in the current debate has assumed a similar importance to the climate issue. In this respect, too, renewable energies are the winning solution, reinforcing their centrality in the evolution of the European energy system, as they could help achieve the dual goals of combating the climate crisis and energy independence.

Despite contingent criticalities, the latest COP also confirmed the necessity of the energy transition path that states, citizens and companies will have to follow and that we at ERG - by vocation and commitment to the renewable energy sector - were among the first to undertake. As pioneers in the energy transition, we will continue to contribute to the achievement of international decarbonisation targets in an increasingly efficient manner. A path that will require heavy investment and may also entail social costs. It will therefore be important to implement arrangements for a socially fair transition, so that no one is left behind. To hit the targets, it will be necessary to invest in technological innovation and to involve institutions, companies, governments and citizens in a shared design. With its experience, passion and determination, ERG will of course play its part.

It is now clear that sustainability must be at the heart not only of every company's strategies but also of governments. Already the G20 in Rome in October 2021 had identified its priorities in three pillars of sustainability: Planet, People and Prosperity. As proof of the heightened sensitivity and sense of urgency shared by all citizens and political parties, on 8 February 2022 the Italian Parliament approved, by a large majority, the reform of the Constitution, introducing among its fundamental principles the protection of the environment, biodiversity and ecosystems, also in the interest of future generations (Article 9 of the Constitution). It was also stipulated that private economic initiative must not be in conflict with social utility and must not harm safety, freedom, human dignity, health and the environment.



## The Integrated National Energy and Climate Plan - INECP

As already established in the Clean Energy Package adopted by the European Union in 2018, every Member State has committed to sending Brussels an Integrated National Energy and Climate Plan (INECP), proposing its path towards decarbonised energy production to 2030, in line with the overall targets of the Union. At the time of writing this report, the final version of Italy's INECP has the following main objectives:

- 30% share of energy from renewable sources in the gross final consumption of energy;
- 22% share of energy from renewable sources in the gross final consumption of energy in transport;
- 1.3% incremental annual share of energy from renewable sources in the gross final consumption of energy for heating and cooling (indicative);

- reduction in greenhouse gas emissions for sectors not covered by the Emission Trading System compared to 2005 emissions of at least 33%;
- electricity interconnection level with neighbouring states of at least 10%;
- an indicative target of 55% for renewable energy as a percentage of gross final electricity consumption;
- confirmation of the planned withdrawal from coal-fuelled electricity generation by 2025.

The targets set in the INECPs, in Italy as in the other EU states, will have to be revised in the course of 2023, aligning them with the even more ambitious targets defined in the most recent EU packages called 'Fit for 55' and 'REPowerEU'.



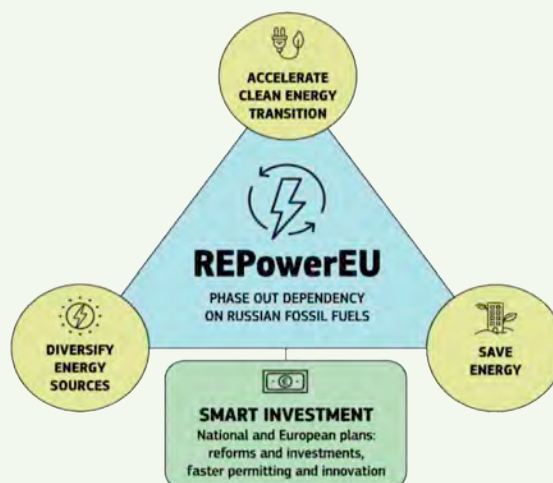
## REPowerEU

The European Commission's REPowerEU plan unveiled in May 2022 identifies renewables as the main remedy to the instability of energy supplies from abroad, the real culprits for the reckless increase of energy prices in the Old Continent.

Through REPowerEU, the EU institutions intend to make Europe more energy resilient and independent of Russian fossil fuels well before 2030. The main measures and actions proposed include:

- raising the European target for the share of renewable energy in gross energy consumption from 40% to 45% by 2030;
- an installed photovoltaics target of 320 GW by 2025 and almost 600 GW by 2030.

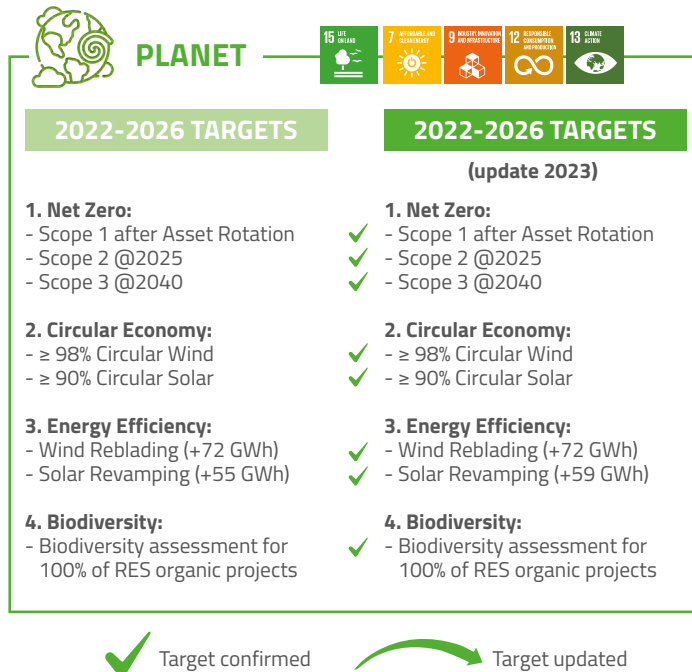
Above all, European guidelines are envisaged to shorten and simplify authorisation procedures for both renewable energy plants and grid infrastructures within "go-to areas" with low environmental risk and which will therefore be characterised by half the authorisation time.





## OUR ESG PLAN TARGETS IN THE PLANET AREA

The ESG Plan integrated into the Group's Business Plan was first published in 2021 with a five-year duration and was updated in 2023 to align the targets to 2026. The diagram below is a summary of the targets to 2026 in the Planet Pillar, showing the main changes.



## OUR PATH TO BECOMING "NET ZERO BY 2040"

In the new ESG Plan, ERG's most relevant and ambitious commitment is to become Net Zero by 2040. With the exit from the thermoelectric sector, which is expected to take 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% green energy;
- 2) consumption of our plants and facilities based exclusively on 100% green energy;
- 3) decarbonisation of our supply chain, by accompanying our main suppliers on an emission reduction pathway, certified by the Science Based Target initiative (SBTi). Our goal is that at least 70% of our major suppliers (with a turnover of more than EUR 1 million) will be certified by SBTi in terms of their emission reduction by 2030 and at least 90% by 2040.



## THE RESULTS ACHIEVED IN 2022

### Net Zero

Our CO<sub>2</sub> emission reduction targets have been increased in order to reach Net Zero in 2025 for Scope 1 and 2 emissions and by 2040 for Scope 3 emissions. Our 'Net Zero' target has been submitted to Science Based Target initiative and we are awaiting approval by 1H 2023.

### Circular Economy

For the modernisation project of our Partinico Monreale wind farm in 2022, we managed to recycle all components and avoid sending the material to landfill, selling 18 of the 19 wind turbines in the 'second-hand market', while the remainder were kept in our warehouses and will be used as spare parts

### Energy efficiency

ERG promotes and maintains a very high level of energy efficiency of both wind and solar power plants through a series of measures aimed at optimising the energy production of the existing plants.

The main projects are:

- **Wind Reblading:** the replacement of old wind turbine blades with new, more efficient ones in 2022 will increase production by around 12 GWh.
- **Solar Revamping:** Nine solar plants (for 22MW) underwent modernisation with the replacement of all panels; the inverters were replaced in other plants. An increase in production of about 3 GWh was achieved in 2022.
- **Social Purpose for Solar Revamping:** we are working to reuse the panels still in good working order removed from our modernised farms, using them in projects with a social purpose. The best performing and intact panels will be reused in new photovoltaic configurations, following the principles of circularity and sustainability. In 2022 the ESG Committee approved four projects with as many NGOs to be developed during 2023, two in Italy, one in Malawi and one in Madagascar.

### Biodiversity

By 2022, 100% of the ERG farms in Europe undergoing authorisation have received a biodiversity assessment.

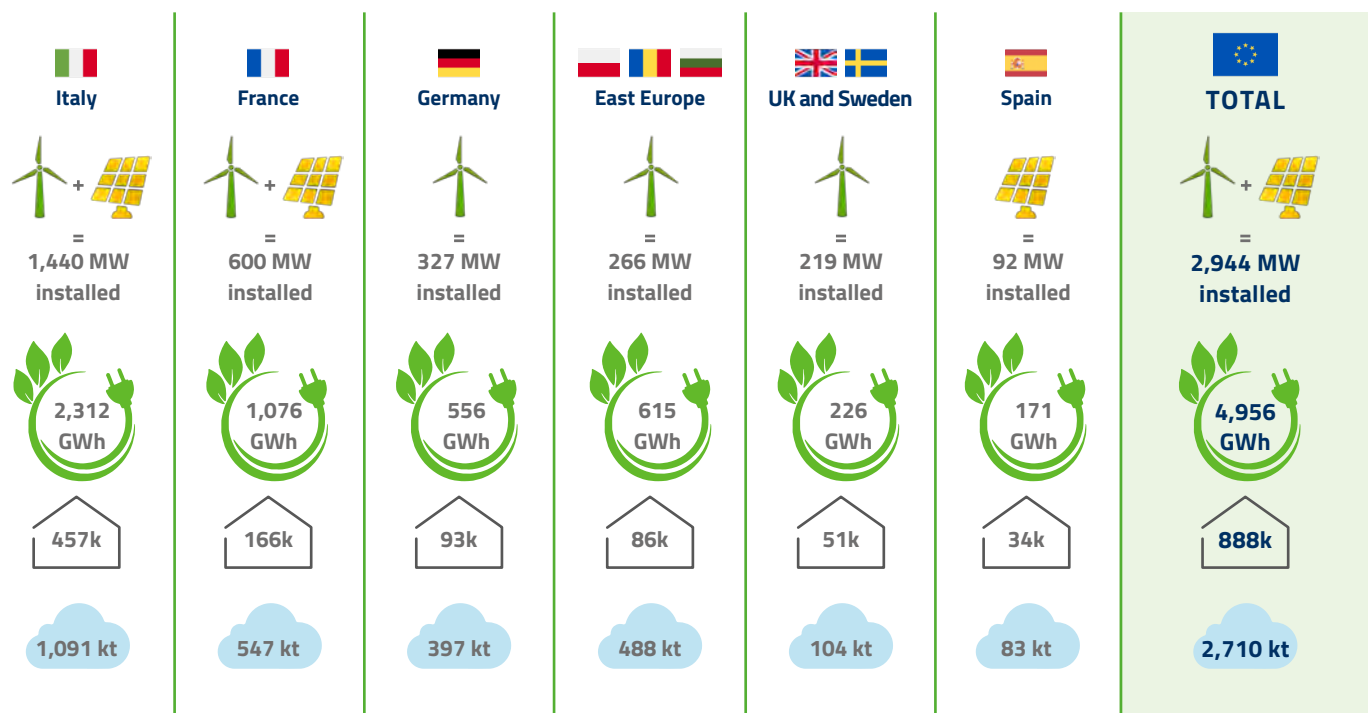
## CO<sub>2</sub> AVOIDED: A POSITIVE IMPACT OF RENEWABLE SOURCES

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 plan to create a decarbonised economy and replacing traditional electricity generation, which is responsible for around 30% of emissions, with renewable generation. Anticipating these trends, we 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 2021-2025 Business Plan and even more reinforced in the 2022-2026 Business Plan.

Thanks to our green production (wind power and photovoltaics), we avoid the emission of several million tonnes of CO<sub>2</sub> each year: in 2022, this amounted to 2.7 million tonnes of CO<sub>2</sub>, equivalent to more than 700,000 Rome/New York round trip flights.



Energy production



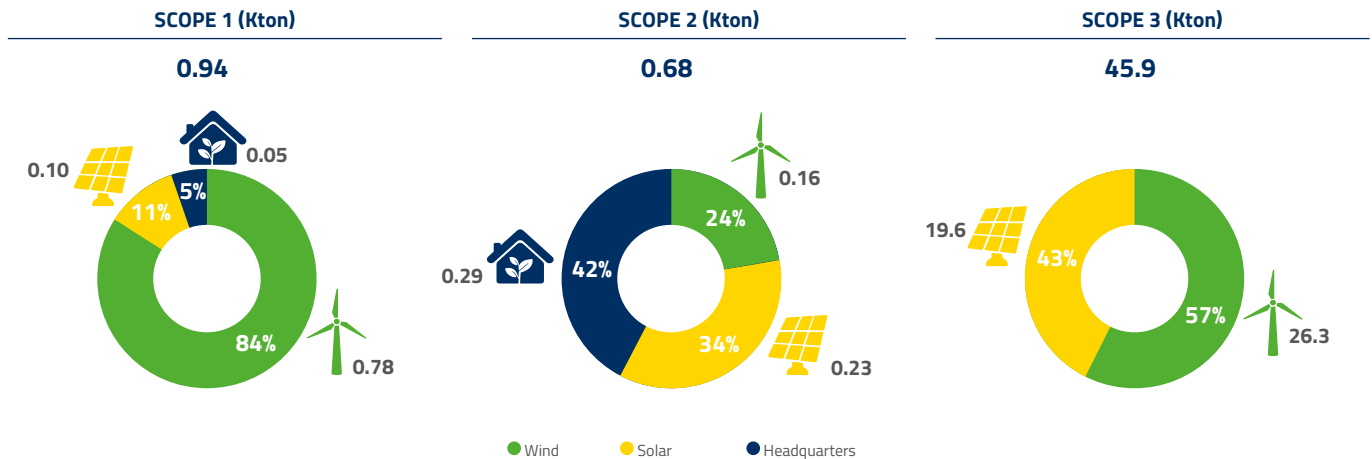
Number of households supplied with energy produced by our plants



CO<sub>2</sub> avoided



## OUR EMISSIONS



### Scope 1 Emissions

Our direct emissions (Scope 1) are mainly generated by leaks:

- SF6 (sulphur hexafluoride) from some high voltage equipment;
- F-gas (fluorinated gases) from air conditioning systems;
- use of company cars: we have adopted an offsetting policy in Italy, France and Germany, and in 2022 820 tonnes of CO<sub>2</sub> emissions will be cancelled thanks to 'green' projects.

### Scope 2 Emissions

On the other hand, our indirect greenhouse gas emissions (Scope 2 emissions) from energy consumption are generated by the purchase of national grid electricity required to operate plants that are not generating, and by condominium services for offices. In mid-2016, the ESG Committee approved a project to supply renewable energy for all Group requirements where technically feasible. We have continued along this path over the years, recording a percentage of renewable energy supplies of around 93% by the end of 2022 (90% in 2020), with an estimated saving of around 10,000 tonnes of CO<sub>2</sub>.

## OUR RENEWABLE ENERGY SUPPLIES

2016	2017	2018	2019	2020	2021	2022
51%	84%	86%	89%	90%	94%	93%

### Scope 3 Emissions

In 2022, considering the evolution of our business towards a Pure Renewable model, we have tried to expand reporting to those technologies that represent our future. The calculation of Scope 3 emissions (indirect emissions in the value chain) for wind and solar technologies was based on documentation produced by our suppliers, who provided us with Life Cycle Assessment (LCA)<sup>7</sup> studies of the wind turbines and solar panels. Therefore, the Scope 3 emissions generated - calculated on capital goods category 2 - are as follows:

- for wind power approximately 26 ktCO<sub>2</sub>e the figure was calculated on the basis of an LCA analysis for 85% of production and estimated through the weighted average of LCAs for the remainder;
- for photovoltaics is estimated to be around 19.6 ktCO<sub>2</sub> and has increased year on year in relation to the greater number of installations and higher production in the same year.

Other Scope 3 emissions derive from staff travel (e.g., Planes, Trains, Hotels). The travel agency is responsible for their reporting based on a certified methodology: indirect emissions in 2022 amounted to approximately 0.45 ktCO<sub>2</sub>, an increase of approximately 0.25 kt compared to 2021 as travel was resumed during 2022.

Moreover, thanks to a partnership with a courier company that handles transport for the Group, all travel for moving materials was compensated with climate protection projects, for a total of about 14 t of CO<sub>2</sub> avoided.

In the years to come, we expect to further reduce them thanks to:

- selection of suppliers who have implemented ESG strategies, according to the 'Sustainable procurement' project;
- decarbonisation projects to be implemented by the suppliers themselves.

<sup>7</sup> Life Cycle Assessment (LCA) is an internationally structured method for quantifying the potential impacts on the environment and human health associated with a good or service from its resource consumption and emissions.

## ERG wins two prestigious Awards in Travel & Fleet Management

At the end of 2022, ERG won two major awards for best business practices:

- In October, we were given the European Mission Award, Europe's first business travel award, in the 'Platinum Circle Career' category.
- In November, we won the Mission Fleet Award for Fleet Management, a special mention from the jury for the best ecological transition project in the company fleet involving a gradual changeover to 'Green' Hybrid or Electric cars.



*In the photo, Laura Campodonico, Head of Travel & Fleet Services, accepting the 'European Mission Award'.*



'We continue to work on important projects that will accelerate the development of green energy, combining the sustainability of our processes within the circular economy with environmental protection to safeguard biodiversity.'

**Constantine Deperu**  
Engineering Development

## ENERGY EFFICIENCY

The pursuit of energy efficiency in the management of our plants, the optimisation of their manufacturability and availability allows us to maximise production. Production is mainly from renewable energy sources (solar and wind). Indirect energy sources, typically the electricity needed to operate the facilities and ancillary services, are generally self-produced by the plants. Only in exceptional cases, when the renewable resource (wind or sun) is not available, is it instead purchased from outside to ensure the continuity of electricity supply to auxiliary and security systems.

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. 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 a customised approach to maintenance based on the principle of 'Condition Based Maintenance'.

We have defined preventive maintenance schedules for the turbines, customising the activities and maintenance cycles, reallocating activities, times, and working methods. To facilitate the machines' monitoring, we have installed sensors on most of the multi-megawatt wind turbine fleet (566 turbines, totalling 1282 MW between Italy, France, Germany, Eastern Europe and the UK), which together form a so-called 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. Data analysis, performance monitoring, 'customised' maintenance based on our knowledge supported by technological improvements have all therefore enabled us to make our plants more efficient, minimising breakdowns, increasing production, and decreasing the waste generated by maintenance activities.

## Life Time Extension... over 200 MW of new Life

The Life Time Extension (LTE) process, which aims to extend the operating life of wind turbines beyond the 20-year validity of the 'Type Certificate' provided by the manufacturer continued in 2022 as well: overall 23 plants were certified, representing an installed capacity of over 250 MW in Italy and Germany. A life extension of 10 years has been confirmed for these plants. At the same time, preliminary technical and economic assessments have been launched on another 400 MW distributed across all the countries in ERG's portfolio: the 2023 'certification' plan will continue, involving another 12 plants for about 216 MW of installed capacity. The Italian certified plants also include all those subject to reblading (replacement of blades with more modern,

high-performance blades). In addition to ensuring better performance and higher production, the new blades have the effect of reducing loads, which translates into a greater potential useful life.

The first operational phase of a maintenance campaign on around one hundred V47 wind turbines in Italy also started in 2022, aimed at extending the service life of the machines' structural components. Carried out entirely by in-house staff, this maintenance will continue in the coming years, with the extension to a further 210 WTGs of the V47 platform in 2023. The Life Time Extension process not only enables safer and more accurate asset management, but also reduces the environmental impact of our plants by postponing their disposal.



## Revamping Solar Plants

The Sunrise project involves the revamping - modernisation of a photovoltaic plant with the same power output - of 18 solar farms in ERG's portfolio, all of which have been in operation for at least 10 years, and involves a total capacity of around 31 MW. They would still be able to produce renewable energy for the next ten to fifteen years, according to an average remaining useful life assumption.

They are also involved in the Social Purpose for Solar Revamping project: instead of being subjected to disposal, the modules removed from these wind farms, as with all other wind farms, are carefully packed, transferred to ERG warehouses and in the course of the year will be used for social activities (supplying electricity to disadvantaged areas or where power lines are undeveloped or completely missing).



*In the photo, panels that have been dismantled from the Stimola wind farm and packed, ready to be transported to our warehouses for use in Social Purpose projects.*

## SOCIAL PURPOSE FOR SOLAR REVAMPING

As part of the revamping of some of our solar plants, we launched the 'Social Purpose for Solar Revamping' project in 2022. The aim is to activate a virtuous path of circular economy of photovoltaic panels that are still in an excellent state of efficiency, reusing them in projects with a high social impact, developed with non-profit organisations.

Thanks to the synergy between the internal ESG, Innovation, Engineering and Development areas, we discussed the possibilities of reusing these modules in new photovoltaic configurations according to the principles of circularity, sustainability and second-life. On the mandate of the ESG Committee, several non-profit organisations with a high reputational standing were identified, operating both in Italy and in developing countries in Africa.



**2 photovoltaic plants** in Puglia (total 2 MW)



More than **9,000 photovoltaic modules** in excellent condition and reusable



**4 projects approved** by the ESG Committee for 2023



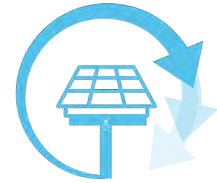
**4 non-profit organisations** beneficiary of projects in 2023



**170 KWp total capacity** (+ 50 KWh Storage for off-grid plants)



2023 Projects: **2 projects in Italy and 2 in Africa** (Malawi and Madagascar) with high social impact



## SOCIAL PURPOSE FOR SOLAR REVAMPING



In 2022, the ESG Committee approved four projects with as many NGOs to be developed during 2023 - two in Italy and two on the African continent - through small-scale on-grid and off-grid installations (which work with battery storage systems capable of storing excess energy produced and returning it as required). The selected installations all have a significant social impact, as they will support the work of NGOs in the target territories, ensuring the energy self-sufficiency of hospitals, clinics and schools (in the case of Africa) and guaranteeing economic and social development in the territory, in line with the UN SDGs.

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.

In addition to these first four initiatives, a pipeline of 'Social Projects' is being defined and will be developed over the 2023-2027 Plan.

We also emphasise the innovative aspect of these 'Social Purpose' projects: in fact, we are among the first companies to internationally support the energy transition through a concrete circular economy action, laying the foundations for a new module re-use chain and motivating the industry to manage plant modernisation projects in a circular manner. We have not embarked on this adventure alone: we will be supported by a rich network of industrial and institutional partners who have enthusiastically and proactively joined the initiative and will contribute to the projects, providing their expertise for the design, logistics, component procurement and training phases.

## Communication of the Project 'Social Purpose for Solar Revamping'

We decided to accompany the launch of the 'Social Purpose for Solar Revamping' project with a targeted communication campaign on social media, creating a web-series produced entirely in-house to narrate its evolution. A specific aspect of the journey of our photovoltaic panels will be explored in each

episode, from the removal phase to the transport operations, to the installation in the new plant by NGOs. The episodes will use simple, straightforward language that goes beyond professionals to touch a wider audience.

## The Repowering of Monreale-Partinico

ERG is the leading operator in Italy in terms of installed wind power capacity. Several plants have reached 20 years of age, so ERG has embarked on the innovative path of repowering to modernise their technology and increase their production and lifetime. This makes it possible to halve the number of wind turbines while doubling capacity and tripling output, increasing hub height and rotor size and replacing old assets with more powerful, high-performance turbines. It is thereby possible to generate more energy from renewable sources, without occupying new land.

The Monreale Partinico plant in the province of Palermo is one of the ERG plants undergoing repowering that has passed all the authorisation procedures for the construction of the plant: it first obtained authorisation from MITE (now MASE) following an environmental impact assessment, and then authorisation from the Region of Sicily and connection to the grid by the grid operator. We are currently finalising the construction phase for the subsequent commissioning of the plant.

The repowered wind farm consisted of 19 Vestas V52 wind turbines, each with a nominal capacity of 0.85 MW, totalling 16.15 MW, located in the municipalities of Monreale and Partinico. The repowering consists of the replacement with 10 Vestas V136 4.2 MW wind turbines with a total capacity of 42.0 MW. Thanks to the installation of more modern and innovative wind turbines, the capacity is more than doubled and the number of wind turbines is

considerably reduced (by about half). Thanks to the increase in hub height from 50 to 112 metres, in addition to its larger dimensions, the new rotor is able to take advantage of the increased wind intensity up to 180 metres above sea level. As a result of this increase, as well as the increase in rotor diameter from 52 to 136 metres, the kinetic energy of the wind and the mechanical energy that can be extracted from it is also significantly higher thanks to the more modern, high-performance aerodynamics and blade materials. The increased efficiency of the generator, blades and wind turbine as a whole thus leads to a considerable increase in energy production, which will be more than three times that of the current one, with a consequent increase in CO<sub>2</sub> equivalent abatement.

ERG uses the accredited supplier Ventos Metodicos to decommission wind turbines, which takes care of the dismantling and removal of the turbines and masts, of which it becomes the owner, putting them into the virtuous cycle of reuse (second-hand market sale and material recycling), ensuring that no wind turbine material goes to landfill. In this case, the nacelle and blades are sold and the lattice towers recycled as ferrous material.

ERG's repowering project started in Italy in the plants located in Sicily, Sardinia, Puglia and Campania and is also expanding abroad in the Group's other assets, particularly in France and Germany.

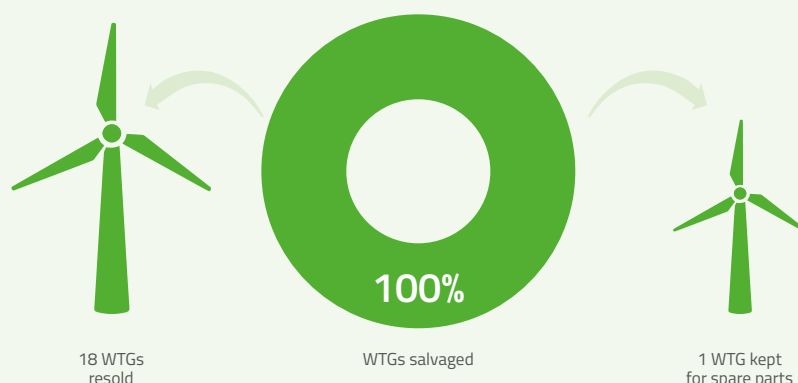


### Circular Repowering



#### RECOVERY OF WIND TURBINES GENERATORS (WTGs) - REPOWERING 2022

##### Partinico Monreale



#### YESTERDAY

#### TODAY





## BUILDING WHILE RESPECTING THE ENVIRONMENT AND BIODIVERSITY

The protection of the environment and biodiversity is a crucial issue for the future of our planet, requiring a global commitment to their conservation.

In December 2022, the 15th Conference of the Parties (known as COP) focused on Biological Diversity where a historic agreement was signed to halt and reverse the decline of natural species by 2030. With the Kunming-Montreal Global Biodiversity Framework, participating countries agreed on a roadmap to protect at least 30% of the biodiversity of lands and seas by 2030 and to support conservation in developing countries with USD 30 billion in annual aid. In addition, the Taskforce on Nature-related Financial Disclosures (TNFD), which had set standards for the corporate reporting of climate risks in 2018, is working on establishing a global framework for companies and financial institutions to assess and

report on nature- and biodiversity-related risks and opportunities by 2023.

ERG's development 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 Policy, and the Environment, Health and Safety Policy (HSE) and are implemented in the objectives defined in the ESG Plan, which can be found on the website [www.erg.eu](http://www.erg.eu) under the sustainability section.

## Sustainability Policy Update - our Approach to Biodiversity

In 2022, we updated our Sustainability Policy to make our biodiversity commitments 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.

Minimising the impact of our plants on the environment and on biodiversity is of paramount importance to ERG. 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 Great Britain 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 fauna, 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.



## Technology to preserve Biodiversity in France

In France, innovative measures to protect fauna have been implemented in the Saint-Congard wind farm, including the use of bat detection systems (BDS) to reduce collisions between the bats and moving wind turbines. The ERG case study was presented as part of the 'Éolien et biodiversité' Report promoted by France Energie Eolienne. The aforementioned BDS device considers parameters that influence the likelihood of bat

presence, such as wind speed, temperature, time of year and time of night; it then allows the farm's four wind turbines to be regulated by setting a trade-off between renewable electricity production and biodiversity conservation. More than 90% of bat activity is thus preserved, with a production loss of less than 1%.

## TOWARDS INCREASINGLY CIRCULAR WASTE MANAGEMENT

Minimising environmental impacts must also include the implementation of policies to reduce the waste generated by our business activities. In ERG, waste mainly comes from:

- plant maintenance;
- the construction of new plants;
- general office activities.

The management of industrial waste produced by plant maintenance follows the practices laid down in legislation: firstly, it is classified according to its origin and the presence of hazardous substances, attributing the relevant identification code from the European waste catalogue, 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. The waste generated by office activities is treated according to local government regulations on municipal waste. In 2022, almost 80% of the waste produced by the Group was earmarked for recovery.

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

- faulty or defective modules that cannot be repaired will be delivered to consortia that guarantee the recovery of valuable materials, so as to minimise the residue sent to landfill;
- modules with repairable defects or slight degradation will be delivered to consortia which, after reconditioning, will put them back on the market as second-hand products;
- modules without defects will be used for social purposes (energy communities, stand-alone systems).

## Managing and minimising Water Use

Water is a limited resource worldwide and for us at ERG, it is an important aspect of environmental management. ERG plants use water in minimal and negligible quantities:

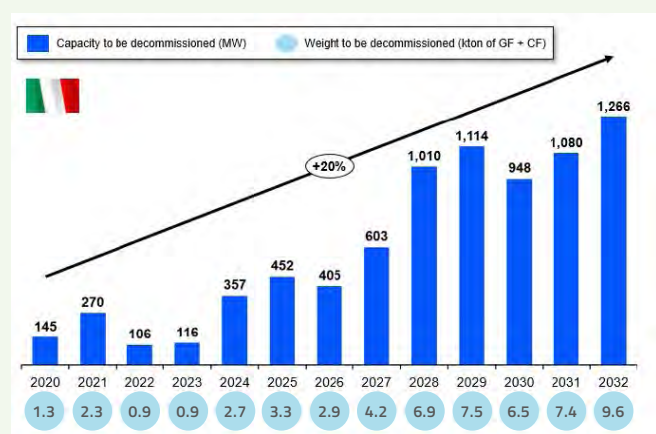
- wind farms do not use water resources in their production processes;
- the solar plants use water in negligible quantities only for

washing the panels and for maintaining the greenery in the relative portions of the plant (approx. 1,276 m<sup>3</sup>); the water is demineralised, no environmentally harmful substances are used, and it goes directly back into the natural water cycle after washing the panels, as it is absorbed by the earth.

# The Wind New Life Project for the Reuse of Wind Turbines

The wind energy sector is entering a phase of maturity that will result in increasing volumes of decommissioned blades in the coming years, either due to obsolescence or repowering activities. As responsible industrial operators, we must therefore act with a view to reducing impacts on the environment and creating zero waste. At ERG, for two years now, we have set

ourselves the goal of tackling the recycling of wind turbine blades made mainly of fibreglass in a circular and structured manner. ERG's target in the ESG Plan is to recycle at least 98% of the material in the wind turbine blades in order to maximise the use of materials from a circular economy perspective.



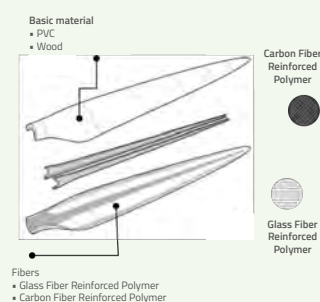
source: 20210120 - Enel-ERG Riciclo pale eoliche\_ Associazioni\_v3 (1) - Elettricità Futura - Anev - Assocompositi

To achieve this goal, we have moved on two fronts. On the one hand, with the cooperation of the leading electricity and wind power associations Elettricità Futura and ANEV, we have set up an inter-associative working group to dialogue with the institutions in charge of defining 'end-of-waste' measures. On the other hand, we have started a joint project with two other leaders in the wind energy sector for the design and possible future construction of an experimental plant for the treatment of blades: the aim is to stimulate the birth of a real integrated supply chain in Italy, involving both upstream players - such as wind energy operators and other industrial players producing composite material waste from their own production processes - and the midstream part of material treatment - i.e., industrial operators with recycling technologies - and lastly downstream operators, to put the materials produced back into circulation.

## Recyclability of components

- Wind generators are currently on average **85%** recyclable, mainly related to the tower, generator, and nacelle.
- Wind turbine rotor blades are a critical component to recycle because they are made of glass or carbon fiber-reinforced composites, which are extremely difficult to recycle. The current recyclability of the blades is **<44%**.

## Structure and composition of turbine blades



At the end of 2021, together with the partners, we nominated the project for a European call for proposals under the LIFE programme, which is specifically dedicated to initiatives to protect the environment and combat climate change. And during 2022, we also submitted the project to 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 Circular Economy Action Plan launched by the EU. At the same time, inter-organisational project activities continued, with the aim of involving other stakeholders in the dismantling and recycling of composite material, in order to identify a functional organisational model and a dedicated business model.



'Promoting sustainability towards a fair and inclusive energy transition is at the core of our corporate purpose. We are committed to optimising every aspect of our organisation and are working on major projects to improve the efficiency of our plants and solidarity initiatives for a circular economy, with the aim of contributing to zero impact on the planet from renewable energy production.'

**Renato Sturani**  
Generation & Market

## INNOVATION: STRATEGIES FOR A GREEN FUTURE

Innovation must be the basis of sustainable development, hence ERG has introduced the Innovation Projects Department which reports directly to the Chief Operation Officer. Its aim is to coordinate cross-cutting innovative projects within the organisation, monitoring the markets and technological solutions of greatest interest to the Group and identifying innovative opportunities with the greatest potential in terms of profitability and sustainability in the short and medium term. The innovation activities are structured around five strategic pillars:

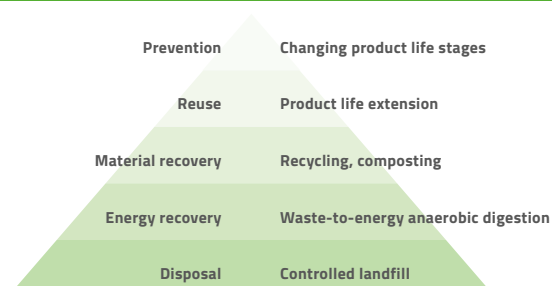
- **Recharge Project:** we entered the Italian storage market in 2022. These are two projects in the authorisation phase located close to two of our operating wind farms, Ginestra degli Schiavoni in Campania (10MW) and Vicari in Sicily (12MW). In this case, the innovation lies in integrating wind farm management with the use of batteries. In the other European countries where we are present, we are evaluating possible investment opportunities in storage, in line with the business plan that foresees a pipeline of projects for an additional 150 MW by 2026. Also in the area of storage, we are analysing recent technological developments related to storage technologies with innovative character to be combined with wind and solar assets. The aim is to identify early alternatives to conventional lithium-ion batteries that can reach a suitable level of industrial maturity in the short term and be installed in utility-scale contexts, but with a lower environmental impact.
- **Floating wind power:** we started scouting for possible initiatives in the Italian context in which to participate as co-developers together with other industrial operators, accompanied by technological and market-level monitoring with technical studies and research to increase in-house know-how.
- **Green hydrogen:** we are working to identify initiatives and partners to which to supply our renewable energy for the production of green hydrogen. We would also like to participate in pilot projects in order to acquire the appropriate skills in a new crucial area for the energy transition.
- **Digitisation of our wind and solar plant management systems.** 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. A joint laboratory with the Italian Technology Institute aimed at developing an in-house production predictor to be tested on four wind power plants has continued in 2022. In addition, a project was launched to develop an advanced analytics platform that would reduce the multitude of business systems and enable the autonomous development of applications by the business (through the concept of low-code-no-code platforms), and thus simplify processes, speeding up technological and process changes.

- **Circular economy:** in line with our ESG goals of circular economy, the activity focuses on the recycling or reuse of end-of-life wind turbine blades and revamped photovoltaic modules. We are pursuing several initiatives for **wind power**:
  - a cross-sectoral recycling project that also involves two other major Italian operators and aims to create a circular value chain for the industrial-scale development of an environmentally-sustainable alternative to landfill. Discussions are continuing, as is the planning phase, and applications have been submitted to two funding calls in 2022, one national and the other European.
  - A blade upcycling project to reuse them in different contexts from their original ones. This solution is among the most sustainable in the hierarchy of end-of-life processes, as the blades are very durable and are suitable for reuse in outdoor contexts (e.g., for shelters, playgrounds). However, it cannot be a large-scale solution, suitable in itself to dispose of the huge amounts of material that will become available in the next decade. However, such initiatives can play an important role in the ESG Plan, because of the social impact on the communities involved, and the image for those taking part.

As far as **photovoltaics** are concerned, a project called Social Purpose for Solar Revamping was launched in 2022 which envisages the reuse of modules dismantled from plants but still in excellent condition. They are sent for use in projects with a strong social purpose developed with non-profit organisations with a high reputational standing, in line with the ESG Plan.

### RECYCLING CHAIN



### UPCYCLING

When, on the other hand, a component is no longer able to fulfil its function in the context in which it is operating, the most sustainable solution is to use it in a different context in which it can retain its value, subject to limited modifications. Being made of composite materials, wind blades are particularly suitable for this purpose as the material is durable, resistant to damage and environmental aggression and easy to repair.



## Engagement

### Our key figures

**9 memberships**

in national trade associations

**13 memberships**

in international trade associations

**16,377 students**

involved in education activities on ESG issues

**0 disbursements**

to political parties

## ENGAGEMENT



'We are working to establish a culture of renewable energy among the institutions and the many stakeholders in our sector. We are aware that renewables are a primary tool for achieving energy independence and combating climate change, and we think that a change of pace is needed in the regulatory and legislative spheres to accelerate the development of this market.'

**Luca Bragoli**  
Regulatory & Public Affairs

## THE REFERENCE CONTEXT

The current macroeconomic scenario, as also emphasised by the World Economic Forum's 2023 Global Risk Report, is mainly dominated by risks and uncertainties related to climate change and related social emergencies.

In addition, after Russia's invasion of Ukraine, the European companies already struggling to recover from the pandemic were faced with an unprecedented energy crisis and rise in the cost of raw materials, as well as a significant increase in inflation.

Also due to the gradual decrease in the availability of Russian fossil fuels, Europe was forced to look for alternative and expensive supplies, planning the filling of gas storages and scheduling periods of energy rationing, while the financial impact of speculation was felt.

In such a context, renewable energy sources (RES) have confirmed and strengthened their role as leading players in the global energy transformation. Indeed, RES can not only decarbonise the energy sector but also make it more secure by progressively replacing the purchase of fossil fuels from abroad. Despite the increase in the cost of wind and solar power plants, which breaks the downward cycle of the past ten years (known as Greenflation), renewable energy remains cheaper (and more reliably priced) for Europe than gas, which is a resource imported from other countries.

Unfortunately, high energy costs have led to the adoption of extraordinary taxation measures (claw-back measures) by several countries in Europe, which have had a negative impact on the electricity sector, especially on renewable operators. These measures were accompanied by a slow or non-existent updating

of the government's revenue stabilisation mechanisms (known as CFD auctions), on which much of the development of new wind and photovoltaic installations rests.

Despite these critical issues, in 2022 we were able to continue with the investments envisaged in our business plan, leveraging our ability to structure and finalise alternative project financing instruments, for example long-term Power Purchase Agreements (PPAs).

Our Group continues to grow, after a process of radical business transformation. We are increasingly convinced of our model as an independent producer of electricity from renewable sources and are strengthening the European dimension achieved in recent years by expanding into new geographies. 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. In the other countries where we are established, we continue to develop local engagement and support initiatives to strengthen our relationships with key stakeholders, in particular institutions, local communities and the media. In 2022, we returned to more 'human' activities held in person, after the pandemic had forced the distancing and digitisation of meetings and discussions. Our principles of legality, honesty, fairness, equality, confidentiality, justice, integrity, transparency and responsibility represented in our Code of Ethics continue to be at the base of our dialogue with stakeholders, inspiring and guiding us in our dealings with the various stakeholders and in the implementation of our initiatives.

## OUR ESG PLAN TARGETS IN THE ENGAGEMENT AREA

The ESG Plan integrated into the Group's Business Plan was first published in 2021 with a five-year duration and was updated in 2023 to align the targets to 2026.

The diagram below is a summary of the targets to 2026 in the Engagement Pillar, showing the main changes.



## RESULTS ACHIEVED IN 2022

### ERG Academy for Next Generation

To raise the awareness of future generations on sustainability and renewable energy issues, in 2022 we involved more than 16,000 students in various initiatives (in Italy: 'VaiColVento', 'Festival of Science', Role Model programmes; in France: "Terre Avenir")

### 1% for community

We continued to support the local communities where our plants are located in 2022: at Group level, we allocated a total of 1% of our Wind & Solar revenues to the local areas where we are present, in line with our 2026 target.

### Trust & Reputation

The Trust & Reputation objective is based on ERG's credibility and reputation in supporting the green transition and is expressed through its performance in key ESG ratings.

We received important ESG awards between 2022 and the beginning of 2023, which are described in the section 'ERG'S ESG RATINGS AND SUSTAINABILITY AWARDS'.

In addition to these specific objectives, we continued the stakeholder engagement initiatives characteristic of our way of doing business, with a view to the continuous improvement underpinning our strategic model.

ENGAGEMENT	
	<b>ERG Academy for Next Generation</b> <ul style="list-style-type: none"> <li>16,377 students involved in training initiatives</li> </ul>
	<b>1% for the Community</b> <ul style="list-style-type: none"> <li>&gt;1% of revenues for local community development in 2022</li> </ul>
	<b>Trust &amp; Reputation</b> <ul style="list-style-type: none"> <li>Top performer in the main ESG ratings</li> </ul>

## 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 through the collaboration of public institutions, research organisations and industrial operators, we reached 4,564 students at 75 schools in Grand Est and Dépt. 77.

Terre Avenir's educational proposal for primary and secondary schools offers 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 focused on the indicators that signal global warming, the possible impacts and the solutions proposed by scientific research.



## DIALOGUE WITH OUR STAKEHOLDERS

We are a European operator, currently present in nine countries: Italy, France, Germany, UK, Poland, Romania and Bulgaria, recently joined by Spain and Sweden. Our portfolio of activities encompasses the development and construction of wind farms from scratch (also known as Greenfields), the management and optimisation of existing plants as well as their complete renovation (referred to as Repowering), as well as the sale of energy on the spot market, and increasingly through Long Term Power Purchase Agreements (PPAs).

Through engagement, dialogue and 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 engagement model is based on transparency and valuing relationships with stakeholders, including institutions, local communities, authorities, suppliers, shareholders, our people and the next generation.



### ERG AND ITS 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) and 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 2022, we 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 ecological transition policy of the European Union, the first 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 will lead to raising the coverage target of renewable energy on gross final consumption to 40% in 2030;

- the presentation of REPowerEU, the package of initiatives to counter the energy crisis triggered by Russia, through which targets on renewable energies, in particular photovoltaics and wind power, are to be strengthened and accelerated;
- the debate on the simplification of authorisation for revamping 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;
- 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 what is known as Infra-marginal caps).

## OUR STAKEHOLDERS: EXPECTATIONS AND ENGAGEMENT METHODS

Stakeholder	Stakeholder expectations	Engagement methods	Engagement activities 2022
 <b>Institutions</b> European Union, Governments, Ministries, Regulatory bodies, Public Administration, Trade associations.	Collaboration, technical support and sharing of information. Participation in the territorial planning of activities. Respect for the legislation in all countries where we operate.	Dedicated meetings, round tables and conferences.	Active participation in: <ul style="list-style-type: none"> <li>- Wind Europe - Copenhagen and Bilbao</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>- Events and round tables on the topics of energy and environment</li> <li>- Observatories in the energy &amp; environmental field (Polytechnic Institute of Milan, AGCI, Althesys, SUSDEF).</li> <li>- ERGLab think-tank.</li> <li>- Accreditation from central and local institutions in countries where we operate.</li> </ul>
  <b>Shareholders and the Financial Community</b>	Creation of value. Corporate Governance and Risk Management. Representation of minorities. Transparency and timeliness with regard to economic and financial information.	Shareholders' Meeting Webcasts Press releases Roadshows Events related to the presentation of the Business Plan and the ESG Plan. Continuous dialogue with shareholders and investors in general (Shareholder Engagement Policy)	Webcast presentation of quarterly results, Roadshows (virtual or in-person) of the CEO and CFO in major European financial centres. Ongoing information about the Group's activities (press releases and news). Italian Sustainability Week (digital). Management of relations with ESG rating companies.
 <b>People and trade union organisations</b> Workers with employee contracts, workers without employee contracts, trade unions.	Equal opportunities. Workplace safety. Professional development for all employee categories. Participation in company life and all related initiatives. Private life/work balance Stability.	Activities and tools for training, assessment and internal communication. Question time, group meetings, Christmas parties, family days, team building.	Staff training Internal communication events for employees and their families. Protocol for industrial relations Corporate welfare projects.
 <b>Local Communities</b> Cultural, religious and research associations, health service, NGOs, Committees of citizens, residents close to production plants.	Consideration of their views. Creation of shared value Contribution to and support for local initiatives and local communities Access to information Safeguarding of heritage and environment Health and safety.	Meetings with local communities in line with ERG's business. Education projects for future generations on renewable energy and digitalisation.	Financial and organisational support to social, cultural and health activities in the areas served. Meetings with the local communities for development projects in the UK and in France.
 <b>Future generations</b> Schools and Universities.	Raising awareness of sustainability issues, combating climate change, respect for the environment and biodiversity Training and sharing expertise Business strategy aimed at reducing the consumption of natural resources.	Information and education projects for future generations on renewable energy and digitalisation.	Educational projects in web edition (Vai col Vento, Progetto Scuola) Collaborations with universities (Energy and Sustainability UniGE Master's, Hackathon in collaboration with Talent Garden and SAFE Master's).
 <b>Media</b>	Transparency and clarity of information. Timeliness in communication.	Press releases to disclose the Group's Financial Statements, Business Plan and business activities.	Daily and extensive media relations activities carried out by the press office for the consolidation of relations and follow-up after the dissemination of news related to the Group's activities.
 <b>Suppliers</b>	Safety of on-site activities. Transparency in competitive processes.	Web platform. Involvement and monitoring on occupational safety and sustainability issues.	Procurement methods on a competitive basis. Sustainable Procurement, with ESG assessment of suppliers. ESG Supplier's day 'Sustainability K' factor in all tenders above EUR 100,000 HSE audits for suppliers carrying out activities at our plants ESG audits Activities for monitoring supplier performance.
 <b>Partners</b>	Creation of value. Acceptance of common values in the development of the strategy and business management Supporting local communities in the socio-economic sphere Supporting D&I policy development	Conferences Face-to-face meetings Digital meetings	Social Purpose for Solar Revamping Project (Sant'Egidio, Music for Peace, Boki Mamiko, Dynamo Camp) Group meeting (Dynamo Camp) Training and courses (ELIS)
 <b>Customers</b>	Maximising value for the customer Quality and continuity in the supply of electricity from renewable sources (Wind & Solar). Renewable energy production from new Wind & Solar investments.	Analysis and sharing of requirements with customers and drafting of contracts (e.g., PPA - Power Purchase Agreement) and/or 'ad hoc' solutions.	Receiving direct enquiries from potential counterparties or active scouting through direct contacts or via advisors.

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.

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.

## The main Italian associations in which ERG is present in the governing bodies and/or in the working groups

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.	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

## ERG joins the Governing Council of Elettricità Futura

Our CEO Paolo Luigi Merli joined the Governing Council of Elettricità Futura as Deputy Chairman with responsibility for wind energy. The association has several objectives, one of which is to support the electricity sector in the energy transition process:

- drawing up concrete policies for the development of enterprises and the electricity sector;
- helping to write the rules of tomorrow's market;
- advocating the needs of companies at decision-making tables, interacting with institutions on an ongoing basis;
- accompanying and training companies on key issues in the transformation and development processes of the electricity sector.

In this regard, our CEO participated in a press conference organised by Elettricità Futura that was attended by the heads of the most

important member companies in the sector. They became the spokespersons for a proposal to resolve the emergency in the sector: install 60 GW of renewables in the next three years with an investment of EUR 85 billion, creating 80,000 new jobs to boost the Italian economy, increase energy security and independence, and drastically reduce electricity bills.



## ITALY FOR CLIMATE: National Climate Conference and General States of the Green Economy

We have long been one of the promoters of Italy for Climate (I4C), the community launched by the Sustainable Development Foundation (SUSDEF) that brings together companies, consortia and associations active in the fight against climate change.

In 2022 we intensified our commitment to this initiative with the involvement of our Chairman Edoardo Garrone, who provided an exclusive interview as part of the National Climate Conference 2022, the highlight event of Italy for Climate organised under the patronage of the Ministry of the Environment, ENEA and ISPRA and with media partners ANSA and RAI. In the presence of leading politicians and government officials, the conference presented the research and initiatives proposed by the Foundation to accelerate the ecological transition, and the legislative and policy proposals to achieve climate neutrality according to the roadmap adopted at European level.

Renewables are at the beating heart of this process, needed to replace fossil fuels in energy production but also to help tackle high energy bills and increase energy supply security.

Renewable energy sources will be crucial in ensuring a fair just transition that can support local communities and offer new job opportunities in the regions. Yet even now, renewables are often the victims of misinformation, fake news whose spread risks undermining the path to decarbonisation.



## Key Energy 2022

We were one of the protagonists of the 2022 edition of Key Energy, the most important event in Italy on the subject of green technologies and renewable energy.

Starting with our Chairman Edoardo Garrone, we actively participated in major events alongside politicians and various institutional stakeholders in the renewable energy sector. We were speakers at the main conferences of the event: General States of the Green Economy, ANEV event on simplifying the authorisation process for renewables, conference on the electricity market, specific workshops

on the maintenance of wind power plants, coordination table of the wind power sector at Elettricità Futura.

At our stand we met with institutions and industry associations, as well as giving interviews to reinforce the key messages of our engagement activities.

To quote some figures on the engagement generated by ERG, there were over 500 reactions to ERG's social media posts with over 10,000 reached<sup>8</sup>; around 1,000 people visited our stand daily and there were over 45 press articles about us.

<sup>8</sup> Reach refers to the number of people who viewed the post.

## ERG AND 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 countries where we are present (France, Germany, United Kingdom, Spain, Poland, Sweden, Bulgaria, and Romania).

Our Business Plan approved in 2021 and updated in 2022 pays particular attention to the markets of France, Germany, the United Kingdom, Spain and Sweden, 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 a green 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.

### Foreign associations in which ERG is present in the governing bodies and/or in the working groups

Association	Purpose	ERG participation
Wind Europe	A body representing the interests of the wind energy industry and supply chain in Europe, the European branch of WWEA, the World Wind Energy Association.	Governance bodies and technical groups
SolarPower Europe	Leading association for the solar industry in Europe. It represents the entire supply chain, from system manufacturers and installers to electrical operators and the operation and maintenance industry.	Working groups
SER - Syndicat des Energies Renouvelables	French professional body that groups together several thousand companies and professionals specialised in the various renewable energy sectors, with the aim of promoting their development and responding to the growing demand for environmentally sustainable energy.	Governance bodies and technical groups
FEE - France Energie Eolienne	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
RenewableUK	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
RenewableNI	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
SR - Scottish Renewables	Association for the development of renewable energy in Scotland. Its members work with all renewable energy technologies.	Working groups
BWE - Bundesverband WindEnergie	Association of German wind energy operators. It has over 20,000 members and is one of the leading associations in the world. It is affiliated to the European Wind Energy Association (EWEA), the Global Wind Energy Council (GWEC) and the World Wind Energy Association (WWEA).	Working groups
PWEA - Polish Wind Energy Association	Polish national association of wind power operators.	Working groups
RWEA - Asociatia Romana pentru Energie Eoliana	Romanian national association of wind power operators.	Working groups
UNEF - Union Espanola Fotovoltaica	The main association of the solar photovoltaic industry in Spain, with more than 750 member companies.	Working groups
EFET - European Federation of Energy Traders	Association promoting competition, transparency and free access to the European energy sector. It seeks to build confidence in energy and gas markets across Europe, so that they can support a sustainable and secure energy supply, facilitating the transition to a zero emission economy.	Working groups
IREGG - Independent Renewable Energy Generators Group	Group formed by medium-sized players in the renewable energy sector that aims to drive the development of green energy in the UK.	Governance bodies



## UK: Inauguration of the Edinburgh Office

We opened our offices in Edinburgh, Scotland in October 2022. The opening was held in the presence of the Italian Ambassador to the UK, the Consul General for Scotland and Northern Ireland and the President of the Italian Chamber of Commerce in the UK. They were welcomed by Alessandro Garrone, ERG Executive Deputy Chairman, Paolo Merli, CEO, and Luca Bragoli, Chief Regulatory & Public Affairs Officer. The event was preceded by an 'ERGLab UK' on the topics of the Scottish planning framework for renewable projects, attended by representatives of local institutions. The next day featured the inaugural visit to the Sandy Knowe wind farm, where the plant's construction processes were explained. With a view to increasing the inclusion of local communities in the energy transition process, a central point of our ESG Plan, information panels made entirely in-house have been installed to provide information on clean energy production, energy requirements covered and tonnes of CO<sub>2</sub> avoided. The opening of the Edinburgh offices was an important step for ERG, demonstrating the country's centrality in the Group's industrial plans and the role we intend to play as a leading operator in clean energy generation.



## Engagement in Spain

With the acquisition of two photovoltaic projects in the Spanish regions of Castilla de la Mancha and Andalusia at the end of 2021 and a focus on further expansion in Spain, positioning ERG in the market and engaging local stakeholders was a priority in 2022. To achieve this, we organised several meetings with project partners and industry associations in Madrid, as well as with local

decision makers in the regions where we are developing projects, such as Extremadura. We also attended the annual WindEurope conference in Bilbao, an opportunity to hear from the Spanish Minister for Ecological Transition and Demographic Challenge, Teresa Ribera Rodríguez.





## ACTIVE PARTICIPATION IN WORKING GROUPS FOR RES DEVELOPMENT

In order to carry out our activities to the best of our ability, participation in working tables and continuous dialogue with institutions are essential, both directly and through trade associations and work with other operators in the sector. The issues that have most animated the technical debate in the renewables sector in 2022 are the increase in the cost of technologies (known as greenflation) and the tax measures that have affected the electricity sector in general, and renewables in particular, as a result of the sudden increase in the cost of electricity and gas.

As far as greenflation is concerned, we participated in drafting a specific study at association level to analytically determine the extent of the increase in purchase costs for wind turbines and solar panels, transport to the construction site, and construction and assembly work.

These increases - more than 30% compared to pre-pandemic costs - interrupt a more than ten-year cycle of decreasing technology costs, thanks to which energy generated by wind and sun is now cheaper than energy generated by traditional fossil fuels.

However, the trend reversal ascertained by the study shows no sign of changing in the short and medium term, with serious consequences on investments in the sector, but even more so on the effectiveness of support instruments for decarbonisation, such

as the CfD auctions, whose tariffs are now insufficient to support investments in renewable plants, effectively slowing down the process of combating climate change.

These results were shared with key institutions for the ecological transition in Italy, in particular the GSE, the Ministry for the Environment and Energy Security, and the Ministry of Economy and Finance.

We therefore took an active role in raising awareness among institutional stakeholders about the magnitude of the phenomenon and the potential effects on the decarbonisation path of energy, offering our utmost support to reflect the dynamics of greenflation in the renewable auction tariffs, both those already in force and those envisaged in the new programme being finalised according to the dictates of the law transposing the European Renewables Directive.

As already mentioned, Russia's invasion of Ukraine in February 2022 has led to uncontrolled increases in the cost of gas and consequently electricity, particularly in Europe. This has led several European governments to adopt extraordinary taxation measures, to the detriment of producers of electricity from renewable sources. We have been engaged, also through the working tables of the industry associations to which we belong in the various countries, in opposing the adoption of these measures and, as far as possible, limiting their harmfulness to the sector.

## ERGLab increasingly international

ERGLab is our think tank on the topics of energy and ecological transition. Launched in Italy in 2014, it aims to engage key experts and institutional stakeholders through thematic round tables where guests can express their thoughts under the protection of 'chatham house rule'<sup>9</sup>. ERGLab allows for an open exchange between representatives of ERG and external experts and the energy sector, 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 emerging from ERGLab are summarised and shared in a working document disseminated on LinkedIn and on the main French renewable energy trade associations in France.

We organised three ERGLabs in Italy in 2022, tackling topics of the utmost topicality and importance, such as the definition of 'suitable areas' for the accelerated development of renewables, the effects of the European Commission's REPowerEU package to counter the

Russian gas crisis, and the redeeming role of renewables in the 'perfect storm' that triggered the energy crisis in the Old Continent.

We organised two editions of the ERGLab in France in 2022. The first focused on the constraints of the Air Force and the development of onshore wind projects, the second focused on the advantages of repowering as well as the constraints related to the approval process by the relevant administrations.

Lastly, we organised two editions of the ERGLab in the UK in 2022, with similar themes. On 24 October, the ERGLab held at the opening of the Edinburgh offices focused on the merits and shortcomings of the Scottish government's National Planning Framework. Held on 14 December at the premises of the UK parliament, Portcullis House in Westminster, London, the event was motivated by the UK government's openness to new onshore wind power projects in England and provided MPs who attended with best practices in the field, and case studies on the involvement and engagement of local areas in the development of renewables.

<sup>9</sup> The possibility for participants to use the information but not to disclose the identity and affiliation of participants

## STRENGTHENING ENGAGEMENT WITH LOCAL COMMUNITIES

We follow a strategy based on value creation: 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 represents much more than the mere installation and operation of 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.



In recent years, we have participated in many important activities agreed with local communities, including:

- participatory investment. As a pilot case, to carry out the preliminary analysis for a French wind farm, we gave the citizens of the towns near the site the opportunity to participate in the project by investing in mini-bonds created for the purpose;
- community benefits. The development of new wind farms in the United Kingdom also involved agreements for financial support to businesses in the local areas after the plants become operational. Moreover, in Italy, the traditional environmental compensation scheme continues, renewed in the municipalities of Monreale (PA) and Militello (CT). In Northern Ireland, we set up a fund of GBP 95,000 to be distributed to local communities near the wind farms.
- donations to communities. EUR 477,000 was donated to support the humanitarian crisis in Ukraine. In the UK, we donated desks and chairs - worth EUR 8,000 - to Kelloholm Primary School, near the Sandy Knowe wind farm. This will allow the school to furnish a computer room and create an area for group activities. We also renewed our support for the INDA Foundation which organises shows of ancient Greek tragedies at the Greek Theatre in Syracuse.
- inauguration of new wind farms. These have become opportunities to involve the population, students, and authorities of neighbouring towns in plant tours and training on renewable energy sources. In 2022, the British wind farms of Sandy Knowe stage 1 and 2, Evishgaran and Craiggore (although energised in 2021), as well as the French wind farms of Les Bouchats and Vallée de l'Aa 2 Extension were opened.
- the creation of numerous equipped areas and bike paths routes in the areas of wind farms enhance the landscape in which our plants are located, improve the liveability of places and encourage tourism, exploring the relationship between the wind farms and nature. We would especially like to highlight the project called 'la Via del Vento' in Molise (see the special box).
- the implementation of projects to enhance and promote the artistic, cultural and environmental heritage of the places where we are present. These include the project to illuminate the monuments of Militello di Val Catania, the collaboration with Legambiente (Tourist Guide to Wind Parks and Sicily Carbon Free), and the project to redevelop around 400 hectares of peat for the Creag Riabhach wind farm in Scotland, which started in 2021 and continued in 2022.

*Photo, inaugurating Sandy Knowe stage 1*

## Repowering ERG: Community Benefits in Sicily

As part of the inauguration of the repowering sites for the Partinico/Monreale (PA) and Mineo/Militello/Vizzini (CT) wind farms, we signed the first agreements for environmental compensation (3% of plant revenues) with the municipalities of Monreale and Militello in 2022. These agreements have made it possible to strengthen partnerships

with local communities, fostering initiatives that can be a driver of growth for the territories and support the energy transition. For example, the municipality of Monreale decided to use the first annuity (amounting to EUR 80,000) to upgrade the heating systems of some of its schools.

## YOUTH, SOCIAL DEVELOPMENT AND CULTURAL ACTIVITIES

We again supported a series of activities in 2022 that fall within the main themes of our engagement with the territories and comply with our guidelines (described below) which include, among other actions, support for youth people with educational activities on the topics of

sustainability and the development of RES (Renewable Energy Sources). The selection of projects from the multitude of those proposed is carried out based on the values they express that are in line with those of the Group and the positive impact they have on the reference territory. Also in 2021, many of the initiatives that in previous years were held in person have been performed on digital platforms to ensure that the activities can be carried out safely.

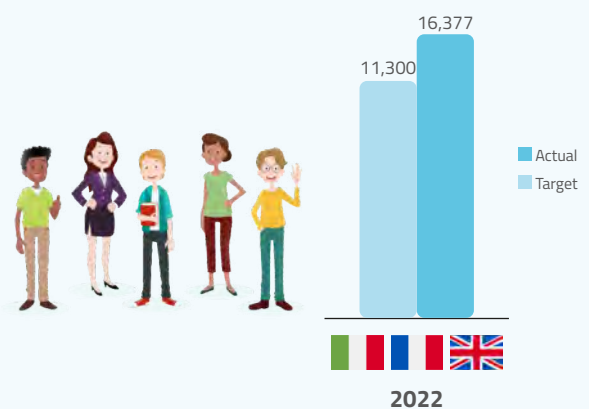
## ERG Academy for the Next Generation

Disseminating skills related to sustainability and the just transition to the Next Generation, helping them discover the work methods related to greenjobs. This is the mission of the ERG Academy's initiatives for the next generation, envisaged in the 2022-2026 ESG Plan.

The Academy will officially come into being in 2023, but in 2022 the first partnerships for the Next Generation training were developed and we defined the mission, governance structure and stakeholders, mapped the currently active programmes and defined the technology platform we will use.

Despite this, in 2022 we involved 16,377 students from three different countries (11,710 in Italy; 4,607 in France and 20 in the UK) in education programmes on sustainability and the development of Renewable Energy Sources. Directly through lectures, the experiences of ERG people, or in partnerships with organisations that share our mission.

### ACADEMY 2022- INVOLVEMENT OF THE NEXT GENERATION



### THE NEXT GENERATION IS AT THE HEART OF OUR STRATEGIES

Future generations will have the task of carrying on the transformation we have been initiating in recent years to fight climate change, implementing a Just Transition pathway that leaves no one behind.

In line with our ESG Plan, and in anticipation of the launch of the ERG Academy, in 2022 we continued our efforts to disseminate a culture of ethical values, sustainability, and the importance of the energy transition with renewable energy sources at its centre to the Next Generation through a series of events, meetings, and lectures in schools and universities.



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

We contributed to the launch of the first edition 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 the green 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. The course was completed with the great satisfaction of the university, but above all of the students, who were quickly able to capitalise on the skills acquired on a professional level.



### Next Generation Italy

Now in its eighth year, the 'Next Generation - ERG' environmental education project, an ideal continuation of 'Vai col Vento', aims to develop greater awareness of environmental sustainability issues related to energy production, while strengthening the relationship between school, territory and industry.

The project is dedicated to students in their last year of middle school and the second year of secondary school. It makes use of an e-learning platform for teachers and students, which explains in detail all the processes involved in producing electricity from renewable energy sources and the environmental benefits derived from them.

The use of the e-learning platform made it possible to reach more students and to conduct interactive virtual visits to ERG plants. The 2022 edition involved around 5,200 students.



### Science Festival

ERG was a partner of the 20th edition of the Science Festival, an international thematic event for popularising science held in Genoa.

This year's festival saw the return of a physical festival, registering more than 220,000 total visitors, including around 30,000 students.

ERG sponsored the conference dedicated to climate change issues entitled 'Climate 2050', the workshop 'Si fa presto a dire energia' (It's easy to say energy), and set up a number of edutainment workshops at its stand aimed at raising awareness among the younger generation of the importance of science for a sustainable future. Over 4,300 students were directly involved our workshops and conferences.



### 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.



### 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 348 students.

## "Call for ideas"



### ERGLab Italy, France, UK

ERGLab is a think tank-style event organised as a round table developed by ERG in 2014 for the Italian market; given the success of the format, it was launched in France and the UK in 2021.

In the coming years, we also aim to take the concept to other countries (Spain/Germany).

## STEM Workshop on Wind Farm Development

In line with our "ERG Academy for Next Generation" objectives of the ESG Plan, in June 2022, we organized, together with 3DW, a STEM (Science, Technology, Engineering, and Mathematics) interactive for 20 students at Sanquhar Primary School in Dumfries and Galloway, Scotland. The initiative is focused on the technical aspects of the design and construction of onshore wind farms. The students were divided into small groups, and for one day, they simulated work on developing a wind farm. Each member had a specific role as Project Manager, Financial Manager, Technical Adviser, or Public Relations (PR) Consultant. The guys drew and designed a wind farm layout considering the constraints and obstacles encountered in life real. They started with

a 2D map, then developed using 3DW's bespoke software.

They had to draw the route to connect their wind farm to the national grid. They then evaluated the construction and operating costs and determined whether their project was financially viable. They used virtual reality to visualize the projects and create an excellent immersive experience. On this day, the students could put into play not only their STEM skills but also soft skills related to leadership, collaboration, problem-solving skills problems, and presentation of projects. At the end of the workshop, Catherine Wicks, Head of UK Business Development at ERG, provided insight into what it means to develop a real wind farms and answered numerous questions and curiosities.

## Supporting Social Development



### Radura della Memoria

We contributed to the creation of 'Radura della Memoria', the new public area below the San Giorgio Bridge. 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.



### Le Vie del Vento

Promoted by Legambiente and supported by ERG, this project aims to build bike paths near the wind farms we own.



### Support for Militello demonstrations

We gave our support as part of the events for the 20th anniversary of the inclusion of the Militello area among the UNESCO World Heritage Sites.



### 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 to obtain treatment.



### Sicilia Carbon Free 2nd 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.

## 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 23rd 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 2022 edition involved more than 120,000 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, and by a charity endeavour in favour of the Gigi Ghirotti Association of Genoa, to which EUR 43,500 was donated.

## Le Vie del Vento

Promoted by Legambiente and supported by ERG, the project aims to build a bike path to promote cycling tourism in the Fortore Molisano mountain community, fostering knowledge of places far from tourist flows that preserve strong traditions and identity. The project stems from the desire to propose a new approach to the issue of renewable energy sources, wind power in particular, which are often seen as an element that spoils the landscape and not as a fundamental ally in the fight against climate change.

The municipalities identified as target areas were among the first to believe in wind power. The bike path, named 'La Via del Vento' (The Way of the Wind), will feature three wind farms owned by ERG (Monacilioni, Pietracatella and Sant'Elia) as well as an Enel Green Power plant. The route enhances some provincial roads, sheep and cattle tracks, skirting the facilities, and is designed for cycling tourism and electric mountain biking.



## SHARING VALUE FOR THE GROUP

CONTRIBUTIONS TO LOCAL COMMUNITIES (EUR k)	W&S 2022	W&S 2021
Sharing Benefits paid to local communities (Group)	8,122	7,880
Support to local communities in relation to emergency situations	477	0
Sponsorships	300	305
Other donations	452	520
<b>COMMUNITY TOTAL</b>	<b>9,351</b>	<b>8,705</b>
Revenue	749,000	590,000
<b>COMMUNITY SHARE AS A PERCENTAGE OF REVENUE</b>	<b>1.25%</b>	<b>1.48%</b>

## Our Guidelines on Sharing Benefits

Also to support the achievement of the ESG Plan objectives, guidelines have been defined for engagement initiatives in the areas where we are present, and in particular for the management of expenses incurred for ESG, promotional or public relations purposes. In order to be authorised, the initiatives must be included in one of these four areas:

- promoting the culture and knowledge of ERG or the Group, sustainability and renewable energies;
- supporting the socio-economic development of the areas and local communities involved in development projects;
- impetus to innovation in the area also through 'call for ideas' activities;
- support to youth with educational activities on sustainability issues and the development of renewable energy sources.



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).

## ERG'S SUPPORT FOR THE EMERGENCY IN UKRAINE

The Russian invasion of Ukraine has generated the largest European humanitarian emergency since the end of World War II. Based on data collected by the United Nations High Commissioner for Refugees, it is estimated that there are more than 7 million displaced persons from Ukraine in the European Union who have been granted a special temporary protection regime.

In keeping with our sensitivity to certain fundamental values - human rights, sovereignty, responsibility and international cooperation - we have decided to allocate around EUR 1 million to initiatives in

support of the humanitarian crisis in Ukraine. In particular, we allocated almost half of the funds in 2022 (EUR 477,000) to activities both in the province of Genoa and in Eastern Europe.



## DETAIL OF CONTRIBUTIONS DISBURSED

DESTINATION OF FUNDS	INITIATIVE	AMOUNT
HR Recruitment	2 administration contracts for 12 months + housing contribution (Sales Support and ICT operation Support)	99 k€
Province of Genoa	5 hospitality and medical assistance projects (Genoa City Council, Caritas, Sant'Egidio, Gaslini Onlus, San Teodoro Parish)	267 k€
Eastern	Purchase of equipment for St. Mary's Children's Hospital in IASI for the care of cancer children (including Ukrainian children)	111 k€

In addition, ERG provided a monthly financial contribution to employees and their families for hosting - on a private and voluntary basis, refugees from Ukraine in their own homes or in available accommodations.

## The 'RIA' project: Circularity with a View to Social Inclusion

Eight months, about 2,000 corporate garments in stock, five ERG people involved: these are some of the numbers of the RIA project for giving some of our still new, packaged corporate garments a new life. A project that saw us alongside FCEI (Federation of Italian Evangelical Churches), Mediterranean Hope and Made in Carcere, animated by common values, primarily proactivity and creativity. The textile material was sent to the Penitentiary Institute of Taranto, where it was processed thanks to the association 'Made in Carcere', a social cooperative that offers prisoners and female inmates a training course for reintegration into society. Some of the clothing, such as anoraks, T-shirts and fleece, was simply modified, others were converted into rucksacks, bum bags, caps.

In January 2023, the material began distribution through two Mediterranean Hope initiatives:

- 'FILIERA' of Piana di Gioia Tauro' in Rosarno, Calabria, which cooperates with ethical and organic producer cooperatives, promoting a fair supply chain for fair wages and workers' rights.
- 'Casa delle Culture' in Scicli, Sicily, a reception facility that offers hospitality to particularly vulnerable migrants and beneficiaries of humanitarian corridors.



## INVESTOR RELATIONS AND FINANCIAL COMMUNICATION

We are committed to disseminating transparent, exhaustive and timely communication through the Investor Relations area that is capable of effectively representing our business strategy and performance to the financial community, in full compliance with regulations governing the disclosure of price-sensitive data. The IR Department has always been engaged in constant dialogue with financial operators, investors (both institutional and retail) and anyone interested in receiving information about our Group.

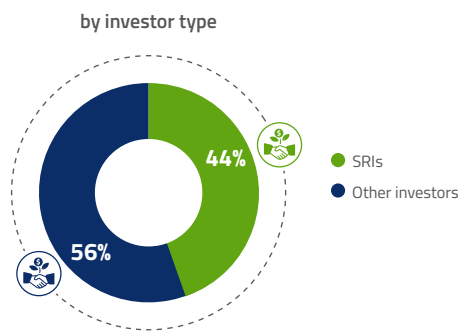
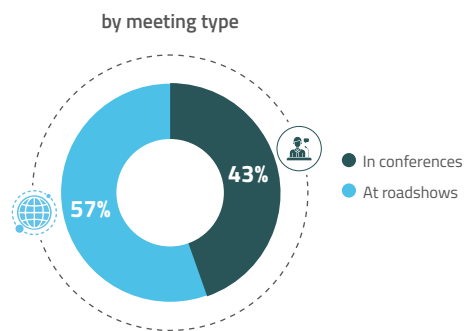
The Investor Relations section of the website [www.erg.eu](http://www.erg.eu) has all the information on financial results and business plans, and conference calls can be followed via webcast, during which Top Management presents the quarterly results live.

Furthermore, the 'ERG Investor Relations' app allows users to be updated in real time on financial results, accessing information in a simple and immediate manner thanks to its more dynamic use compared to the institutional website.

Finally, anyone interested in our Group can contact the Investor Relations department through the dedicated e-mail address ([ir@erg.eu](mailto:ir@erg.eu)).

The most effective tool for relations with the financial community is undoubtedly roadshows and meetings, during which analysts and investors can better understand the company's strategic lines and financial and business objectives, talking directly with the Investor Relations Department and the Group's Top Management. We met a total of around 200 investors in 2022, also participating in five conferences and seven roadshows in Italy and abroad.

In addition to business prospects, investors' attention is increasingly focused on environmental, social and governance (ESG) issues such as an active role in the energy transition, concrete commitments to the circular economy, D&I strategies, work-life balance through remote work, ways to involve local communities and a robust governance system. The relevance of ESG issues is evidenced by the number of meetings with SRIs (Socially Responsible Investors), who base their choices on the evaluation of ESG criteria and indicators. In 2022, 44% of the companies encountered were SRIs.



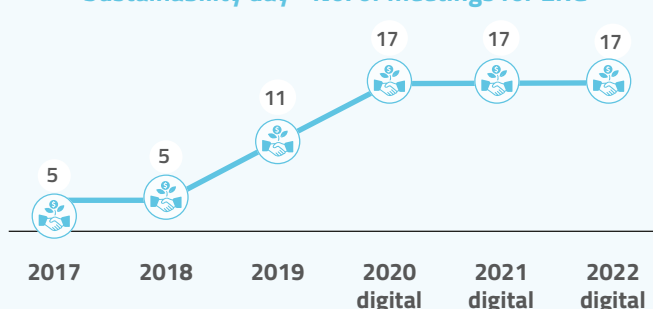
## Italian Sustainability Week 2022

At the beginning of September 2022, we participated for the sixth consecutive year in the Italian Sustainability Week of Borsa Italiana to encourage SRIs (Socially Responsible Investors) to meet companies whose business model is integrated with sustainability. The event was held online - as in 2020 and 2021 - and 59 companies joined, 56 of which were listed. The participating companies included 21 issuers of ESG bonds listed on the bond markets of Borsa Italiana/Euronext.

We met 17 investors (nine Italian and eight foreign), in line with the 2021 event but with more foreign investors. During the meetings, we outlined our growth strategies in the area of sustainability, emphasising our commitment to advancing the goals of the ESG Plan.

The investors particularly appreciated our transformation to a pure 'wind & solar' business model, our decarbonisation target to 2040 and our commitment to value creation based on sustainability.

Sustainability day - No. of meetings for ERG



## EXTERNAL COMMUNICATION TO SUPPORT THE GROUP'S INTERNATIONAL GROWTH

To support the Group's growth abroad, our external communication strategy set internationalisation as its main focus in 2022. Thanks to the synergistic collaboration between the different business units, it was not only possible to convey business messages and instances to the relevant stakeholders, but above all to share the Group's values and corporate culture with the communities in which we operate. This required an in-depth study of local communities, which led to the implementation of various communication activities:

- publication of articles in traditional media to consolidate the Group's reputation in the local areas;
- creation of two new websites for the Germany and UK markets, which were created taking into account the needs and specificities of our locations in these countries;
- organising inauguration events for the new wind farms in the UK, a country with significant growth in 2022, in order to consolidate ERG's presence with local stakeholders;
- participation in trade fairs and industry events, with interviews and multimedia content produced on-site;
- ERG asset customisation project, through descriptive and informative tables showing the main data and information of the farms.

The external communications did not neglect the Italian market. Against the backdrop of the geopolitical and energy crisis, the messages conveyed focused on the role of renewable energy sources in the supply of reliable and low-cost energy as the key to

combating climate change and to our country's independence from fossil fuels. These were important messages of advocacy but also of transparent information to the media and public opinion, conveyed through interviews with top management and articles in the main national newspapers.

Lastly, external communication confirmed its role in supporting the communication needs of the Group's other divisions, as in the case of the organisation of events such as:

- the first ERG Suppliers' Day, which saw the participation of all the Group's main suppliers and the moderation of a debate by Il Sole 24 Ore;
- the organisation of Investor Relations Day, the Group's flagship event for the presentation of the new 2022-2026 Business Plan to relevant stakeholders.

On the events front, we set up an interactive stand at the 20th edition of the Science Festival in Genoa to share sustainability values and messages with the Next Generation, with the help of augmented reality and quizzes for kids. We promoted the 'Social Purpose for Solar Revamping' project - which aims to donate photovoltaic panels to NGOs - by experimenting with innovative forms of communication. We also participated in the Key Energy trade fair in Rimini, which was attended by an unprecedented number of visitors. In addition to being present with an ERG stand, we supported the organisation through our participation in conferences and debates, as well as our Chairman Edoardo Garrone's participation in a prominent panel dedicated to the central role of renewables.

## Multimedia Content in Different Languages for Increasingly International Communication

In 2022, ERG confirmed the popularising role of podcasts as a digital communication medium capable of strengthening the brand's reputation among users. With the aim of further raising the Group's international profile and consolidating its presence abroad, ERG launched a new English-language product: "Hey, ERG: what about innovation?". The intention is to inform a wide audience

about the new technologies that will support the development of renewable energy in Europe, and how the Group wishes to play a leading role in some of the most advanced sectors on the market. Each episode features a person from ERG to explain the Group's plans, vision and commitment to providing highly innovative tools that will play a key role in the energy transition.

## New ERG UK and ERG Germany Websites

In November, we launched two new websites in the UK and Germany. Thanks to an interactive approach, it is now easy to grasp a general overview of the Group's projects in these two countries, find out where our renewable assets are located,

and contact the ERG team directly for more details on how to collaborate. These new sites are important tools, supporting not only external stakeholders but also our local business units.



## People

### Our key figures

**29.5%**  
women in staff

**18.3%**  
women key leaders

**20%**  
key leaders abroad

**6.2 days**  
of training per employee



# PEOPLE



'People have always been at the core of ERG's founding values. Today more than ever, for us sustainability means involving all our people to carry out a fair energy transition, promoting an inclusive climate in which everyone can express themselves to the fullest and make their own relevant contribution.'

**Giorgio Coraggioso**  
Human Capital & ICT

## THE REFERENCE CONTEXT

2022 was marked by a profoundly changing social scenario and a highly competitive labour market that called for new strategies to motivate our people and make them grow, as well as innovative human capital management solutions to meet the new challenges.

Again in 2022, we worked to:

- create an open and inclusive working environment to attract, develop and retain talent;
- develop the skills needed to meet future challenges through highly specialised and innovative training;
- foster internal mobility and enhance skills through reskilling and upskilling plans, which are also necessary to motivate and retain people;
- increase the soft skills indispensable for managing a multi-generational and multicultural business;
- place people's needs, diversity, equity and engagement as central elements of the strategy in human resources management;
- use remote work to offer flexibility in supporting work-life balance, gaining a competitive advantage and strengthening the company's attractiveness to new talent, increasingly sensitive to flexibility and well-being, elements considered on a par with remuneration
- promote technological innovation in all the phases of human resources management.

In our 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.

## OUR NEW ESG PLAN RELATED TO PEOPLE

The ESG Plan integrated into the Group's Business Plan was first published in 2021 with a five-year duration and was updated in 2023 to align the targets to 2026. The diagram below is a summary of the targets to 2026 in the People Pillar, showing the main changes.

PEOPLE		3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES
2022-2026 TARGETS	2022-2026 TARGETS (update 2023)					
<b>9. ERG Academy for our People:</b> <ul style="list-style-type: none"> <li>- 80% people with individual development plan</li> <li>- 100% people involved in learning activities</li> </ul>	<ul style="list-style-type: none"> <li>✓ - 80% people with individual development plan</li> <li>✓ - 100% people involved in learning activities</li> </ul>					
<b>10. Diversity &amp; Inclusion:</b> <ul style="list-style-type: none"> <li>- ≥ 20% women amongst the key leader (manager and senior manager)</li> <li>- ≥ 20% key leaders abroad</li> <li>- 25% women in the workforce</li> <li>- D&amp;I Certification @2025</li> </ul>	<ul style="list-style-type: none"> <li>- ≥ 20% women amongst the key leader -manager and senior manager (≥ 25% @2027)</li> <li>- ≥ 20% key leaders abroad (≥ 25% @2027)</li> <li>- 25 - 30% women in the workforce</li> <li>✓ - D&amp;I Certification @2025</li> </ul>					
<b>11. Employees' well-being:</b> <ul style="list-style-type: none"> <li>- Flexible benefit Plan</li> <li>- Solidarity holidays at Group level</li> <li>- Smart Working post pandemic</li> </ul>	<ul style="list-style-type: none"> <li>✓ - Flexible benefit Plan</li> <li>✓ - Solidarity holidays at Group level</li> <li>✓ - Smart Working (8 days per month)</li> </ul>					
<b>12. Health &amp; Safety, always:</b> <ul style="list-style-type: none"> <li>- No fatalities, IF&lt;4</li> </ul>	<ul style="list-style-type: none"> <li>✓ - No fatalities, IF&lt;4</li> </ul>					



Target confirmed



Target updated

## THE RESULTS ACHIEVED IN 2022

PEOPLE	
    	<b>ERG Academy for our People</b> <ul style="list-style-type: none"> <li>41% employees with personal development plans</li> <li>97.6% employees involved in training plans</li> </ul>
	<b>Diversity &amp; Inclusion</b> <ul style="list-style-type: none"> <li>18.3% women among key leaders (managers and senior managers)</li> <li>20.0% key leaders abroad</li> <li>29.5% women in staff</li> </ul>
	<b>Employees' well-being</b> <ul style="list-style-type: none"> <li>Assessment of Flexible benefits at Group level</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, Frequency Index = 4.12</li> </ul>

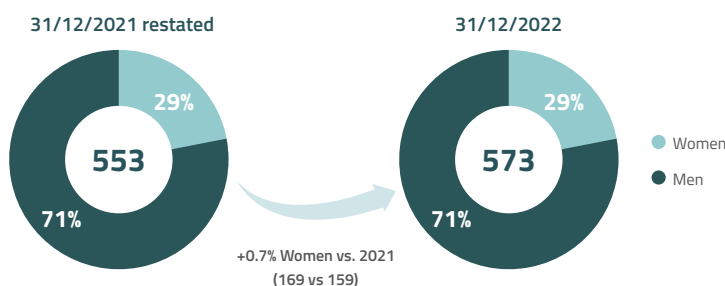
**ERG Academy for our People.** We have begun to implement growth programmes for our people with a target horizon of 2026. In 2022, 97.6% of our colleagues had carried out at least one training activity, while 43% had initiated an individual development plan.

**Diversity & Inclusion.** The proportion of women among key leaders is 18.3% in 2022 (compared to target  $\geq 20\%$  in 2026) and of key leaders abroad is 20% in 2022 (compared to target  $\geq 20\%$  in 2026), while women within the Group count for 29.5% of the workforce (compared to target  $\geq 25\%$  in 2026). These results confirm our desire to create an international and inclusive environment. In line with the MBO 2022 targets, women accounted for 50% of new hires for the year. Among the actions introduced during the year, we also highlight the adoption of the Policy for Preventing Violence, Harassment and Bullying in the Workplace.

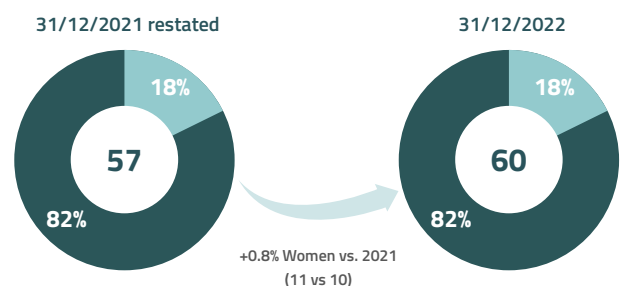
**Employees' well-being.** We try to promote a better work-life balance by allowing people to work remotely eight days a month, excluding those who work on the plants. Flexible holidays have been established in France and Germany and a Group-wide assessment was carried out to evaluate the possibility of introducing flexible benefits<sup>10</sup> as early as 2023.

**Health and Safety, always.** In the HSE area, we continued to work on strengthening the occupational health and safety culture. We achieved the target defined in the MBO system, where the frequency index - which counts the number of injuries occurring to our own employees and those of third-party companies in relation to the hours worked - is 4.12, close to the maximum value of the Cap (FI<4.00), and still below the target value (FI <4.35). The index considers the scope of Wind & Solar activities, and despite the increase in construction sites during the year, confirms the absence of fatal accidents.

### TOTAL WORKFORCE



### KEY LEADERS - MANAGERS AND SENIOR MANAGERS



<sup>10</sup> Flexible benefits refers to that series of goods or services that a company makes available to its employees, in addition to their normal company salary, which enjoy a tax-privileged regime. This has the natural consequence of increasing the employee's purchasing power, as well as improving their quality of life

## GOVERNANCE IN THE CONTEXT OF PEOPLE

Human resources (HR) governance is exercised by two committees: the Human Capital Committee and the Supervisory Body<sup>11</sup>.

The Human Capital Committee, consisting of the Executive Deputy Chairman, the CEO Director and all his first reports, has the task of:

- defining and monitoring the key people development programmes through career plans, 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 Policies, and handling any reports of non-compliance.

During 2022, the committee met six times with 100% participation of its members. The main topics covered were organisational changes, resource development, succession plans, performance management, managerial feedback and the D&I Project. In its capacity as Ethics Committee, the Supervisory Body is responsible for:

- monitoring the correct application of the Code of Ethics, with specific regard to respect for human rights, equal opportunities, etc.;
- managing any reports on these issues received via the communication channels made available to all employees and also third parties (dedicated email address and regular postal address).

There were no reports of non-compliance with the Code of Ethics or Group Policies in 2022.

The relationships with our people, with the collective representatives of the employees and with the trade unions are always conducted in compliance with the applicable regulations in all the countries where we do business, guaranteeing the correct application of the National Collective Labour Agreements for the sector in question. The management of relations with the social partners is delegated to the HR Department which reports, with regard to strategies and results, to the Chief Human Capital & ICT Officer.

### TOTAL: 573

 **404** (70.5%)

 **169** (29.5%)



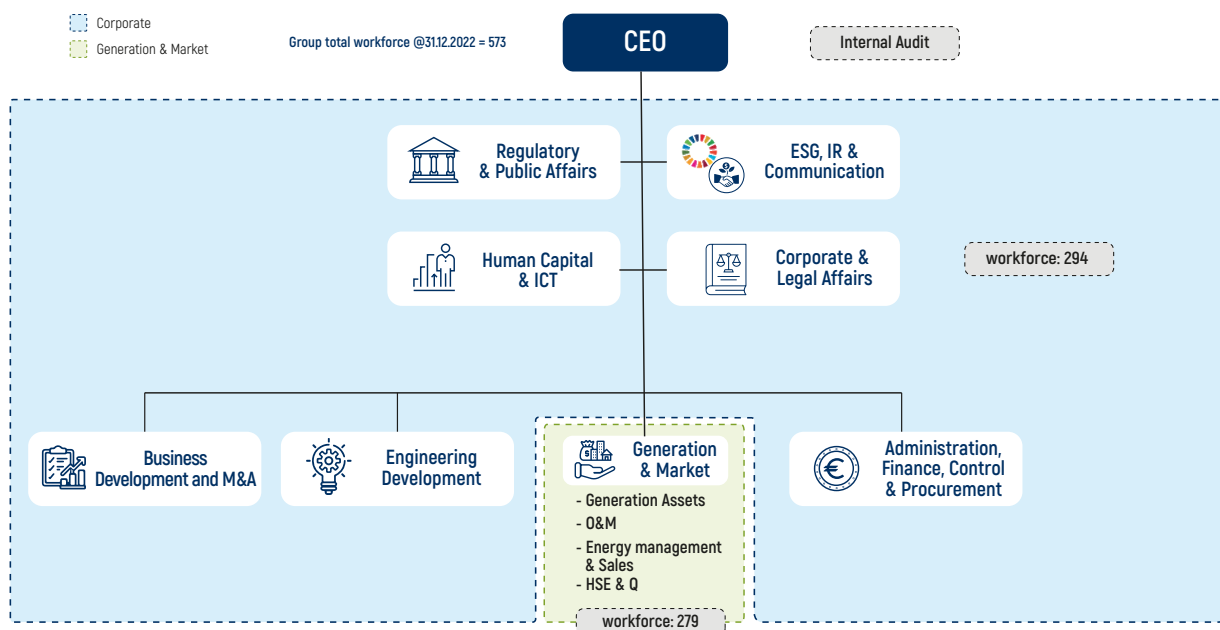
<sup>11</sup> Established pursuant to Italian Legislative Decree 231/2001

## ORGANISATIONAL MODEL

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

- Corporate: providing strategic guidance, it is directly responsible for business development processes<sup>12</sup> and ensures the management of all business support processes, organised into:
  - Business Development and Merger & Acquisitions<sup>12</sup>
  - Engineering Development
  - Administration, Finance, Control & Procurement<sup>13</sup>
  - Human Capital & ICT
  - Regulatory & Public Affairs
  - Corporate & Legal Affairs
  - ESG, IR & Communication

- Generation & Market: responsible for the Group's industrial and commercial processes, organised into:
  - Wind& Solar generation technologies, articulated in production units on a geographical basis<sup>14</sup>;
  - Energy Management & Sales, as a single entry point to organised markets and clients/counterparties;
  - a centre of expertise, which ensures the efficiency of the operating model and the standardisation of related processes at global level;
  - a structure dedicated to managing health, safety, quality and environmental protection issues for the entire Group.



## HUMAN CAPITAL MANAGEMENT AND DEVELOPMENT

Human capital management and development are guided by two pillars that support the achievement of company results:

- Organisational Development: organisational model, processes, roles and responsibilities aimed at the management and growth of our Group;
- Talent Management: recruitment and selection, leadership development, performance, potential assessment, talent

management, succession planning 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.

<sup>12</sup> Starting from February 2022, in order to continue the path of growth started and achieve the ambitious targets set in the Business Plan, the Group has implemented a business model rooted in the different realities and at the same time flexible, which takes into account both the geographical and the technological diversification, particularly in the solar business. Therefore, within the Business Development and M&A Organisational unit, two macro areas have been set up at European level – Central West Europe & Nordics and Central East Europe – bringing together the Country Business Development and M&A organisational structures. These remain responsible for identifying, coordinating and finalising organic development and M&A initiatives at local level.

<sup>13</sup> Two new Administration, Finance, Control & Procurement areas were established in France and Germany in July 2022. These are responsible for the related processes at local level, while maintaining a functional relationship with the central organisational units.

<sup>14</sup> Generation & Market is also responsible for the industrial processes of the Combined Cycle Gas Turbine (CCGT) power plant. In accordance with IFRS 5, the values of the workforce at 31.12.2022 are pro forma without taking into consideration the contribution of the thermoelectric business, which is reported in a separate section of this document, as it is an asset held for sale.



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. We also suggest that all Group people follow the same model for self-observation. In fact, we promote self-responsibility and commitment to managing one's own personal and professional development.

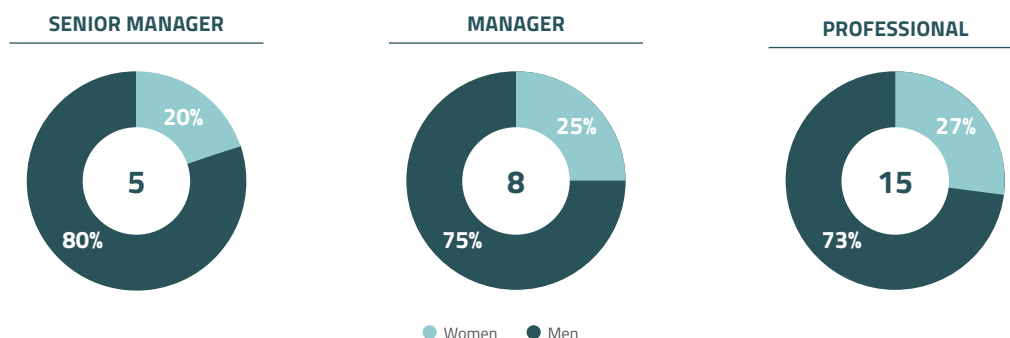
Talent is the key to achieving extraordinary results naturally and passionately; this is why we offer paths to recognise it, use it and develop it to grow together with the Group. We regard talent as a founding element of diversity and enhance it precisely because it is an individual characteristic.



## 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 led and shared by the Human Capital Committee, which annually defines the activities and commitments of candidates for Manager and Senior Manager appointments and progressively monitors performance growth. The graphs with the 2022 appointments broken down by type and gender are below:





## PERFORMANCE & REWARDING

Performance management 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.

### Rewarding System

Our work is based on a solid principle: to guarantee equal opportunities of economic recognition to all people, each according to their own characteristics and professional skills, applying strict policies and procedures to prevent any discriminatory behaviour.

We therefore focus our remuneration policy on the recognition of merit and its implementation is based on three key principles:

- 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.

### 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 gained and consistent with the principles of diversity and inclusion.

Gender pay equity, which will be the subject of certification in 2023, is calculated for homogeneous qualifications, as the ratio of the average pay of women to the average pay of men at both Group and Italian level.

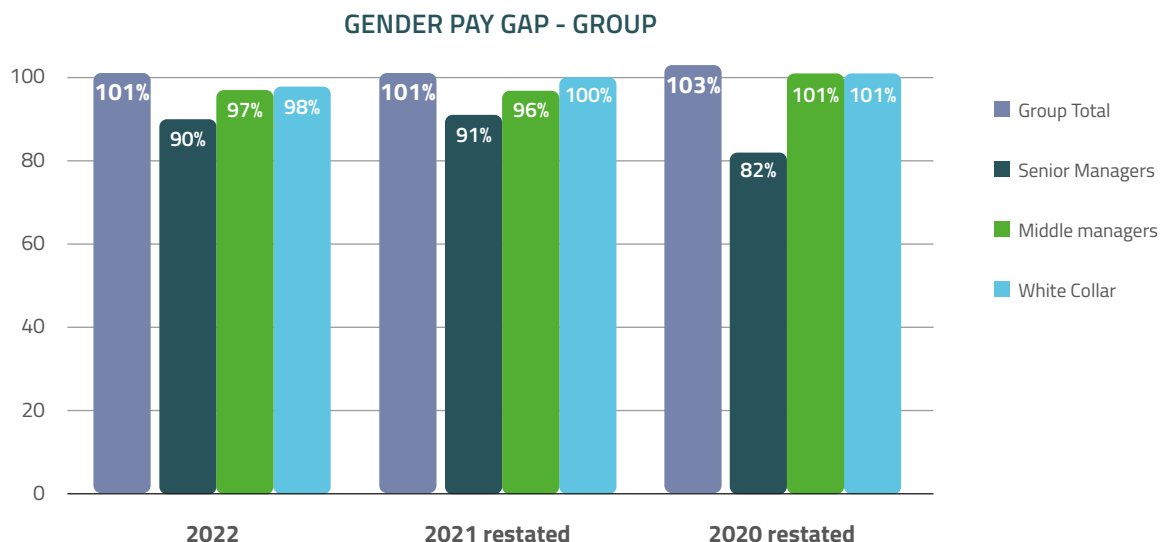
### Gender Pay Gap

The general analysis of the data shows substantial parity on fixed remuneration: considering all Group employees, the average salary level is aligned between the two genders, with the average salary for women gender being about 1% higher than for men. If, on the other hand, we look at total remuneration at target<sup>15</sup>, we see a slight gap (95%), in line with last year.

Analysing the specific data, a slight improvement (+1%) can be observed for middle management qualifications and a slight decrease (-2%) for the office workers, mainly linked to hiring junior female resources.

The path of women's managerial development is reflected in the significant increase in total remuneration (+8%) of senior managers compared to 2020, while, as far as the gender pay gap at senior manager level is concerned, the slight decrease in fixed remuneration towards 2021 comes from the inclusion of entry-level female senior managers.

Details are given for the categories where women are present (therefore Key Managers and Blue Collar are excluded).



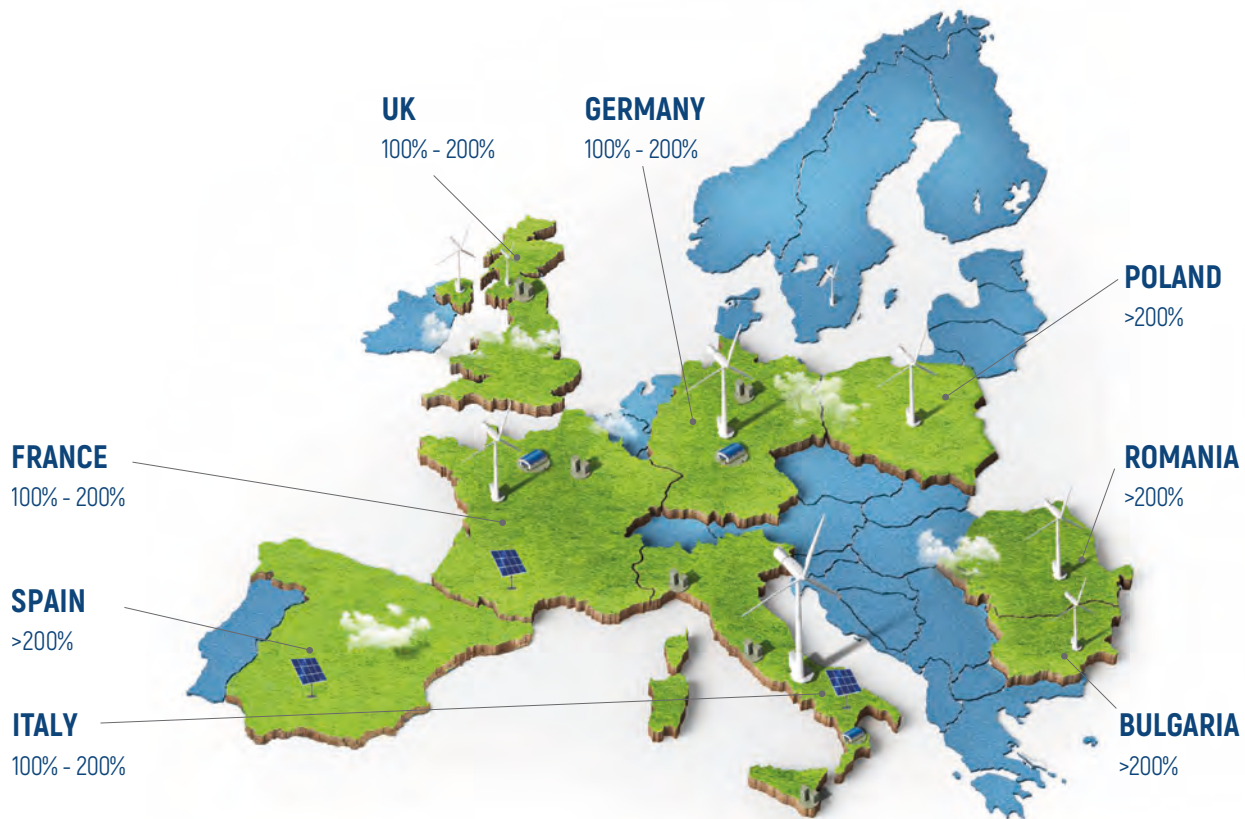
The total pay ratio was calculated including the pay of Key Managers and Blue Collar, whereas the breakdown is provided for the categories where women are present (thus Key Managers and Blue Collar are excluded).

<sup>15</sup> Generation & Market is also responsible for the industrial processes of the Combined Cycle Gas Turbine (CCGT) power plant. In accordance with IFRS 5, the values of the workforce at 31.12.2022 are pro forma without taking into consideration the contribution of the thermoelectric business, which is reported in a separate section of this document, as it is an asset held for sale.

## Living 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 present, and we respect the relevant national regulations. In the countries where we operate, the minimum wages we provide are well above what is required by law or by collective agreement.



The table 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.

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.

### Difference between ERG Italy Group average salary vs applicable National Collective Labour Agreements

Role	2022		2021		Change 2022/2021	
	Women	Men	Women	Men	Women	Men
Key Management Personnel	0%	188%	0%	188%	0%	0%
Senior Managers	112%	110%	110%	106%	3%	4%
Middle managers	108%	106%	107%	101%	1%	4%
White Collar	111%	113%	111%	112%	0%	1%
Blue Collar	0%	100%	0%	100%	n.a.	0%

### Difference between minimum ERG Group Italy pay and applicable National Collective Labour Agreements (restated)

Role	2022 restated		2021 restated		Change 2022/2021	
	Women	Men	Women	Men	Women	Men
Key Management Personnel	0%	242%	0%	242%	0%	0%
Senior Managers	126%	143%	128%	143%	-2%	0%
Middle managers	128%	131%	124%	126%	4%	5%
White Collar	117%	116%	120%	117%	-3%	-1%
Blue collar	0%	110%	0%	110%	0%	0%

## Generating Results and Sharing Success

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.

We have long since initiated a process of integrating sustainability into our business activities and into the definition of its medium/long-term strategies. Sustainability targets form an integral part





of the objectives in our incentive models. All beneficiaries of the systems are remunerated based on the achievement of Group and individual sustainability targets, defined in line with the ESG Plan, which are made up of four sub-targets linked to the Plan's pillars: Planet, Engagement, People, Governance.

In the short-term system, Group sustainability targets are worth 20% of the total relative variable remuneration for the CEO and 10% for the other participants. Individual ESG targets assigned to system participants account for 45% of all individual targets assigned.

### Sustainability objectives in short-term incentives

Weight of target	Indicator weight	Pillar	2023 target	
20% CEO 10% KM	20.0%	 Planet	10.0%	Circular Wind Repowering: recovery of materials and/or energy
			10.0%	Circular Solar Revamping: recovery of materials and/or energy
	20.0%	 Engagement	10.0%	Education for Next Generation: number of youngsters involved in training programmes on sustainability and renewables
			10.0%	Social Purpose for Solar Revamping: number of projects carried out
	40.0%	 People	30.0%	HSE Predictive Safety: severity index <1 and compared with frequency index (internal + contractors)
			10.0%	Incidence of women in workforce increase
	20.0%	 Governance	20.0%	Implementation of three projects: 1) Tax Control Framework extension 2) Certification of the "Information Security Management System" (ISMS) 3) Suppliers engagement Rating review IVQ 2023: average score increase

The results achieved in 2022 are in line with the targets defined by the remuneration system.

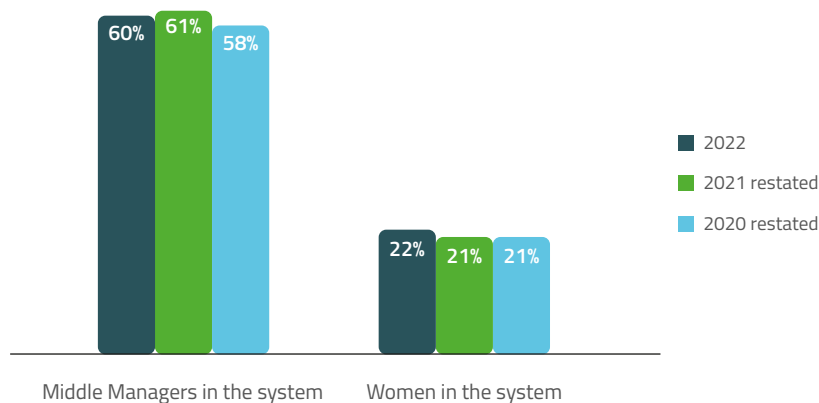
Weight of target	Pillar	Target	Unit of measurement	Indicator result	Minimum 80%	Target 100%	Cap 120%	Target result	Overall result
20% CEO 10% KM	 Planet	Circular Wind Repowering: recovery of materials and/or energy	%	100%	<div></div>			120.0%	119.1%
		Circular Solar Revamping: recovery of materials and/or energy	%	92%	<div></div>			120.0%	
	 Engagement	Contributions to communities around wind farms in UK, Poland and Italy	Quantity and time	5/5 by Dec 2022	<div></div>			120.0%	
	 People	HSE Predictive Safety	Index	FI 4.12 SI 0.19	<div></div>			113.1%	
		Incidence of women in workforce increase	%	50%	<div></div>			120.0%	
	 Governance	Sustainable Procurement	Index	61	<div></div>			120.0%	

## Short-term Incentive System

Short-term incentives concern the CEO, executives and a selected population of professionals: in 2022, 60% of middle managers participated in the system. Women represent 22% of the participants in the system (up from 21% in 2021).

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



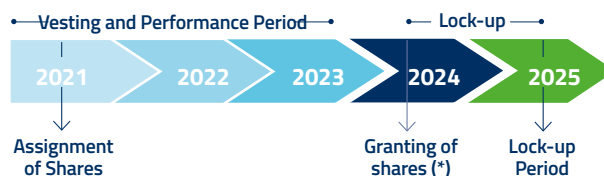
For all employees in Italy covered by the National Collective Bargaining Agreement (CCNL) for the electricity sector, we implemented an annual 'Result Bonus' - as instituted by the CCNL - based on parameters of company profitability (50%), productivity (40%) and Green Pay' (10%), i.e., a specific parameter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

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.

## 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.

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  $\pm 10\%$  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.



(\*) If the performance target is achieved.

Alongside the performance share plan, a long-term incentive scheme linked to wind power development on greenfield projects was set up. It concerns people involved in the development of the wind business who do not participate in the Performance Share system. The plan establishes reward stages linked to the achievement of certified development milestones.

This system is currently applied to wind power development projects in France. In the course of 2023, it will also be extended to solar projects and exported to other countries. 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 2022, we drew on the expertise of our people to cope with the complex business environment and the ongoing changes related to the energy transition.

Upskilling and reskilling processes helped accelerate the company's transformation and implement a new 'network' collaboration model where all departments work together, each with their own responsibilities and skills to achieve the Group's objectives.

Upskilling and reskilling are also becoming an increasing lever for attracting new talent, as well as serving a social purpose, as people can enhance their skills and realise their individual aspirations.

In order to generate this kind of environment, in addition to leveraging technical and managerial training, management worked on incentivising three key elements:

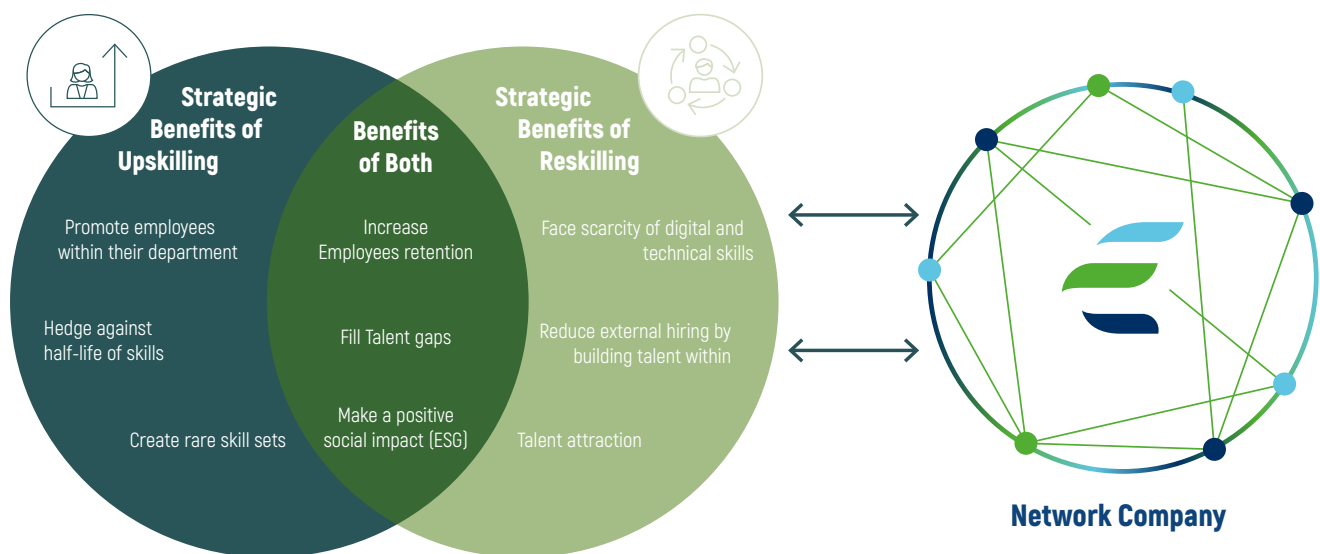
- learning agility, understood as the desire to learn, to innovate and to seek new horizons;
- managerial courage, to seek new professional experiences and responsibilities in order to develop the ability to manage different risks in different contexts;

- 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.

Job Posting is one of the tools used to collect internal applications and connect individual aspirations with corporate development opportunities. In addition, through the People Portal, we invite people to reflect on their growth prospects and specify their aspirations for the next three years. People managers play a key role in these reskilling processes: they collaborate 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 2022, 38 individual reskilling processes and 22 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.

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



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

## Career & Succession Plan

Internal career dynamics are driven by the Management Team, the Human Capital 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. We annually monitor the possibility of filling managerial roles through the Succession Planning process, which involves both the Human Capital Committee and the Nominations and Remuneration Committee. With the support of the Group's Senior Managers, possible successors to key or critical organisational positions are mapped out. In doing so, we can

develop replacement plans for the people currently in each position and ensure the sustainability of individual growth and continuity of results in the event of resignations, job rotation, or reorganisations.

The last update showed that for each organisational position there are solutions that can ensure operational continuity even in the event of sudden and long-term absences. 126 organisational positions were mapped and in 94% of cases candidates were identified who were ready to fill the position immediately or within a year, confirming ERG's robustness in the face of turnover or professional growth.



## TOWARDS ERG ACADEMY

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.



### Next Generation:

- Partnerships with schools and universities
- Partnerships with institutions that promote sustainable development, the just transition and/or social inclusion
- Digital training platform available to schools
- Interactive exhibitions and workshops
- Site visits
- Science Festival
- Mentorship, Role Model



### ERG People:

- Upskilling and Reskilling
- Digital upskilling (Digital mindset & Workplace)
- You Learn
- Individual Development Plan
- Community
- Discovering one's talents and purpose



### Other Stakeholders:

- Professional communities (e.g., HR/ESG Managers, financial community, Chartered Accountants, Climate Scientists, Chamber of Commerce Professionals in the Province of Como)

## ERG Academy for the Network Company

We see training as an opportunity to update skills, engage with lecturers and colleagues, further our knowledge of the company's business and strategy, and discover, consolidate and update the Group's culture. With the 2022-2026 Strategic Plan, we decided to evolve towards a real Academy, transforming how we do training and with the aim of also involving our stakeholders, in particular the Next Generation.

The Academy will officially come into being in 2023 and the first partnerships for the training of the Next Generation were developed in 2022. We defined the mission, governance structure and stakeholders, mapped the programmes currently active and defined the technology platform we will use. The objective is to support the implementation of the Group's strategy by building the necessary managerial and technical-professional skills.

### Our Training Model

Investing in the personal and professional development of our people through training is one of our priorities. The training activities are grouped into five basic lines:

- Technical Specialist/on the job;
- Managerial;
- Health and Safety;
- Languages;
- Compliance.

A total of 28,261 hours of training were provided in 2022, a 4% increase compared to last year. The average hours used per capita were 49.8 (6.2 days), down slightly from 2021 (51.2 hours or 6.4 days). 97.6% of people in the workforce as at 31 December 2022 participated in at least one training event, an increase compared to 96.2% in 2021.

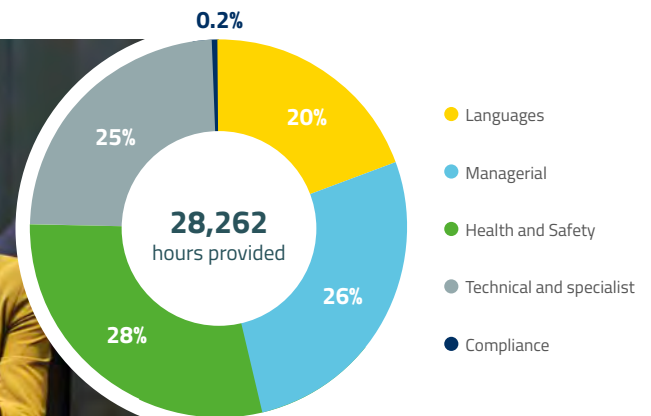
In 2022, the gradual resumption of in-person activities and the stabilisation of remote work have made it possible to create new formats for training processes. In detail:

- language training is currently only managed remotely;
- technical-specialist training for corporate roles and white-collar workers is held both remotely and in-person, while that of blue collars is held almost exclusively in-person; it should be noted that technical-specialist training focused on technology upskilling and reskilling and cybersecurity;
- for management training, we transformed the training courses into blended activities, with in-person classroom moments, webinar follow-ups, asynchronous individual and group activities, and sometimes in-person or remote individual or group coaching.

The flexibility of the teaching methods makes it possible to integrate the personal and professional needs of groups that are heterogeneous in terms of origin, background and age. In terms of hours, 2022 saw an increase in language training, supporting the progressive internationalisation of the Group, and the full resumption of the Leadership in Safety programme.

With regard to management training, paths supporting leadership development, learning agility and diversity enhancement were resumed.

The possibility of returning to in-person training and the consolidation of people's ability to work remotely, also asynchronously, led us to transform the Evolving Talks, which had accompanied upskilling and reskilling for remote working. This format is now dedicated to meetings with experts from the energy sector, people from outside the Group and organisations involved in the field (e.g., in Anti-Violence Centres, Human Rights and actively promoting the professional inclusion of people with disabilities).



## Mentors, Role Models, Ambassadors: the Wealth of Inter-generational 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 junior professionals, this passion and approach to work have been shared more systematically through:

- Mentorship courses, which involved some Senior Managers, Directors and the CEO;
- 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 eight 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.

### YOU LEARN: GROW YOUR ENERGY

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:

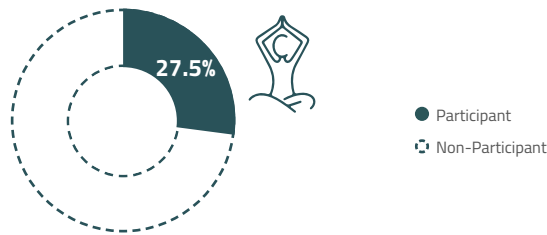
- To learn the values, skills and behaviours of the Leadership Model;
- To train one's skills;
- To create opportunities for discussion and exchange with people from across the Group;
- To value diversity and train to be more inclusive;
- to help the person to discover and act on his or her talents and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

In 2022, alongside the Leadership Development and Diversity & Inclusion programmes, we introduced new paths related to Multiculturalism and Well-being. A total of 81 management training sessions were carried out, in which 419 people participated. With a view to knowledge sharing and also to accompanying the cultural evolution of the Group, some training courses focused on hybrid work and 'economics' have been generated and managed by our colleagues as internal lecturers, and we are expanding the number of people participating in mentorship courses and/or offering Inspirational Talks as Role Models.

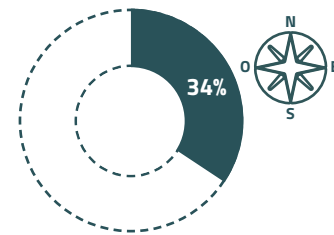
Knowledge sharing, organisational transversality and the commitment to disseminate the Franklin Covey Model<sup>16</sup> within ERG are the factors that unite all the people who are part of the Seven Habits Expert Community: 117 people who have completed the training course and obtained the Internal Expert Certification. Starting in 2019, we have held periodic meetings to further

our understanding of the model and design initiatives aimed at accelerating the dissemination of the behaviours we have linked to our Leadership model. Below is a breakdown of the percentage of people who participated in the Well-being - yoga related course and the percentage of people who defined their personal mission statement.

**% EMPLOYEES WHO PARTICIPATED  
IN A WELL-BEING-RELATED COURSE**



**% EMPLOYEES WHO DEFINED  
THEIR PERSONAL MISSION STATEMENT - PURPOSE**



## 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**, generated by an 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

- **ERGate intranet**: the intranet is the gateway to all the information that governs corporate life. It is accessible to everyone, also from smartphones and tablets, and provides both static and dynamic content and live updates (e.g., stock performance; production data). News is also published on the intranet, allowing employees to be promptly updated on events taking place in the Group. During 2022, 113 news articles were published (52 of which came from press releases, to internally communicate what had been released to the market).
- **Weekly Smart News**: 34 issues of the Group newsletter (Weekly Smart News, in Italian and English) were published, with a total of 115 articles written by colleagues from all the countries where we are present. Weekly Smart News includes in-depth coverage of business and ESG issues, with a focus on HSE, D&I and

energy-related topics. The monthly newsletter in French instead published a total of eight issues.

- **Question Time**: in addition to the well-established internal communication tools, 2022 saw the introduction of a new tool that has been effective in strengthening strategic alignment and people engagement: Question Time. This is an hour of live commentary and discussion with Top Management, to which all people working at ERG are invited via a live Teams link. Question Time was held twice. The first at the end of March, shortly after the presentation of the Business Plan, with a discussion involving all of Top Management. The second time was in November, after the presentation of the third quarter results, where Executive Deputy Chairman Alessandro Garrone and CEO Parlo Merli answered questions that focused on the energy scenario and its impact on our business.

Question Time	25 March	16 November
Total connected people	218	315
Percentage participation (number of connected people out of total workforce in %)	30.8%	43.6%

- **Communication via links with all ERG people (Townhalls)**: upon announcing the entry of the Australian fund IFM Investors into ERG's shareholding structure, an online meeting was organised with the Chairman, the Executive Deputy Chairman, the Deputy Chairman and the CEO to explain the transaction to ERG people: 441 people (59% of the corporate population) logged on to Teams live.

<sup>16</sup> The Franklin Covey Model has for years been recognised as one of the most effective leadership development paths. In particular, it accompanies people in enhancing their personal and interpersonal effectiveness, integrating emerging topics (e.g., overcoming unconscious bias and individual potential multipliers)



- **Group Meetings:** 'Network Company to Face Complexity' was the title of the 2022 Group Meeting, the annual meeting of ERG's key leaders. It took place on 19 and 20 December 2022 at the Dynamo Academy in San Marcello Pistoiese (PT), Dynamo Camp's space dedicated to training companies, which allows them to get to know the activities of a this NGO whose mission is to support the right to happiness of children suffering from serious or chronic illnesses. The Group Meeting structure provided space for the speeches of 42 people in four sessions and five panels: the video recordings - available in Italian and English - were made available to all ERG people on the company



intranet.

- **Paris-Hamburg-Edinburgh Roadshow:** three appointments for meetings between CEOs, Executive Deputy Chairman, some frontline managers, and the people working in France, Germany and the UK. It was an opportunity to comment and discuss all together the Group's challenges and objectives, with a specific focus on the country of reference.

## Initiatives for Belonging

The sense of belonging, the pride of working at ERG and of being able to contribute to the 'just transition' and to the construction of a more environmentally and socially sustainable world are fuelled by the implementation of our Employer Value Proposition (EVP), by the processes that make it possible to feel recognised and valued, and by the daily relationships with People Managers and colleagues. We have set up training courses open to all for discovering and **recognising one's talents** and **focusing on one's purpose**, fundamental elements for managing one's career and personal motivation with greater awareness.

## SURVEY

Surveys are an important moment of listening and involve all those in the workforce at the time of the launch of the initiatives. They are offered in Italian and English and managed by external partners who guarantee expertise in the field and data confidentiality.

As of 2022, we have decided to offer the Diversity & Inclusion, Engagement & Job Satisfaction survey annually in order to be able to monitor people's perceptions on an ongoing basis and to be able to take timely action.

67.9% of people participated in the 2022 survey (+15.6% vs 2021). The Diversity & Inclusion survey was carried out with the support of Valore D and followed the structure of those proposed in 2019 and 2022 to launch 'The Power of Diversity' project. The improving trend in valuing diversity continues, and awareness of the importance of language and the ability to choose our words and images more carefully has increased, although there is still room for improvement.

As far as Engagement and Job Satisfaction are concerned, the results are definitely positive:

### JOB ENGAGEMENT

Total Average  
3.76



2022 Average: 3.69

2022 Average: 3.73

2021 Average: 3.89

2021 Average: 3.85

### ORGANISATIONAL ENGAGEMENT

Total Average  
3.70



2022 Average: 3.67

2022 Average: 3.72

2021 Average: 3.65

2021 Average: 3.69

With an average of 3.77 out of 5, job satisfaction shows an overall improvement of 0.15 points. 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>

## TRADITIONAL EVENTS

Experiencing the team and group dimension, having the opportunity to celebrate professional and life achievements together are

- Family Day: an opportunity for children to learn about ERG's activities and to visit the offices where their mum or dad works. After a three-year pause, we were finally able to organise a new edition at the Genoa headquarters, which saw the participation of 52 girls and boys engaged in edutainment workshops dedicated to renewable energy organised in collaboration with Legambiente and by age group (2-5 years, 6-9 years, 10-14 years).
- End-of-year events: the traditional end-of-year season's greetings involve all ERG people. In 2022, they were held in Edinburgh, Paris, Hamburg, Syracuse 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).

fundamental elements in consolidating the sense of belonging and passing on the work culture of ERG from generation to generation. Engagement and job satisfaction results are very positive:



## THE SEARCH FOR NEW TALENT

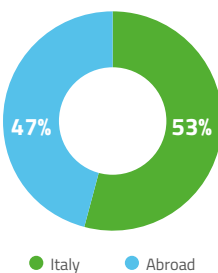
Strong market instability and the energy transition have opened up new scenarios characterised by a strong expansion of technological innovation, the need for new professional figures operating on Big data, job flexibility and an increasing focus on people's needs. To cope with this time of transition and change, we have developed specific upskilling and reskilling plans (see above) focusing on the development of new professional skills in technology and innovation. In this context, the processes of selection, recruitment and internal mobility play a key role in the continuous research and development of GreenenERGymakers.

The selection process allowed 75 new people to join the Group, 52% of whom came from direct applications, networking or ad hoc meetings in universities or higher education schools, and the remaining 48% from Head Hunters.

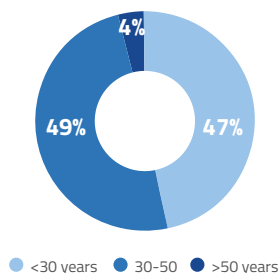
Women accounted for 33% of the new hires and the women's share of the staff increase was 50%, reaching the set targets.

We also report that almost half of the new hires are under 30 years of age.

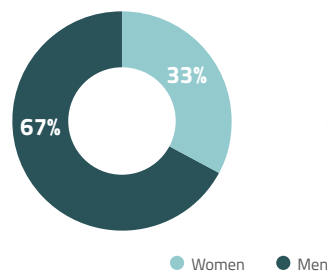
HIRES BY GEOGRAPHY



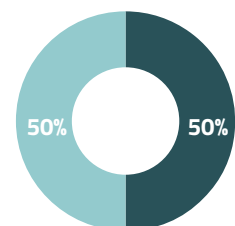
HIRES BY AGE GROUP



HIRES BY GENDER



NET WORKFORCE INCREASE





## Employer Value Proposition

Our Employer Value Proposition is based on three pillars for a 'just and inclusive transition'.

- **GreenenERGymakers:** we produce electricity from clean, renewable, and sustainable sources. Working for ERG means playing a leading role in the sustainable economy, helping to protect the environment, and improving the quality of life.
- **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:** talent makes each person unique and we are learning to connect our personal talent with that of others, our purpose and our way of working in the ERG Group.

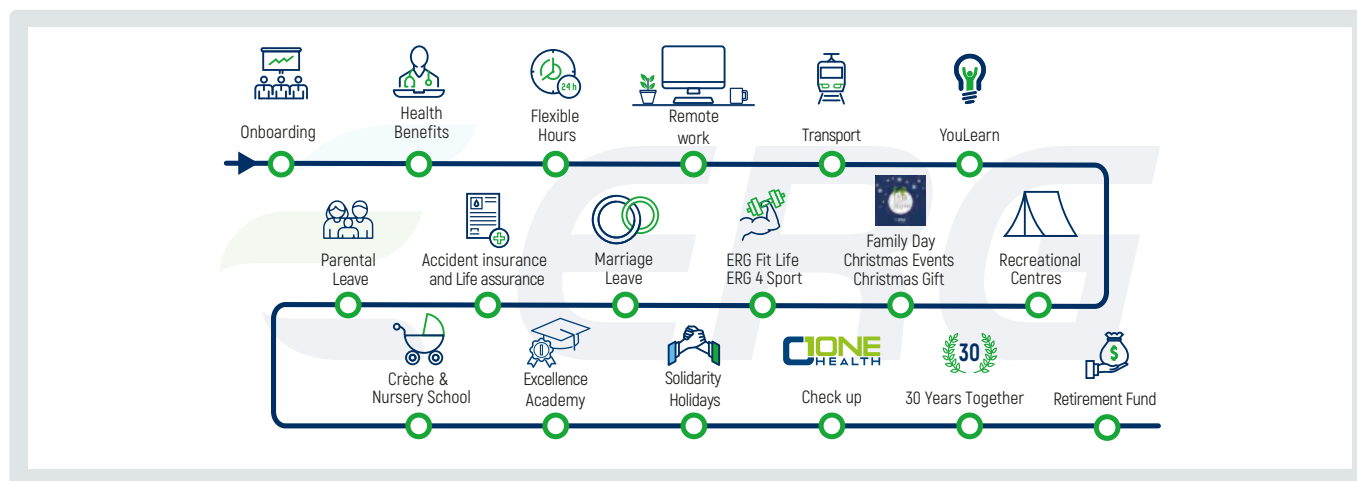
For some years now, we have considered the career website and use of social media as fundamental channels, and the national and international awards we have received from Potentialpark (a Swedish company specialising in the analysis of online talent) confirm the effectiveness of our strategy: ERG has been confirmed as one of the best companies for Employer Branding communication in Italy.



## 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, aiming at performance levels that are satisfactory for both the individual and the Group.

The model covers the five areas of well-being [Purpose & Career, Physical, Financial, Mental and Social] accompanying the person from recruitment - with the 'onboarding' pathway - through the various stages of both corporate and private life, until the 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 will continue to export the 'solidarity holiday' model to the various countries, as well as with the harmonisation of benefits in line with the specific needs of each nationality, and we will make remote work structural as a concrete sign of attention to the community, both in terms of environmental sustainability and social welfare.



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.
		You Learn and growth paths	Training 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.
		Covid-19	Prevention protocols differentiated by the types of risk associated with the workplace (head offices, production sites). Voluntary cancer screening programmes. Flu vaccination campaign.
		Prevention programmes and nursing care	Additional and improved insurance coverage compared with legal and contractual obligations.
		ERG 4 Sport	Direct participation in national and international sports events. ERG Fit Life: company gym in Genoa.
Financial well-being		Supplementary pension schemes	Supplementary pension funds supported by company contributions.
		Life insurance policy Occupational and non-occupational accident policy	Additional and improved insurance coverage compared with legal and contractual obligations.
		Transport	Contribution at sites not sufficiently served by a public transport system.
		Agreements	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 account.
		Solidarity holidays	Reserve of holiday hours donated by employees to benefit colleagues in need. ERG doubles every day donated by employees. During 2022, the Solidarity Holiday Bank was extended in France and Germany.
		Marriage leave	More flexible marriage leave compared with national legislation.
		Parental leave and compulsory leave of absence	During maternity leave, employees retain access to corporate benefits. Compulsory maternity leave is paid at 100%.
		Nursery & Preschool	Agreements or reimbursements.
		Scholastic excellence	Scholarships for the most deserving children of our employees.
Social welfare		Free time	Recreational centres. Company volunteering projects.
		Events	Family Day. Christmas gift and Christmas Party. 30 years together.

## Measures to Combat Inflation

The high inflation rate of 2022 led to a general reduction in purchasing power. We therefore implemented a series of actions to counter the impact of price increases for our employees, using and integrating the tools made available by the regulations in force in the countries where we operate. In Italy, in order to offer our people concrete support,

we provided aid under the 'Aid Decrees', supplementing them with handouts more focused on the weakest groups. In agreement with the national trade union representatives, we also defined and granted concrete aid to combat 'high bills' and 'high petrol prices'.

<sup>17</sup> International Standard Classification of Education, UNESCO's international system for classifying courses of study and related degrees.

# 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 issues 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 & Inclusion Policy

After an initial phase that progressively involved all our people, as stated in the Diversity & Inclusion Policy issued in 2021, we have integrated a path within our strategic plan that makes us increasingly capable of enhancing the talents and characteristics of each person, creating a safe working environment where everyone can be themselves, expressing and realising their potential.

	2019	2020	2021	2022
	AWARENESS	CHANGE DESIGN FOR CULTURE AND PROCESS	D&I KEY ELEMENT OF OUR ESG PLAN	IMPLEMENTATION OF OUR ESG PLAN
KEY ISSUES	<ul style="list-style-type: none"> <li>Membership in <b>Valore D</b></li> <li><b>Definition of guidelines &amp; involvement of ERG People</b> <ul style="list-style-type: none"> <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> </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> <ul style="list-style-type: none"> <li>✓ Training course: <ul style="list-style-type: none"> <li>Inclusive leadership</li> <li>Inclusive language</li> <li>Unconscious bias</li> </ul> </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>New 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>
MILESTONES	 Launch of <b>"The Power of Diversity" Project</b>	 <b>Experimental period of remote work</b> (before the pandemic)	 <b>D&amp;I Policy</b>	 Inclusion in <b>Bloomberg's Gender Equality Index</b>  Adoption of <b>Women's Empowerment Principles</b>  <b>Policy for the Prevention of Violence, Harassment and Bullying</b>

The architecture of our path is based on:

- project governance that highlights roles, responsibilities, policies and objectives;
- the implementation of processes aimed at attracting, rewarding and developing our resources, based on the principle of equity and aimed at making the best use of people, consistent with business strategies;
- programmes for individual growth and cultural evolution;
- actions aimed at achieving a working environment that supports well-being and work-life balance, with the effect of facilitating the full inclusion of all people.

## Innovations Introduced in 2022

To develop the company's Diversity & Inclusion strategy and coordinate the portfolio of initiatives, the D&I, Learning and People Engagement Organisational Unit was formalised within the ESG, IR,

Communication Department.

To strengthen our D&I governance, in October the Board of Directors issued the Policy for the Prevention of Violence, Harassment and Bullying, building an increasingly inclusive working environment. We also adopted the Women Empowerment Principles, confirming our commitment and willingness to support actions for gender equality also outside ERG.

## Objectives Included in the ESG Plan

We have included specific D&I objectives in the ESG Plan, with a deadline of 2026.

We have also introduced inclusiveness objectives into our training courses, for example:

- 100% of people with disabilities participating in training courses;
- 100% of part-time people participating in training courses.

## CONCRETE DIVERSITY & INCLUSION ACTIONS

### CULTURAL EVOLUTION

- We have given rise to communities which, outside any hierarchical logic, promote the recognition of and overcoming individual and collective biases and promote actions, insights and proposals to Top Management on intergenerational relations and gender equality.
- We use simultaneous translation into the four main languages of the Group in corporate Group meetings: we want to make sure that the language spoken and understood is never a barrier to inclusion.
- During the Group Meeting which includes Group's key leaders, for the first time we ensured the presence of both genders in each panel.
- The Dynamo Academy team made very evident the impact on people on working on "what can be done" (in the specific case of children who participate in their activities).

### WORKING ENVIRONMENT

- After the experience of the pandemic that interrupted the first experimental phase, we signed the agreement governing remote work in Italy at eight days per month, with the possibility of an increase in remote days for personal needs to assist family members.
- With the support of Valore D, we activated the survey on D&I, Engagement and Satisfaction (on an annual basis starting in 2022).
- Solidarity holidays, doubled by the company to support caregivers.
- Training courses on inclusive recruiting, on 'Unconscious bias' and 'Do you speak inclusion?'; an episodic 'Inclusive language course' that can also be managed via mobile.
- The development path for appointment as Senior Manager includes a module dedicated to D&I.
- In management training, the teaching was entrusted to women in 40% of cases and to men in 60%.

### IMPACT ON OTHER STAKEHOLDERS

- Introduction of assessment criteria on Diversity & Inclusion in the supply chain.
- We joined orientation and soft skills development programmes for primary and secondary schools, where we promoted intergenerational exchange and testimonies of women graduates in STEM disciplines or in leadership roles as Role Models.
- Thanks to Valore D and Girlsrestart, we supported mentorship programmes dedicated to the leadership development of women in managerial positions, also involving Top Management.

## 'Zero tolerance' towards incidents of violence, harassment and bullying

Equity and inclusion are based on the right of every person to live and work in a professional environment free from violence and harassment, and capable of recognising everyone's dignity. We are convinced that the free expression, well-being and health of all are indispensable to enable full individual and collective performance, engagement and job satisfaction. For this reason, in October 2022 we adopted the **Policy for the Prevention of Violence, Harassment and Bullying**, drawing inspiration from the Universal Declaration of Human Rights, the International Labour Organisation (ILO) Convention 190 and Recommendation 206, the UN Women's Empowerment Principles, the UN Global Compact and the Global Goals of the UN 2030 Agenda, as well as the Code of Ethics and other internal policies on sustainability.

The purpose of the Policy is to prevent, detect and combat phenomena relating to violence, harassment and bullying, as well as to provide support to those reporting such phenomena (including as witnesses or because they have been informed of the facts), protecting them from any retaliatory act.

In addition to corporate responsibilities, the Policy recalls the fundamental role of each individual in building a safe working environment. That is why we have seen to its translation into all the languages of the countries where we operate, and have promoted an initial round of internal communication and training initiatives to support it.

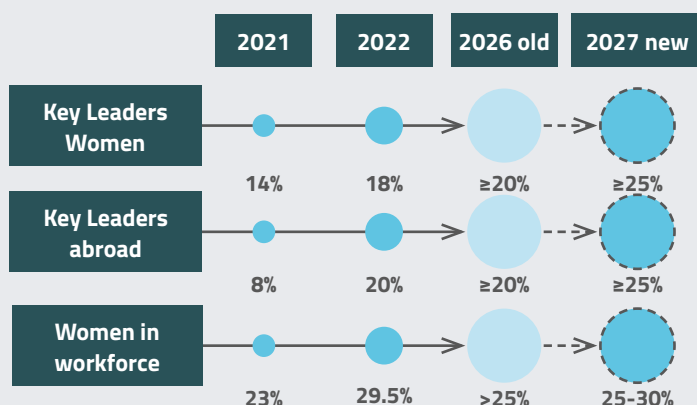
## Gender Equality Index (GEI)



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

representation of information.

The result rewards the adherence to international agreements in the ESG and D&I fields (Global Compact and Women's Empowerment Principles), the creation of a dedicated D&I Department with attribution of responsibilities to Top Management on gender equality, and the introduction of a D&I assessment in the Group's supply chain.



### GOVERNANCE

- ✓ Policy D&I
- ✓ Policy Anti-Harassment and Bullying
- ✓ D&I KPI 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
- ✓ Mentorship
- ERG Academy
- Wellbeing programs

## Community for a more inclusive ERG: Bias Detector

The first groups (the 'Communities') were structured in 2022, currently composed of 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 focus has been on **intergenerational exchanges, gender equality** and **cognitive biases** that can affect the Group's decision-making and cultural evolution and inclusiveness such as '*negativity*' and the '*bandwagon effect*'.

Each group was associated with a Top Management reference person to discuss the proposals and impacts of the initiatives. New change groups will be added in 2023.

## INDUSTRIAL RELATIONS

In 2022, relations with Trade Unions, driven by a spirit of collaboration, sharing and transparency and a strong sense of maturity, facilitated the achievement of important agreements, both at national and local level, contributing to tackling the complex situation that our country is currently experiencing.

Notably, in July the Parties renewed the National Collective Labour Agreement for the electricity sector for the three-year period 2022-

2024, which concerns around 60,000 people and 130 companies. This renewal took place just seven months after the expiry of the previous agreement, as a matter of responsibility and with the aim of supporting the energy transition period by introducing important and innovative regulatory elements (including equal opportunities, work-life balance, classification, system apprenticeship and training) and regulating the economic aspects in order to deal with the growing inflationary rate.



At company level, in October the parties also renewed the economic part of the Company Performance Bonus and during the negotiations they agreed to pay to all employees, in addition to the initiatives envisaged by the State, a "Fuel Bonus" of EUR 200 plus an extraordinary bonus of EUR 300 to cover the significant increase in the cost of living. The renewal also confirmed the Parties' conviction of the importance of the role and function of the variable salary in order to ensure the involvement of employees in all company processes and improve productivity.

The dialogue between the company and Trade Unions was also focused on the common commitment to promote "remote working" in the post-pandemic period as a fundamental and concrete sign of concern for the community in which the company operates, both in terms of environmental sustainability and of social responsibility. The Parties also recognised that remote working, in addition to being a regulatory tool for work flexibility, contributes to strengthening the culture of autonomy, innovation and mutual trust, values that characterise ERG's Leadership Model. This commonality of intent allowed the Parties to define an Agreement for the adoption of a remote working system based on trust, technology and innovation and closely linked to the process of transforming

towards an increasingly sustainable business model. The Agreement entered into force in May and is valid until 31 December 2023.

With the business transformation process implemented in recent years, we have rationalised our business portfolio increasingly oriented towards the growth and development of electricity production from wind and solar renewable sources. In support of this transformation process, the Parties defined a "Memorandum of Understanding" on the evolution in terms of development of the technical skills and professionalism of the resources belonging to the Wind & Solar scope in line with the new corporate structure of the Group and instrumental to achieving the objectives set by the Business Plan. Through the Memorandum, the parties also wanted to promote a work organisation focused on enhancing the professional assets of employees, which is both effective and efficient in managing workloads.

Lastly, an Agreement was signed in December with the trade union representatives relating to the staff of the Priolo site, in particular with regard to working hours (for shift workers and day workers, for the management of maintenance activities during shutdowns and related to allowances to facilitate mobility).

## 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 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, workers 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 periodically hold meetings to discuss reports and incidents and assess any corrective or improvement actions.

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 simple 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. 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 serious 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. In order to increase the levels of internal information, involvement and transparency, the report is also shared with the workers' safety representatives.

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 two indicators chosen, in line with others in the sector, are the LTIF frequency index (number of accidents per million total hours worked) and the number of fatal accidents (the latter is obviously set at zero). These indicators and their improvement have become benchmarks for short-term and long-term incentive plans. The 2022 frequency index changed significantly in numerical terms compared to the 2021 value, as the scope changed due to the strategic decision to focus the business on Wind & Solar technologies. There has been a significant increase in activity due to both new plants in operation and the various construction sites for new plants.

Year	Frequency index (internal plus out-sourced)	Severity index (internal plus outsourced)
2020	2.10	0.09
2021	2.39	0.09
2022	4.12	0.19

Similar to the previous plan, the 2023-2026 ESG Plan includes a specific HSE target based on the Combined Injury Frequency Index, which takes into account events occurring to both internal and external workers. The reference value of the index has been reshaped to take into account the specific elements of a 100% renewable Wind & Solar operator, as the Group will be once the exit from the thermoelectric sector is completed. This explains the higher numerical values for the two indices.

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.

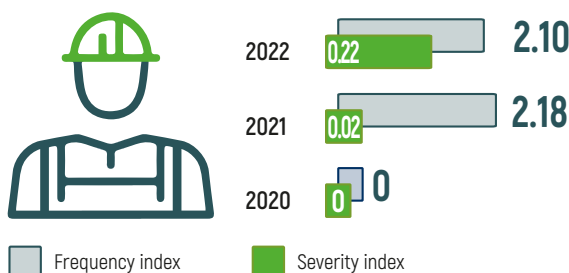
We believe it is essential to enter into constructive partnerships with contractors to address health and safety management, as such measures ensure continuous improvement for both parties. We promote the importance of virtuous behaviour, both through the concrete example of our people and with awareness-raising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

The HSE inspections conducted in 2022 are listed below:

Wind audits	Solar audits
<b>1,059</b>	<b>149</b>

The controls implemented also include the audits carried out in the context of the HSEQ (Environment, Health and Safety, Quality) 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.

### Internal injury indices



### 2022

<b>NEAR MISSES</b>	58
--------------------	----

## THE LEADERSHIP IN SAFETY PROJECT

'Leadership in Safety' is a cultural change programme that we decided to implement in 2019 and which we continue to support with initiatives and events. Our 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.

The key elements of the programme are:

- the engagement of the CEO, the CEO's direct reports, and throughout the organisational structure in a top-down logic to convey a clear and credible message aimed at change;
- the facilitation of a continuous flow of bottom-up communication from workers back to Top Management through the corporate structure, as a result of the action of the safety leaders;
- constant and persistent engagement, since we believe that true cultural and behavioural change must be sustained over time by a series of coordinated projects;
- the creation of a clear Safety Vision, so everyone in the company can fully understand the project's objectives;
- the personal commitment and dedication of all managers, who must feel emotionally involved and active;
- the use of innovative language to promote the Leadership in Safety philosophy and support change throughout the organisation;
- the use of support materials and assessment strategies to effectively implement the cultural change programme throughout the organisation;
- the focus on HSE departments so that they become facilitators and focal points in disseminating the programme locally, with passion and enthusiasm.

In 2022, the focus was mainly on the involvement of ERG's internal people, from Top Management down to the operational level, both in Italy and abroad. Six workshops were organised in Italy, two in



France and two in Germany, involving a total of 280 colleagues. The people had the opportunity to participate in an exciting, experiential workshop with the support of Safety experts who managed to engage the participants in the topics covered through innovative but proven communication techniques.

### Project Numbers



**500**

Internal people involved between Italy and abroad and about 150 contractors



**5,600**

Hours of classroom and webinar training



**22**

ERG Group locations involved

## Digitisation of HSE Processes

Optimal management of HSEQ processes, with the ultimate aim of increasing the safety culture in the company, must primarily control:

- the audit process and the resulting corrective and preventive actions;
- the involvement of workers through the reporting of events, their subsequent analysis and related actions;
- management of anomalous events;
- the management of obligations arising from hazards in the company, the assessment of the resulting risks, and lastly the prevention and protection measures taken to contain them.

In a logic of uniformity across all the Group's sites, this complex process must necessarily be based on the implementation of a platform capable of homogeneously and efficiently managing health, safety and regulatory compliance processes, contributing to an ever-improving dissemination of the company's safety culture. For these reasons, an HSEQ process digitisation programme was started at the beginning of 2021, enabling the platform to be put into operation in Italy in 2022 in the Corporate and Wind & Solar Italy Operating Units.

In addition, all the modules were implemented in Germany, France and Eastern Europe (Romania, Poland and Bulgaria) during the year, making them available for use in those countries as well.

In particular, the platform offers the possibility of:

- planning, defining and managing priorities;
- centralising and homogenising a historical archive of information and documents;
- managing legal deadlines, also thanks to a warning notification system;
- managing the flow of corrective actions, from their definition to their closure;
- managing HSE training effectively;
- using many of the features also with an App available on company smartphones;
- monitoring activities in the field through checklists directly available in the platform library;
- feeding a dashboard monitoring Health and Safety performance indicators.



## Governance

### Our key figures

**42%**

women in the Board of Directors

**8**

internal committees supporting the CEO

**6**

independent directors under  
the Corporate Governance Code

**0**

anti-corruption and 231 reports

# GOVERNANCE



'Sustainability must characterise all our activities, in both the professional and personal sphere. We must understand that any gesture, however small, counts. In this sense, we are convinced that ERG can be a concrete and virtuous example and can play an important role in this global challenge for the future of our Planet'.

**Andrea Navarra**  
General Counsel

## ERG'S CONTEXT AND VALUES

Lawfulness, honesty, fairness, equality, confidentiality, equity, integrity, transparency, accountability, independence, sustainability, balance and diversity in skills and gender: these are the values that guide our Group in conducting business and find their highest expression in the Code of Ethics.

We adhere to 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, a principle that we pursue through the creation of long-term value for the benefit of all stakeholders. Sustainability and ESG (Environmental, Social, Governance) criteria are becoming more and more relevant in the administration and management system of companies. This is why we have placed the

sustainability plan at the centre of our strategy, with challenging and measurable goals in each area. Only with sound governance aligned with best practice can the goal of sustainable development be pursued, to generate long-term value and meet the needs of present and future generations.

These objectives can be achieved through the joint action and cooperation of the business community and civil society in general. In this context, all members of the administration and control bodies of the companies of the ERG Group (hereinafter the 'Group Companies'), 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 (including, for example, the 231 Model, Sustainability Policy and Human Rights Policy), to make them their own and to promote them, involving, where possible, their own supply chain.

## THE NEW 2022-2026 ESG PLAN

The ESG Plan integrated into the Group's Business Plan was first published in 2021 with a five-year duration and was updated in 2023 to align the targets to 2026. The diagram below is a summary of the targets to 2026 in the Governance Pillar, showing the main changes.

 <b>GOVERNANCE</b>	
2022-2026 TARGETS	2022-2026 TARGETS (update 2023)
<b>13. Sustainability Incentives:</b> - incentives plan 100% integrated with ESG objectives	<b>13. Sustainability Incentives:</b> ✓ - 100% incentives plan integrated with ESG objectives
<b>14. Enhancing Governance Model:</b> - BoD Independence & Diversity (subsidiaries)	<b>14. Enhancing Governance Model:</b> ✓ - BoD Independence & Diversity (subsidiaries)
<b>15. Tax Control Framework:</b> - Tax Control Framework abroad (Germany @2024)	<b>15. Tax Control Framework:</b> ✓ - Tax Control Framework abroad (Germany @2024)
<b>16. Sustainable Procurement:</b> - +10 pts in average strategic suppliers scoring (Target 2026: 62.7%)	<b>16. Sustainable Procurement:</b> - Average score @2026: >65% - Increase % of Suppliers with Carbon footprint and D&I (vs Baseline 2022)
<b>17. ESG Finance:</b> - ≥ 90% of Green Funding	<b>17. ESG Finance:</b> ✓ - ≥ 90% of Green Funding
	<b>18. Cyber Security:</b> - Certification of the Information Security Management System (@2024)



Target confirmed








Target updated

**NEW** New target



## THE RESULTS ACHIEVED IN 2022

GOVERNANCE	
    	<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>Complying with gender diversity in the boards of statutory auditors, requiring one person of the least represented gender (ERG Wind Investment S.r.l., ERG Solar Holding and ERG Power Generation)</li> </ul>
	<b>Tax Control Framework</b> <ul style="list-style-type: none"> <li>Tax Control Framework implemented in France</li> </ul>
	<b>Sustainable Procurement</b> <ul style="list-style-type: none"> <li>61.1 average score of strategic suppliers (+5.6 vs. 2021)</li> </ul>
	<b>ESG Finance</b> <ul style="list-style-type: none"> <li>88% Green Loans</li> </ul>

### Sustainability Incentives

Following the renewal of the Board of Directors in April 2021, we renewed the remuneration policy for the three-year period 2021-2023, defining ESG objectives and targets linked to the MBO and LTI plans.

### Enhancing Governance Model

We implemented gender diversity in the Boards of Statutory Auditors of three subsidiaries (ERG Wind investment srl, ERG solar holding and ERG Power generation), which now include at least 33% female statutory.

### Tax Control Framework

Already implemented in Italy, the Tax Control Framework was extended to France in 2022.

### Sustainable Procurement

The average supplier rating increased by 5.6 percentage points up to 61.1% (vs 55.5% in 2021), exceeding the planned target of a 2% annual score improvement declared to the market, confirming our willingness to accompany suppliers on a path of energy transition in which ESG topics are an integral part of growth.

### ESG Finance

As at 31 December 2022, Sustainable Finance sources amounted to EUR 1,829 million and accounted for 88% of the total gross debt of EUR 2,081 million, an improvement on the 2022 target (≥87% Green Finance).

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

ERG's Legal Affairs Team is the best legal and corporate team in the 'Top Legal Corporate Counsel and Finance Awards' for the 'Renewable Energy' section. The award is reconfirmed after those achieved in 2018 and 2019 and after the pause for Covid. The competition includes more than 100 companies participating each

year 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.



# GOVERNANCE

Corporate Governance involves a set of rules and activities. The elements comprising and giving rise to corporate governance are the company bodies, the board committees and the corporate governance documents that regulate their operation.

Our Corporate Governance is structured according to a traditional model, based on which:

- ERG's Board of Directors, appointed by the Shareholders' Meeting, determines and pursues the Group's strategic and ESG objectives;
- ERG's 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 Board of Directors

The current Board of Directors of ERG 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 ending 31 December 2023. On 15 September 2022, following the resignation tendered by the Director and member of the Strategic Committee Marco Costaguta, the Board of Directors of ERG S.p.A., upon the proposal of the Nominations and Remuneration Committee, appointed, pursuant to Article 2386 of the Italian Civil Code and Article 15 of the Articles of Association, Renato Pizzolla as a new non-executive Director of the Company and member of the Strategic Committee. Renato Pizzolla will hold this position until the next ERG S.p.A. Shareholders' Meeting.

Director	Office	Role	Independent	M/m <sup>1</sup>	RCSC <sup>2</sup>	NRC <sup>2</sup>	SC <sup>2</sup>
Edoardo Garrone	Chairman	Executive	No	M			
Alessandro Garrone	Deputy Chairman	Executive	No	M			C
Giovanni Mondini	Deputy Chairman	Non-executive	No	M			X
Paolo Luigi Merli	Chief Executive Officer	Executive	No	M			X
Luca Bettonte	Director	Non-executive	No	M			X
Emanuela Bonadiman	Director	Non-executive	T.U.F./Corporate Governance Code <sup>3</sup>	M		C	
Mara Anna Rita Caverni <sup>4</sup>	Director	Non-executive	T.U.F./Corporate Governance Code <sup>3</sup>	M	C		
Elena Grifoni Winters	Director	Non-executive	T.U.F./Corporate Governance Code <sup>3</sup>	M		X	
Federica Lolli	Director	Non-executive	T.U.F./Corporate Governance Code <sup>3</sup>	M	X	X	
Elisabetta Oliveri	Director	Non-executive	T.U.F./Corporate Governance Code <sup>3</sup>	M	X		X
Mario Paterlini	Director	Non-executive	T.U.F./Corporate Governance Code <sup>3</sup>	M			
Renato Pizzolla	Director	Non-executive	T.U.F./Corporate Governance Code <sup>3</sup>	m			X

<sup>1</sup> Drawn from the list presented by majority (M) or minority (m) shareholders.

<sup>2</sup> RCSC: Risk, Control and Sustainability Committee; NRC: Nominations and Remuneration Committee; SC: Strategic Committee.

<sup>3</sup> Also taking into account, pursuant to the provisions of Article 2, recommendation 7, second paragraph, of the Corporate Governance Code, the 'quantitative' and 'qualitative' criteria defined in the Regulations for the operations of the Board of Directors, the Control, Risk and Sustainability Committee and the Nominations and Remuneration Committee, for determining, for the purposes of assessing the independence of the members of the Board of Directors and the Board of Statutory Auditors, the significance or otherwise of any relationships they have with the Company or other parties connected to it.

<sup>4</sup> Lead Independent Director.

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.).

Also in order to ensure a fruitful and transparent dialogue with minority shareholders, consistent with its goal of creating sustainable value in the medium-long term, ERG has adopted a Policy for the Management of Dialogue with Shareholders and Investors at Large.

The Policy is applied to dialogue outside of shareholders' meetings with shareholders and other stakeholders in general on matters falling within the competence of the Board, including in particular:

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

The initiatives aimed at fostering this dialogue can be summarised as follows:

- presentations via streaming/webcast or conference calls regarding the economic and financial results for the period or other significant events for the ERG Group;
- carrying out roadshows, investor days or other meetings with one or more shareholders and/or stakeholders (other than the shareholders' meetings required by law);
- publication of videos or transcripts of the events described under points (a) and (b) on the Company website;
- publication on the Company's website of presentations and supporting materials used during the meetings;
- social media initiatives;
- participation in industry meetings or other events that may allow the sharing of information with shareholders and stakeholders;
- sending and/or publication on the Company website of newsletters, magazines, videos or other communications, in any format, to give periodic updates on the ERG Group's activities.

This Policy also envisages that dialogue can begin at the initiative of investors.

To this end the Company may be contacted regarding engagement activities through the Investor Relator, at the relevant addresses published on the Company's website. Requests to establish a dialogue with the Company must indicate:

- the matters to be discussed during the dialogue and the purposes of the dialogue;
- the proposed methods for the dialogue;
- the representatives of the shareholder or stakeholder that intend to participate in the dialogue; and
- the Company representatives with whom they would like to meet.

The Chief Executive Officer, informed by the Chief ESG, IR & Communication Officer, assesses whether the dialogue requested is in the interests of the Company, whether it complies with the principles set out in this Policy for the management of dialogue with shareholders and investors in general or in any case deserving of consideration, giving instructions to the Chief ESG, IR & Communication Officer to inform the requesting party of the outcome of this assessment.

It should also be noted that dialogue with minorities and other relevant stakeholders (suppliers, the financial community, customers, next generation, partners, local communities, institutions and associations) is also promoted as part of the process of defining the materiality matrix for the purpose of preparing the Consolidated Non-Financial Statement. Among the methods through which dialogue occurred, email, social channels and participation in public events are noted.

### Respect for Gender Balance

The new Board of Directors appointed by the Shareholders' Meeting consists of 12 members and 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 55 years, and three members (25%) are younger than 52.

For further details on the nomination procedure and the composition of the corporate bodies, please visit the 'Report on Corporate Governance and Ownership' section of the website [www.erg.eu](http://www.erg.eu).

The Board of Directors has set up three internal board committees.

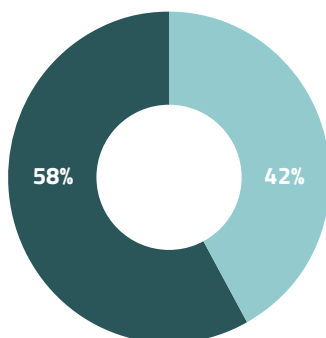
- The **Control, Risk and Sustainability Committee** (100% female members, independent as defined by the Code, with adequate expertise and experience in accounting, finance,

risk management, corporate governance and sustainability) performs the role and duties envisaged for by the Code for the Control and Risk Committee, provides the Board of Directors with the opinions required by the Procedure for Related Party Transactions and also carries out control functions on the implementation of the ESG strategy and its reporting. In particular, it supports the evaluations and decisions of the Board of Directors concerning:

- the Internal Control and Risk Management System;
- the approval of the periodic financial reports, the Consolidated Non-financial Statement and the ESG Plan;
- corporate governance;
- sustainability;
- compliance with Italian Legislative Decree 231/2001;
- anti-corruption;
- tax issues;
- risk management.
- The **Appointments and Remuneration Committee** (100% female members, independent pursuant to the Code, who guarantee adequate competence and experience in the field of remuneration policies) performs the role and duties envisaged for by the Code for the Appointments and Remuneration Committee and provides the Board of Directors with the opinions required by the Procedure for Related Party Transactions.
- The **Strategic Committee** (six members of which one female - independent within the meaning of the Code - and three non-executive) supports the Executive Deputy Chairman and the Chief Executive Officer of ERG in:
  - the definition of strategic business and portfolio guidelines;
  - the six-monthly review of the parameters underlying the valuation of investments;
  - the strategic finance guidelines and policies;
  - individual non-recurring finance transactions.

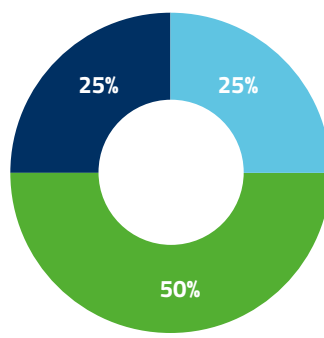
In addition, pursuant to the provisions of the Code, the Committee examines the Group's multi-year strategic plans and investment budget, investments and significant transactions at Group level in advance, assessing their strategic appropriateness and the consistency of their economic and financial returns. It expresses its opinion on the advisability of proceeding with the involvement of the Board of Directors, within the framework of the Group Investment Guidelines.

**Board of Directors  
composition by gender**



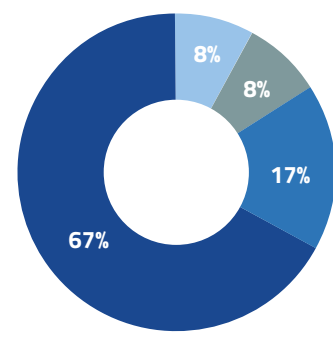
● Men ● Women

**Board of Directors  
composition by qualification**



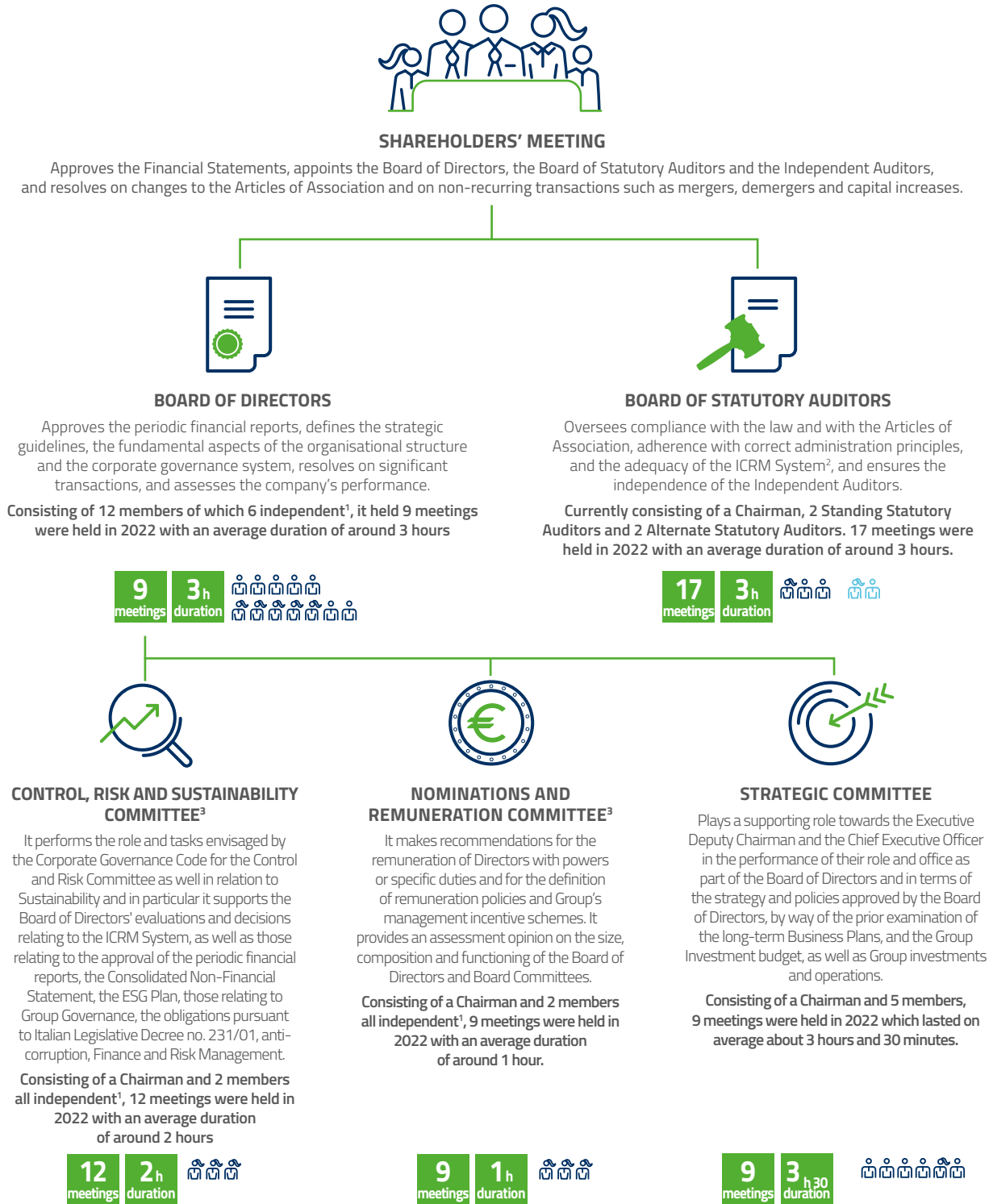
● Independent under T.U.F., CCG and the Regulation ● Non-executive ● Executive

**Board of Directors  
composition by age group**



● 34-41 ● 42-49 ● 50-56 ● 57-64

## CORPORATE BODIES AND BOARD COMMITTEES



<sup>1</sup> With reference to the provisions of Art. 148, paragraph 3 of the Consolidated Finance Act, Art. 2, recommendation 7, of the Corporate Governance Code promoted by Borsa Italiana S.p.A. (the "CGC"), as well as in the light of the "quantitative" and "qualitative" criteria defined in the Regulations for the operation of the Board of Directors, the Control, Risk and Sustainability and the Nomination and Remuneration Committee (the "Regulations")

<sup>2</sup> Internal Control and Risk Management System

<sup>3</sup> Responsible for formulating opinions for the purposes of the procedure for transactions with related parties.

## Positions of director or statutory auditor held by the Directors in Relevant Companies at 31 December 2022

Edoardo Garrone	Chairman of the Board of Directors of SAGAT S.p.A. (non-executive) Chairman of the Board of Directors of Il Sole 24 Ore S.p.A. (executive)
Alessandro Garrone	Director of Banca Passadore e C. S.p.A. (non-executive) Director of Industrie De Nora S.p.A. (non-executive – independent)
Giovanni Mondini	Deputy Chair of the Board of Directors of San Quirico S.p.A. (non-executive) Chairman of the Board of Directors of SQ Renewables S.p.A. (non-executive)
Luca Bettonte	Director and Chief Executive Officer of San Quirico S.p.A. (executive) Director and Chief Executive Officer of SQ Renewables S.p.A. (executive)
Emanuela Bonadiman	Director of Brunello Cucinelli S.p.A. (non-executive – independent)
Mara Anna Rita Caverni	Director of Arcturus S.r.l. (non-executive – independent) Chairwoman of the Board of Directors of Italcanditi S.p.A. (non-executive – independent) Chairwoman and Director of La Doria S.p.A. (non-executive – independent) Director of Unipol Sai Assicurazioni S.p.A. (non-executive – independent)
Federica Lolli	Director of Basell Poliolefine Italia S.r.l. (non-executive)
Elisabetta Oliveri	Chairwoman of the Board of Directors of Autostrade per l'Italia S.p.A. (executive) Director of Industrie De Nora S.p.A. (non-executive – independent) Chairwoman of the Board of Directors of SAGAT S.p.A. (non-executive) Director of TREVI - Finanziaria Industriale S.p.A. (non-executive – independent)
Mario Paterlini	Director of Buzzi Unicem S.p.A. (non-executive – independent)
Renato Pizzolla	Director of SQ Renewables S.p.A. (executive)

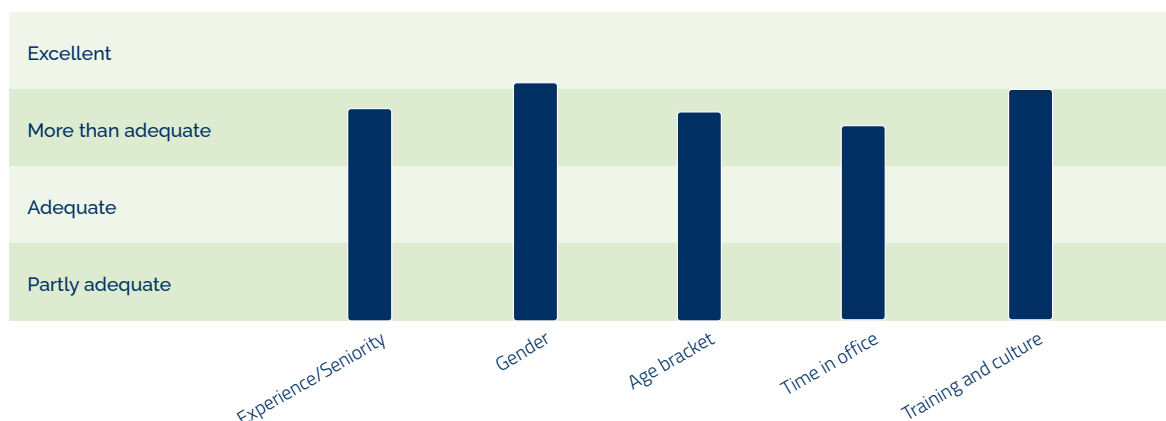
### Board of Directors Self-Assessment

At its meeting of 24 February 2023, the Board of Directors carried out, with the support of the Nominations and Remuneration Committee, which oversees the process, and Corporate Affairs, an assessment of the size, composition and functioning of the Board of Directors and its Committees during 2022, expressing, in this regard, an overall favourable opinion accompanied by specific indications with respect to the operation of the Board of Directors and of its Committees.

The evaluation process was carried out based on the evaluation criteria already used in the past, which included the use of a self-assessment questionnaire prepared at the request of the Nominations and Remuneration Committee and sent to the members of the Board of Directors and the Board of Statutory Auditors, which allowed individual Directors and Statutory Auditors to report on any issues worthy of further investigation and make a qualitative assessment of their own performance in 2022, as well as to improve the way the Board operates in order to increase its contribution to the company's actual ability to achieve its strategic objectives.

### Diversity within the Board of Directors

Average diversity assessment: **more than adequate (78%)** - In one area, diversity was rated as excellent while in the remaining areas as more than adequate

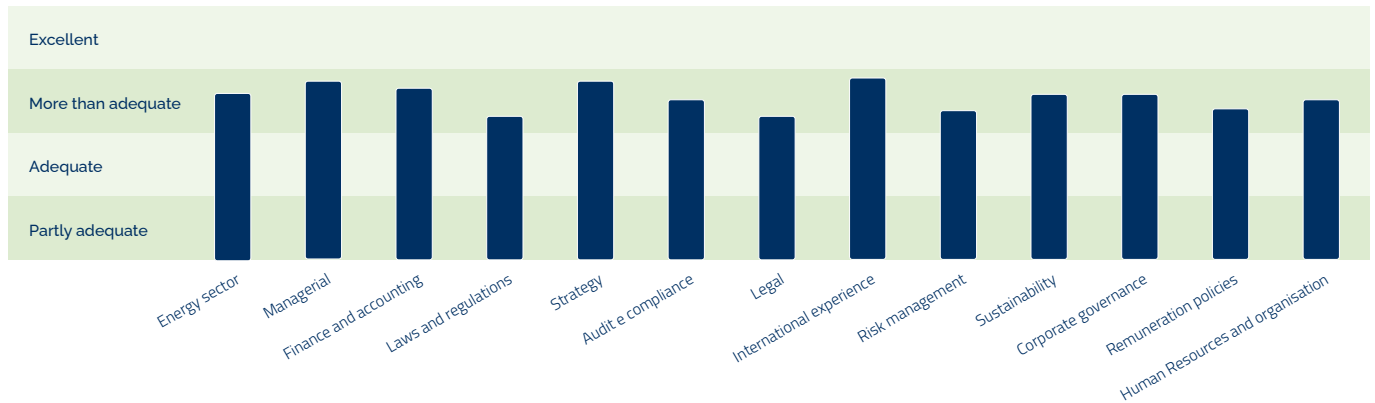


The results emerging from the self-assessment of the professional and personal characteristics present within the current Board of Directors are also relevant.



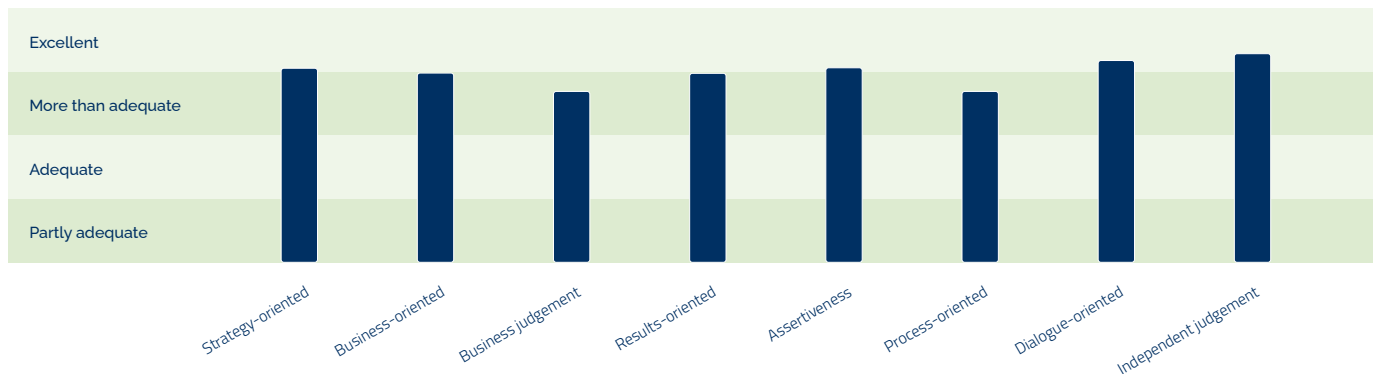
### Expertise within the Board of Directors as a result of the self-assessment process carried out on 24 February 2023

Average diversity assessment: **more than adequate (72%)** - All skills were assessed as more than adequate



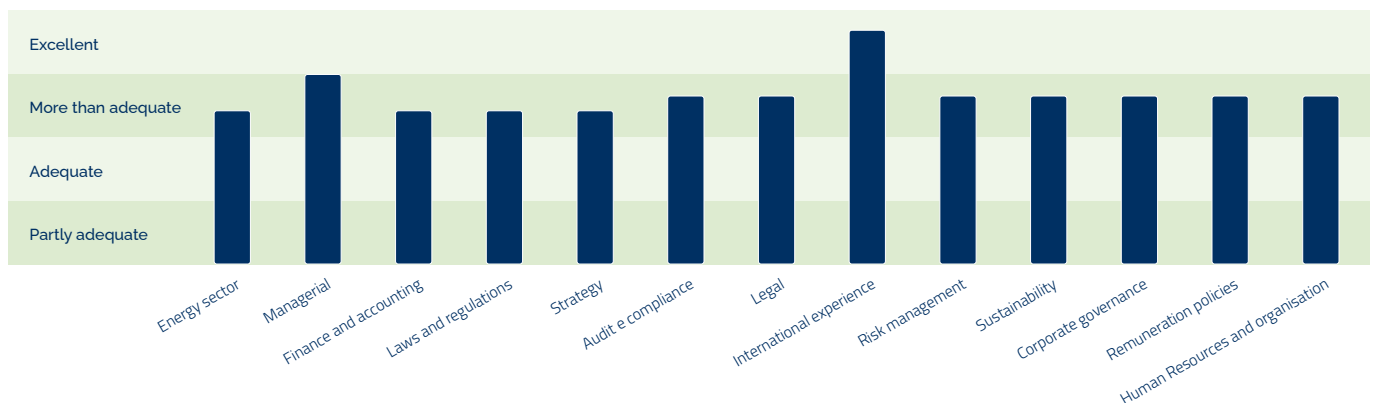
### The professional and personal characteristics present within the current Board of Directors as a result of the self-assessment process carried out on 24 February 2023

Average assessment of professional and personal characteristics: **excellent (81%)**  
One professional and three personal characteristics were rated as excellent while the remaining characteristics as more than adequate



### Expertise within the Committee as a result of the self-assessment process carried out on 24 February 2023

Average assessment of areas of expertise: **more than adequate (70%)**  
One area of expertise was assessed as adequate, the remaining were assessed as more than adequate



The areas of expertise of the Control, Risk and Sustainability Committee lie in the area of audit and compliance.

## Conclusions

The result of the self-assessment showed an overall positive opinion on the functioning of the Board of Directors and its Internal Committees

### ESG INDUCTION TO THE BOARD

The continuous training of the members of ERG's 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 Statutory Auditors for expenses incurred in order to better perform their duties, such as training and refresher courses, participation in seminars and conferences or membership of associations, including trade associations, is expressly recognised.

Below is an outline of the induction sessions we conducted during the year 2022 for Board Members and Statutory Auditors (a total of 52 hours of training).

As far as ESG topics are concerned, the induction session was held on 18 July 2022 and the following main topics were covered:

- Analysis of the external reference context with a focus on Climate Change and Just Transition, examining the standards

that have just been issued or are being defined at international level (EU Green Taxonomy, New Corporate Social Responsibility Detective)

- Analysis of the ESG Plan with a detailed explanation of the objectives we have set ourselves, including: actions to become net zero by 2040, activities to continue to guarantee our objectives to the communities in which we invest, processes in place in the area of Diversity & Inclusion for an increasingly inclusive ERG where differences are valued; our MBO and LTI incentive systems that include ESG objectives within them; projects in place to support the supply chain to be more virtuous from a sustainability point of view
- Analysis of the ESG Certification Plan to 2026 (e.g., Target Net Zero certified by SBTi; Italian Certification for Gender Equality)
- Analysis of the Consolidated 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 type of our people)
- Analysis of the 'proactive' approach towards ESG rating agencies that has allowed us to improve and/or maintain our results in all ratings.

Induction session	Type of induction
Dialogue between the company and investors	External induction
The 'digital' board member between theory and practice	
Institutional investors and corporate communications	
Evolution of ownership structures	
The evolution of the legislative/regulatory framework in our sector	Internal induction
International Affairs & Regulatory activities	
Auction operation mechanism	
Group history and organisational structure	
Energy Management 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	

## INCREASED VOTING

The Extraordinary Shareholders' Meeting, held on 21 April 2020, introduced the so-called 'increased voting' mechanism, which aims to incentivise, thanks to the greater weight in the Shareholders' Meeting decision-making process, medium/long-term investments that can first and foremost support long-term strategies for the Group's growth, as well as counteract stock volatility, which can be triggered by short-term investor choices.

The objective is to favour a non-speculative approach to investment, in line with international best practices on corporate governance and with Directive (EU) 2017/828, which aims to promote sustainable commitment and a long-term approach from shareholders, also by increasing their involvement.

The company's Articles of Association call for two votes to be attributed for each share owned by the same shareholder, who has applied to be registered in a special list for a continuous period of 24 months.

In June 2020, the Board of Directors adopted the regulations governing the procedures for entering, maintaining and updating the Special List

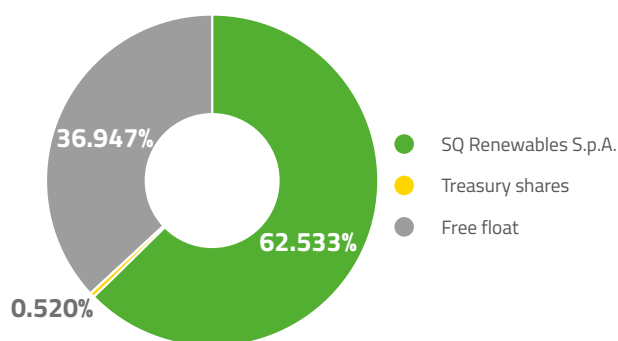
in compliance with the applicable legislation, the Articles of Association and the market practices.

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

On 1 July 2022, the increased voting right accrued for San Quirico S.p.A. and Polcevera S.r.l. (for a total of 94,000,000 shares held by them, equal to 188,000,000 voting rights).

Following the closing of the transaction aimed at creating the long-term partnership between San Quirico S.p.A. and the investment fund IFM Net Zero Infrastructure Fund SCSp, which took place on 15 September 2022, SQ Renewables S.p.A. (wholly owned by San Quirico S.p.A. and by NZF Bidco Luxembourg 2 S.à r.l. with a 65% and 35% stake, respectively) controls ERG S.p.A. through the 94,000,000 shares previously held by Polcevera S.r.l. and San Quirico S.p.A., which have consequently been removed from the list of shares with increased enhanced voting rights. On 1 October 2022, SQ Renewables S.p.A., in response to a specific request to that effect sent to the company, was included in the special list for the entitlement to the benefit of the increased voting rights.

As at 31 December 2022, 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	62.533

<sup>1</sup> 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

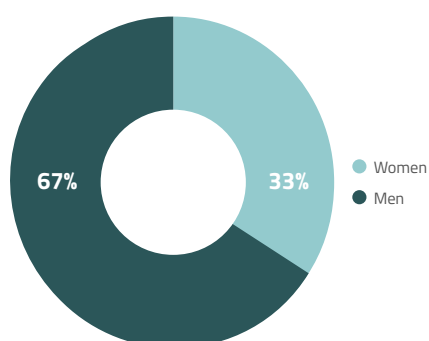
## THE BOARD OF STATUTORY AUDITORS

ERG's Board of Statutory Auditors appointed by the Shareholders' Meeting of 26 April 2022 for a three-year term of office consisted of three standing members and three alternate members. On 3 October 2022, following the premature loss of the then-Chair of the Board of Statutory Auditors Elena Spagnol, the Alternate Auditor Paolo Prandi took over the office of Standing Statutory Auditor and

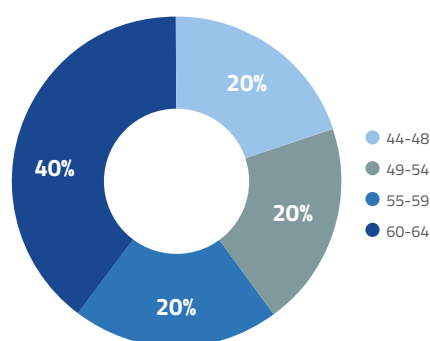
Chair of the Board of Statutory Auditors and will remain in office until the next Shareholders' Meeting of ERG.

Therefore, ERG's Board of Statutory Auditors currently consists of three Standing Statutory Auditors members and two Alternate Statutory Auditors.

**Board of Statutory Auditors composition by gender**



**Board of Statutory Auditors composition by age group**



## Protection of Minorities

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

## Respect for Gender Balance

The Board of Statutory Auditors is currently composed of three standing members and two alternate members and 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>18</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 41% of the total for the year.

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

# MAIN PROCEDURES TO PROTECT MINORITY SHAREHOLDERS

We have adapted our governance systems to the principles contained in the Code, to the recommendations made by Consob on the subject, and more generally to the best practices in the national and international arena.

Below we list some of the main corporate governance procedures adopted by ERG, while detailed information can be found in the Report on Corporate Governance and Ownership as at 31 December 2022.

### Policy for the management of dialogue with shareholders and investors in general (Engagement Policy)

With a view to the creation of sustainable value in the medium to long term, the 'Engagement Policy' is aimed at regulating and promoting the development and maintenance of an ongoing, profitable and transparent dialogue with shareholders and investors in general, also in consideration of the recommendations formulated by the Code and the engagement policies adopted by institutional investors and asset managers.

We have initiated several activities aimed at fostering dialogue with shareholders and investors, and we operate by observing certain principles:

- transparency of the information provided within the context of this dialogue;
- equal treatment of holders of financial instruments issued by ERG;
- compliance with applicable laws and regulations as well as internal governance rules, ensuring in any case the application of the principles of cooperation and transparency with supervisory authorities and administrations.

### 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 of ERG.

### 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 ERG's website.

### 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.

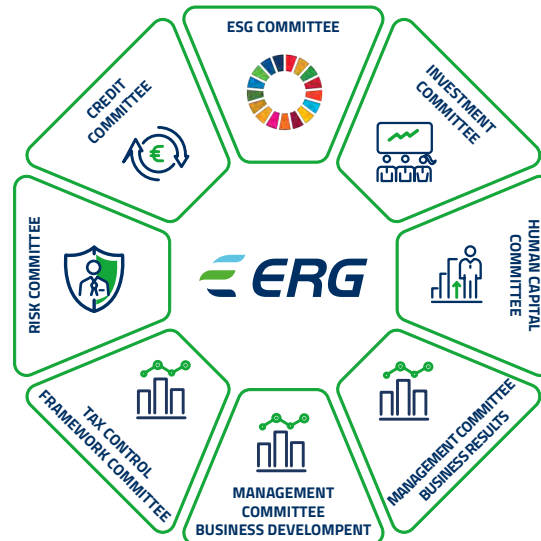
### Procedure for Related Party Transactions

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.

<sup>18</sup> Pursuant to Article 148, paragraph 1-bis, of the T.U.F. (Consolidated Finance Act), the articles of association of listed companies must reserve at least two fifths of the membership of Board of Statutory Auditors to the less represented gender, for six consecutive terms. This division criterion applies as from the first renewal of the Board 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.

## INTERNAL COMMITTEES

The Group's Governance also 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 the 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 assessing investment proposals;
- Expresses a justified technical, economic and financial opinion for the Strategic Committee at various stages in the investment process.



### HUMAN CAPITAL COMMITTEE

- Defines and monitors the main Human Capital development programmes and processes;
- Provides support to 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, managing the reports relating to non compliance thereof.



### MANAGEMENT COMMITTEE BUSINESS RESULTS

- Monitors the Group's economic, financial and industrial results through standardised reporting and control models;
- Follows the changes 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, supporting the relative Project Leader, as well as ensuring the alignment of all Organisational Units on the priorities and ensuring consistency with the decisions of the Investment Committee;
- Analyses business development opportunities both in terms of geographic expansion and technological diversification.



### ESG COMMITTEE

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

- Defines the Group's sustainability guidelines in the medium-long term and promotes the implementation of consistent practices and projects concerning corporate social responsibility;
- Approves the ESG Initiatives Plan as an integral part of the Group Business Plan, monitors the implementation, the achievement of the targets and the priority areas of intervention;
- Approves the Internal and External Communication Plan, also aimed at promoting the ESG initiatives plan, monitoring its implementation and enhancing its growing importance in strategic terms;
- Manages the preparation and dissemination of the "Consolidated Non-Financial Statement" (NFS) and other reporting methods related to ESG issues.
- Approve the allocation of proceeds from Green Bond issues and related annual reporting in line with the Green 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 Control, Risk and Sustainability Committee;
- 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. We have had a Code of Ethics since 2004 in which we have identified 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, but also to represent, in the appropriate fora, the Group's requests when issuing rules and regulations that may have a more or less significant impact 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 2020.

The Code of Ethics and the Anti-Corruption System, with particular reference to the Anti-Corruption Policy, 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**:

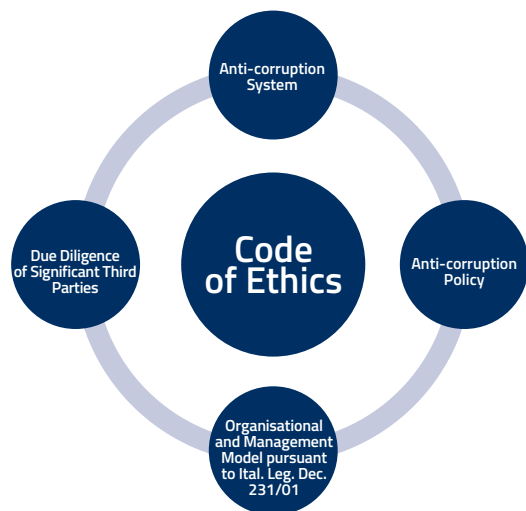
- assesses the ERG Group's exposure to corruption risk taking into account:
  - (a) the countries in which we operate;
  - (b) the third parties with which we come into contact or through which we operate;
  - (c) the business activities sensitive to this risk, on the basis of parameters such as the 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) and the organisational and corporate governance structures of ERG and the entire Group and, more generally, the pursuit of the following objectives:
  - 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 the Group operates;
  - 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 the Group develops the principles of conduct in the area of anti-corruption already envisaged in the Code of Ethics. It indicates the control measures that must be complied with when carrying out activities that may expose ERG 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.

## ERG Group's Anti-corruption System



## Compliance Plan

In addition to the general objectives already defined within the framework of the Anti-Corruption System, the 231 Compliance & Privacy department annually defines further operational objectives, which are reflected in the Compliance Plan prepared and 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 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 these activities, in addition to the rules of conduct contained in the Policy, the Group has approved specific procedures which clearly identify the authorised parties, the spending limits (where applicable) and the second-level controls.

Finally, the Due Diligence 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 mitigation measures.

As at 31 December 2022, the Group had monitored 1,885 Significant Third Parties through an IT system and compiled and updated specific self-certifications under the Significant Third Party Due Diligence Procedure.

The monitoring of the effective and corrective functioning of the Anti-Corruption System is ensured through data streams, both periodic and occasional, which are transmitted 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 and send reminders. Each person responsible is also required to report the absence of relevant events to report. The monitoring of the effective and proper functioning of the Anti-Corruption 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. The possibility to report violations of the Anti-Corruption System and Anti-Corruption laws is envisaged through a dedicated email address and a regular mailing address that can be used by anyone. 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 2022, the 231 Compliance & Privacy department regularly received the required information flows and did not receive any reports. Confirmed incidents of corruption and actions taken: none

## 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 Body or SB:

- is appointed by the Board of Directors, taking into account the expertise necessary to verify adequacy of the company's 231 Model and the effective implementation, as well as proposing the necessary updates
- is collegial, consisting of three members, one of whom is an external member, selected to satisfy the requirements of independence, autonomy and continuity of action.

The audit activity is carried out on the basis of a dedicated plan, shared with the Control, Risk and Sustainability Committee and subsequently with the company's Board of Directors, which also approves the budget.

The Supervisory Body informs the Control, Risk and Sustainability Committee and the company's Board of Directors about its activities on a half-yearly basis.

The Supervisory Body carries out its auditing activities in the context of periodic meetings at which, among other things, the information flows received are analysed. As in the case of Anti-corruption, these flows are managed through software that allows the status of reception to be monitored. Each person responsible 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 Body in its 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 activities at risk, in order to provide clarifications and explanations on specific issues.

Furthermore, data flows between the Supervisory Bodies of Group's companies are envisaged.

The Supervisory Body is also the recipient of reports on possible violations of the 231 Model and the Code of Ethics. In this context, it must respect the obligation of confidentiality regarding the identity of the whistleblower and of the reported person. No reports were received in 2022.

Accepting the proposal to update the 231 Models of ERG S.p.A. and ERG Power Generation S.p.A., formulated by the respective Supervisory Bodies in light of the organisational changes and regulatory changes that have occurred, the 231 & Privacy Compliance Department performed a risk assessment and consequently updated the 231 Models, which were approved by the respective Boards of Directors in December 2022. The documents were disseminated within the companies through publication on the intranet, and externally through publication on the website.

## Training

We believe that the adoption of the 231 Models, Code of Ethics, Policy and Anti-Corruption System constitutes, 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 2022, we continued classroom training for employees on the topics of Italian Legislative Decree 231/01, the Code of Ethics and the Anti-Corruption System, through the simulation of concrete work situations where the risks and the company rules adopted to prevent them were highlighted.

These included, in particular, training sessions for technical staff in the wind sector and employees of ERG Power S.r.l.

The table below summarises the training activities carried out in 2022.

Italian Legislative Decree 231/01 and Anti-Corruption	2022
No. of people trained	31
Course duration	2
Total man-hours	62
Italian Legislative Decree 231/01 and Anti-Corruption	2022
No. of Directors	0
Course duration	0
Total man-hours	0

During 2021, all Group employees took part in a course on 231, Code of Ethics and Anti-Corruption. In 2022, training activities were not renewed in view of the activities to update the Anti-Corruption System and Policy and 231 Models, in particular of ERG S.p.A. and ERG Power Generation S.p.A.

## Whistleblowing

We have long established channels for reporting possible violations of internal regulations and procedures - including the Code of Ethics, 231 Models, the Anti-Bribery System and Policy - as mentioned in the previous paragraphs.

In the course of 2022, in view of the transposition of Directive (EU 2019/1937) on the protection of persons who report breaches of EU law, we have been working on the implementation of a Whistleblowing procedure which will enable the reporting of crimes, offences or irregularities resulting from the violation or non-compliance with our internal procedures (e.g., D&I Policy and Policy for the Prevention of Violence, Harassment and Bullying) or the laws and regulations applicable to Group companies. The Whistleblowing procedure will enter into force in the first quarter of 2023. It has been prepared in line with the provisions of the whistleblowing legislation currently in force in the countries in which we operate, providing - among other things - specific protections for the whistleblower (such as the confidentiality of their identity, the application of the sanctions system against those who violate this obligation, and protection against any form of retaliation, for reasons directly or indirectly related to the report). Then a tender was launched to identify the digital platform for report management, which will also be activated and made operational during the first quarter of 2023 in line with the formalisation of the relevant procedure. The platform will replace the current internal channels for reporting.

## PRIVACY: DEVELOPMENT AND TRAINING

A risk assessment was carried out in 2022 with the aim of verifying, also in light of the measures issued by the Supervisory Authorities over the years, the possible need to update the privacy management system adopted in 2019. The assessment confirmed the system's substantial consistency with the requirements of GDPR 679/2016. In any case, the identified improvement actions will be implemented in 2023.

To date, the ERG Group has not received any complaints and/or reports from the Italian Privacy Guarantor. 12 requests were received from interested parties to exercise their rights under Art. 15 et seq. of the GDPR, which were managed and archived. During the year, there were no data breaches or complaints from data subjects.

## CYBERSECURITY

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 has led to a radical change in the approach to cybersecurity. It 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 has shifted to the adaptation and modulation of prevention and protection tools, training, awareness-

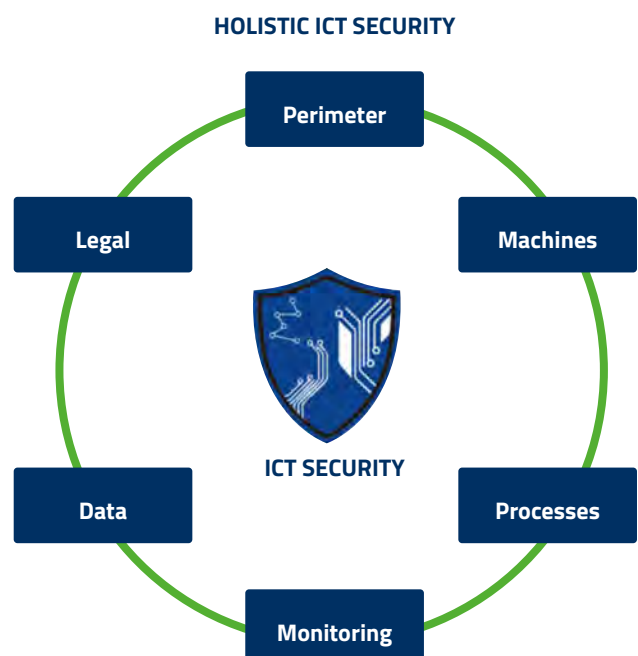
raising and continuous monitoring of the health of ICT processes and the technologies supporting business processes.

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, 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 also a relevant topic that emerged from our materiality analysis.

The 'Cyber Security Incident Management' procedure, which has strengthened ICT Governance in the ERG Group, remains in place. 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 any 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, and we have defined 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, defining specific content on the basis of the roles played by people.

In particular, the following targets were achieved in the Upskilling & Reskilling programme in 2022, exceeding the targets set in the ESG Plan:

- more than 75% of staff have completed at least one training module in the cyber field;
- more than 35% of staff completed all training modules in the cyber domain.

The ICT area staff most closely involved in cybersecurity management and some service providers in the cyber area have attended technical training sessions, particularly on the prevention and management tools adopted by the Group.

At the top level, the Board of Directors and Top Management play a key role:

- in defining the level of risk appetite;
- in the allocation of resources necessary for the implementation of management strategies;
- in the periodic monitoring of the level of risk exposure and performance against protection objectives.

The organisational and technological approach defined at Group level is based on the definition of ICT standards applied independently of geography or generation technologies.

## Certification in IT

Having always been inspired by the international ICT standards (ITIL, Cobit, etc.) 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 actual certification process was started in 2022, with the intention of completing it in the course of 2023, coinciding with the evolution of the NIS Directive and with the expectation that the regulatory framework in the coming years 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 main aspects follow:

- 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.

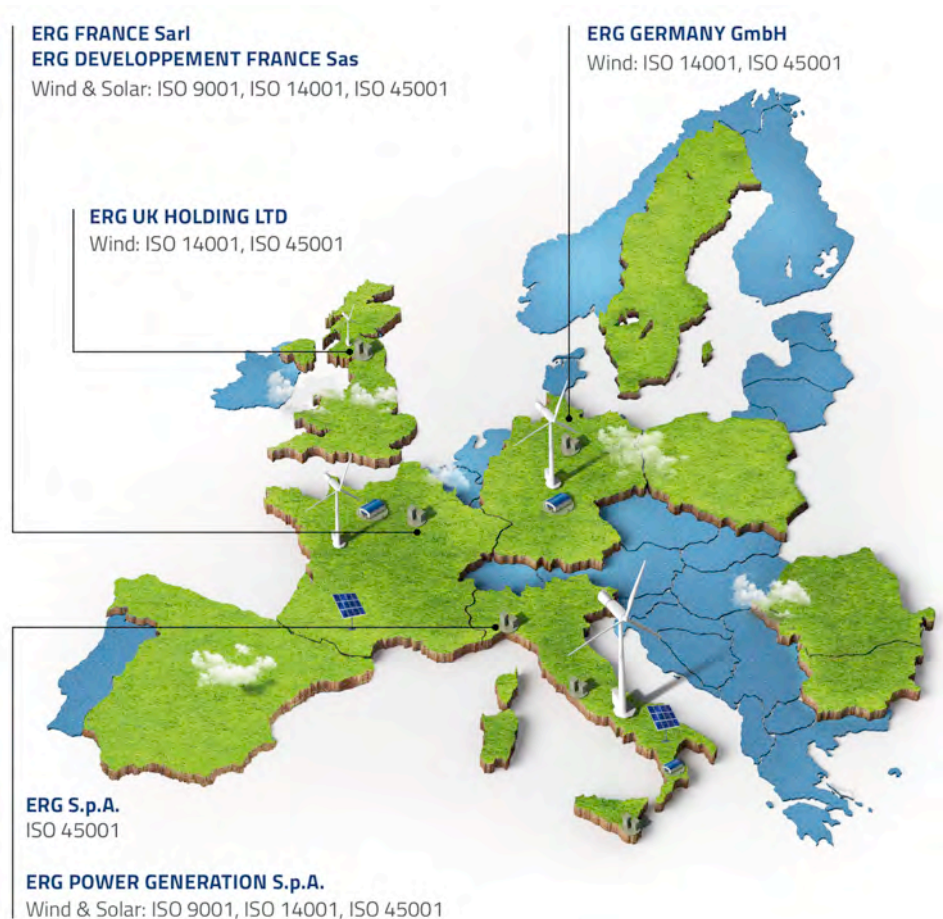
In recent years, we have pursued an important programme of Management System integration in the various technologies in order to better exploit the synergies present in Italy. The programme then continued with the extension of these systems in the other countries where we are active. In particular, Health 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. The corporate office applies a certified Health and Safety Management System.

At the end of 2022:

- environmental certification under ISO 14001 covers over 86% of our installed base and about 98% of our people;
- the health and safety certification under ISO 45001 covers over 86% of our installed base and about 98% of our people;

- lastly, ISO 9001 covers over 69% of our installed base and over 91% of our people.

The diagram below presents a detailed overview of the certifications held by the Group:



## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

ERG Group's Internal Control and Risk Management System is the set of tools, organisational structures, standards and corporate rules required to ensure that the company is run soundly, correctly, and consistently with the objectives 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:

- the Board of Directors, which guides and assesses the adequacy of the Internal Control and Risk Management System;
- the Executive Deputy Chairman, in charge of the Internal Control and Risk Management System, responsible for verifying the correct functionality and the overall adequacy of the ICRM System;
- the Chief Executive Officer, who identifies the main corporate risks;
- the Control, Risk and Sustainability Committee, tasked with supporting, through a preliminary analysis, the assessments

and decisions of the Board of Directors pertaining to the ICRM System, as well as those relating to the approval of periodic financial reports;

- the Board of Statutory Auditors, which monitors observance of the law and of the Articles of Association, compliance with the principles of sound administration, and the adequacy of the ICRM System organisational structure (for aspects within its competence);
- the Supervisory Body, which oversees compliance with the Code of Ethics, Anti-corruption System and verifies the effectiveness and adequacy of the Organisation and Management Model pursuant to Italian Legislative Decree no. 231/01;
- the Chief Audit Officer, in charge of verifying the viability and suitability of the ICRM System.

The list is completed by other relevant persons with specific tasks, in particular the Group's management, primarily responsible for internal control and risk management activities, and second-level control functions (e.g., Manager responsible for preparing the company's financial reports, Group Risk Management & Corporate Finance, 231 Compliance & Privacy).



For further information, see the “Internal Control and Risk Management System Guidelines” and the “Report on Corporate Governance and Ownership” available at [www.erg.eu](http://www.erg.eu).

## 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.

## Independence of the Internal Audit department

The Chief Audit Officer is not responsible for any operational area. The Chief 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.

The annual Audit Plan of the Internal Audit department, based on a structured process of analysis and prioritisation of the main risks – similar to what is envisaged for the budget – is subject to the approval of the Board of Directors. The Audit Plan lists the activities through which the Internal Audit department verifies, both on an ongoing basis as well as with respect to specific requirements and in accordance with the international standards, the viability and suitability of the ICRM System.

Moreover, Internal Audit verifies the reliability of the IT systems, including the accounting systems. The Chairmen of the Board of Directors and the Board of Statutory Auditors, the Control, Risk and Sustainability Committee as well as 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.

## Internal Audit process

Risk Assessment marks the first logical step in the Internal Audit process. It allows to identify the areas of greater relevance where further study must be carried out (included in the three-year audit plan), in accordance with the size of the Internal Audit Division. The three-year “rolling” plan comprises the following methodological phases:

- “Risk Assessment”, that is, definition of a hierarchy of ‘Risk-Based’ processes (potentially subject to Audit), based on the Group's ‘Risk Report’ updated by Enterprise Risk Management;
- definition of the processes subject to Audit. Generally, managerial processes related to strategic risks and monitored by

the BoD and Top Management are not taken into account, as also activities overseeing specific regulatory events, which cannot be verified using Audit instruments and techniques;

- integration with Auditing areas relating to the risk of fraud/non-compliance with the Code of Ethics, not included in the “Risk Report”, but part of the Internal Audit mandate;
- modifications and/or supplements resulting from the planning and from the results of the Audits carried out in previous years;
- assessment and possible receipt of any requests and/or suggestions from the Executive Chairman responsible for the ICRM System, the Control Bodies and the Group's Top Management;
- submission of the draft three-year plan to the Control, Risk and Sustainability Committee and receipt of any observations;
- submission of the final draft three-year plan to the Board of Directors for formal approval.

Subsequent planning of the measures must ensure the following objectives:

- coverage of all business areas on a biennial basis;
- coverage of foreign subsidiaries, envisaging at least one Audit/year;
- performance of one ICT Audit/year;
- verification of the implementation of corrective actions agreed with the relevant management at the end of the Audit;
- “saturation of production capacity” of Internal Audit resources.

The planned change in the Group's scope will lead to the coverage of business areas on an annual basis and at least two Audits per year on the foreign companies.

In order to integrate and optimise the control activities, maximise their effectiveness and manage any overlapping, Audit activity planning is coordinated with the other corporate departments that carry out second-level controls, with special ‘working tables’ (which meet at least four times a year), where the activities carried out by the departments involved are pooled.

Internal Audit also carries out periodic checks on behalf of the SBs of the Group's companies, aimed at verifying the effectiveness of the 231 Models adopted. The detailed operating procedures of the checks are defined together with the SBs of the Group's companies, also in relation to the Audit Plan activities.

## 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 and allow us to ensure 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.

## 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 main goals of ERM are:

- obtaining an integrated and dynamic view of the main Group corporate risks that may affect the objectives of the Business Plan;
- strengthening the corporate culture at all levels and the awareness that adequate risk assessment and management positively affect the achievement of goals, the creation of value for the company and medium-long term business sustainability;
- promoting the dissemination of risk management in business processes in order to ensure consistency in the methodologies and tools used to manage and control risks;
- developing a common language and disseminating an appropriate risk management culture;
- strengthening the strategic planning processes through "informed" decision-making processes in a "risk adjusted" approach.

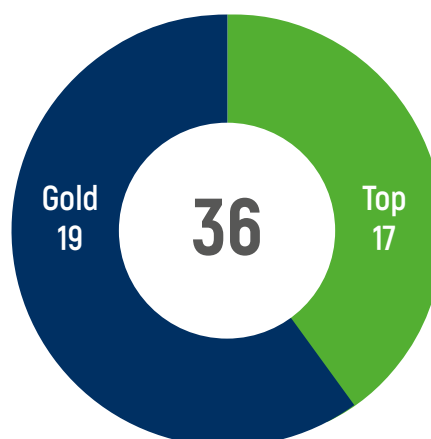
The Enterprise Risk Management process provides for the involvement of all Group structures (from "Management Level" up to "Board Level"), passing through the second-level control structures (e.g. Compliance) and third-level control structures (Internal Audit), which together with the ERM make up the Internal Control and Risk Management System.

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 and comprises the following four steps:

## ERM goals reached in 2022

The Risk Assessment of the second half-year of 2022 involved 100% of the Group's companies, both in Italy and abroad, together with all Senior and Middle Management. We identified 36 'main' risks (of which 17 Top, represented in greater detail at the top, and 19 Gold, represented in a summary table) 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 (on a scale from 0 to 100%).

## 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 started in 2019 - resulting in disclosures from the 2019 NFS on - and has been updated over time to take into account perimeter changes that have occurred (including entry into new countries, including Spain; scope changes with the exit of the Hydro and CCGT businesses); it also covered four lines: Governance, Strategy, Risk Management, Metrics & Targets.

The main phases in the process were:

1. identification of the reference scenarios;
2. identification of the variables present in the scenarios that could impact ERG's business;
3. identification of the risks and opportunities related to climate change in relation to ERG's business;
4. identification of the corporate functions responsible for the governance, monitoring and management of climate change issues;

## 5. identification of the strategies for managing the risks or achieving the opportunities.

The scenarios chosen in 2019 were confirmed from among those most widely accredited in literature, more specifically the one developed by the Intergovernmental Panel of Climate Change (IPCC) that shows the response of the Earth's climate to changes in atmospheric concentrations of greenhouse gas (GHG) in the absence of mitigation measures (physical scenario). 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. 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. 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 analyses are focused on the Wind & Solar perimeter after having been updated during 2022 following the divestments of the Hydro asset and the deconsolidation of CCGT.

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 (9-10 target countries in the new Plan). This will allow us to further offset any negative impacts of climate change.

	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/Solar) 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.

	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> 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 facilities 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)
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.

	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 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
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 of 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



	Potential event	Description of risk / Opportunity	Potential financial impact	Risk management strategy/strategy for realising opportunities (main aspects)
<b>TEMPORARY Technological</b>	<b>Technological innovation</b>	<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
<b>TEMPORARY Technological</b>	<b>Promotion of energy efficiency and renewable energy plants</b>	<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
<b>TEMPORARY Technological</b>	<b>Demand for carbon neutral electricity generation</b>	<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>	<b>Effects of climate change</b>	<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

In conclusion, in order to counteract the risks arising from climate change and seize any opportunities, we continue to make our choices in a conscious and responsible manner, implementing a climate strategy (understood as the reduction of industrial impacts) integrated into the business strategy, based on the following actions:

- maintaining and developing, both at Board and Management level, a positive, change-oriented and resilient culture and approach, and developing the Group's ability to evolve and reposition itself in a timely manner within the energy transition, taking advantage of its challenges and opportunities;
- implementation of a plan for the development and production of renewable energies (wind and sun) in Italy and abroad, which has already made it possible to limit CO<sub>2</sub> emissions into the atmosphere;
- pursuit of a strategy of geographic and technological diversification, in order to compensate for the negative impacts of climate change;
- continuous monitoring of regulatory developments in the countries in which we operate, and the establishment and maintenance of effective and long-lasting relations with all stakeholders;
- introduction into the portfolio strategy of bilateral contracts and Power Purchase Agreements/PPAs for sales of electricity with medium/long-term maturity to counteract the greater volatility and any downward pressure on prices, linked to climate change (many of which with opposing impact on prices during the energy transition period);
- specific communication activities to maintain the Group's high level of reputation, which include, among other things, a structured Corporate Social Responsibility process (sustainability reporting, monitoring of sustainability objectives, ESG rating).

## RISK MANAGEMENT ACTIVITY ON NFS ISSUES

Italian Legislative Decree 254/2016 establishing the Non-Financial Statement transposed the European Directive, identifying the minimum contents to be reported in the NFS, related to the business model, company activities, main indicators of non-financial character and main management risks generated or suffered by the company.

In order to ensure the full compliance of our NFS, we examined in depth and systematised the analysis of the main risks already reported on in the past. In particular, the ESG Department, with the support of ERM, periodically updates the ESG Risk Assessment through:

- identification of the ESG Risks, including the mandatory topics pursuant to 254/2016 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 during 2022 and only considers the Wind & Solar perimeter. To date, the assessment has been completed for 100% of the mandatory topics and 33% of the material topics, all of which were found to be adequately covered by the procedures and internal control system.

For each issue and related risk element, the following were identified and defined:

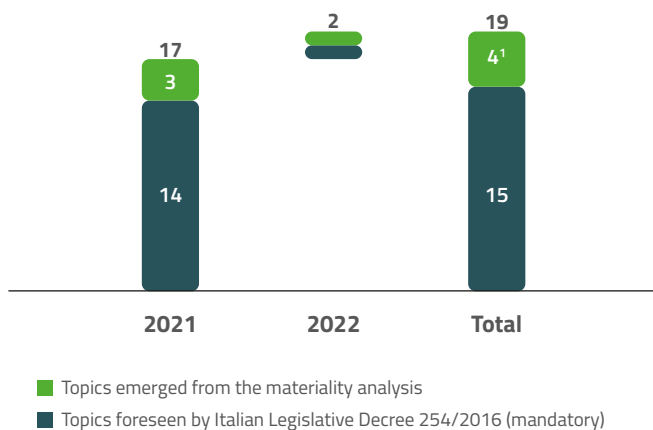
- the main business processes involved;
- their inclusion in a specific risk assessment (at "Operational" or "Enterprise" level);
- inclusion in the Group Risk Policy;
- the presence of specific systems governing the issue.

This activity showed the governance systems effective, not only because they are established by specific regulations, but also because they are an integral part of our Group's approach. The presence of certified management systems in the health and safety and environmental areas ensure the constant regulatory updates and field activities.

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 Countering Violence, Harassment and Bullying in the Workplace), governance tools and operational practices. The results of the analysis carried out give us a clear picture of our company and our way of doing business, which has always been characterised by a focus on principles and ethical values, such as the inclusion and the promotion of diversity.

The results of the analysis are shown below for each thematic area, with evidence of the main governance tools (e.g., policies and procedures).

ESG -SAL assessment



<sup>1</sup> Topics which had been kept separate in the previous year (Energy Efficiency; Innovation Technology; Cyber Security; Crisis & Risk Management), were aggregated into two homogeneous areas in line with the materiality analysis.



Area	Topics foreseen by Italian Legislative Decree 254/2016	Technologies and related risks	Governance tools (Main)
ENVIRONMENT	<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.
	<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.
	<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.
	<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 SF6-insulated switchgear. - in the offices, fugitive emissions result from F-gas leaks from air-conditioning (cooling/heating) systems  The following risk management actions are in place: - Minimisation of gas leakage through asset maintenance procedures. - gradual adoption of new (vacuum) technology systems containing no climate-changing gases.
	<i>Atmospheric Pollutant Emissions (Convex Emissions)</i>	Renewable Wind & Solar technologies do not have any atmospheric emissions from their production processes.  <i>Potential risk: Greenhouse gas emissions with negative impact on Environment / Biodiversity</i>	Not applicable - this case study does not apply to Wind & Solar plants
SOCIAL	<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
	<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.
MANAGEMENT OF PERSONNEL	<i>Gender equality</i>	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 Governance systems in place are: - HR policies and procedures (e.g., Talent Management) - Human Resources Committee - Organisational Handbook (by Role/Position) - Application and interpretation of first and second level contracts - Institutional relations with trade unions/industry/trade associations
	<i>Implementation of international conventions</i>		
	<i>Dialogue with social partners</i>		
	<i>Respect for human rights</i>		

Area	Topics foreseen by Italian Legislative Decree 254/2016	Technologies and related risks	Governance tools (Main)
GOVERNANCE	Active and passive corruption	Non-compliance with current regulations.  <i>Potential risks:</i> Non-compliance with anti-corruption compliance; sanctions against the company; non-compliance with the principles	- Anti-Corruption Policy - Supervisory Board - 231 Model 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:</i> Negative reputational impacts of unethical business management	- 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 Body, set up on the basis of the 231 Model, and present in all the Group's Italian companies with the function of 'Ethics Committee'; - Endorsement of the Corporate Governance Code of listed companies issued by Borsa Italiana - Internal Control and Risk Management System, which envisages 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, Board of Directors and Board of Statutory Auditors (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:</i> Failure to comply with the rules set out in the Code of Corporate Governance.	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
Further topics emerged from the materiality analysis			
Engagement with stakeholders, institutional, local authorities and Communities	engagement of all stakeholders in the development of businesses	all Stakeholders (including institutions, local communities, authorities, suppliers, shareholders, employees and the next generation)  <i>Potential risks:</i> inadequate stakeholder engagement with possible negative effects on business development	- mapping of key stakeholders with identification of expectations and engagement methods; - engagement model based on transparency and enhancement of relations with all stakeholders. - Stakeholder engagement programmes with active participation in the working tables of trade associations both internationally and nationally in the various countries where we are present
Energy efficiency and technological innovation*	Implementation of energy efficiency and technological innovation actions to combat climate change	<i>Potential risks:</i> Failure to implement efficiency and/or innovation strategies with negative effects on the achievement of decarbonisation targets both nationally and internationally	- technological innovation targets in the Industrial Plan (storage) to accompany RES penetration and the decarbonisation process; - energy efficiency targets and programmes (Repowering Wind and Revamping Solar) included in the ESG Plan integrated in the Business Plan
Economic and financial results	Ensuring a sound economic and financial structure for sustainable value creation in the medium to long term	<i>Risk:</i> eco-fin results not aligned with the objectives defined in the Business Plan and/or the expectations of stakeholders	ERG implements a risk mitigation strategy aimed at preventing the emergence of 'crisis' situations (e.g., liquidity; Breach of financial covenants) which is developed on various levels and envisages the pursuit of (i) a balanced financial structure in terms of duration and composition, (ii) the evaluation of each new investment initiative in relation to the impact it may have in the perspective of eco-fin results; (iii) the systematic generation of cash by its business activities and (iii) the geographical and technological diversification of its facilities (iv) continuous monitoring of actual and expected results and financial balances, (v) monitoring of the principal financial risks that may directly or indirectly impact eco-fin results;
Cyber security, crisis & risk management*	structured risk management processes capable of ensuring an effective response to risks	<i>Potential risks:</i> failure to identify or manage risks (e.g., Cyber) with negative effects on plant security and/or business continuity	- Risk Policy at Group level that defines the most effective strategies for responding to the risks to which the group is exposed - Enterprise Risk Management process for the identification, assessment, management and monitoring of the main current and emerging risks - Crisis Risk Management Policy for the management of corporate crisis events - design, development, operation, maintenance, support, for the mitigation of vulnerability of ICT systems, in line with reference best practices; - Insurance policies to cover damages

\* Topics aggregated by homogeneous areas, which were previously separate (Energy Efficiency; Innovation Technology; Cyber Security)

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.



# TAX STRATEGY

Our Tax Strategy has not changed in 2022 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. In particular, we have adopted and implemented the TCF as follows:

- as of 1 January 2021 (with effect from on fiscal year 2020) by ERG S.p.A. and its Italian subsidiaries;
- as of 1 January 2023 (with effect from on the 2022 tax year) by the Group's French companies.

The project will be extended to Germany during 2023, where it will become operational on 1 January 2024.

The Tax Control Framework 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.

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 prepared annually:

- plan for the testing, monitoring and assessment activities of the Tax Control Framework;
- Annual Report, preliminarily shared and analysed within the Tax Control Framework Committee (see below) and subsequently submitted for examination and opinion to the Control, Risk and Sustainability Committee.

As part of the Tax Control Framework, an additional management assurance/control mechanism is envisaged to strengthen the Control System. In particular, a Tax Control Framework Committee with mixed competences was established:

- it performs preliminary analyses, and provides specific recommendations, on the testing, monitoring and assessment activities of the TCF;
- it analyses the annual report in advance, providing any specific recommendations;
- it monitors the actual implementation of the improvement plan for any shortcomings resulting from the testing, monitoring and evaluation of the TCF.

The Tax Control Framework also provides for a whistleblowing system with two dedicated communication channels (one e-mail address and one regular mail address), adopting appropriate tools to ensure the confidentiality of the whistleblower's identity and the reported person in handling the report.

## Involvement of stakeholders and management of tax concerns

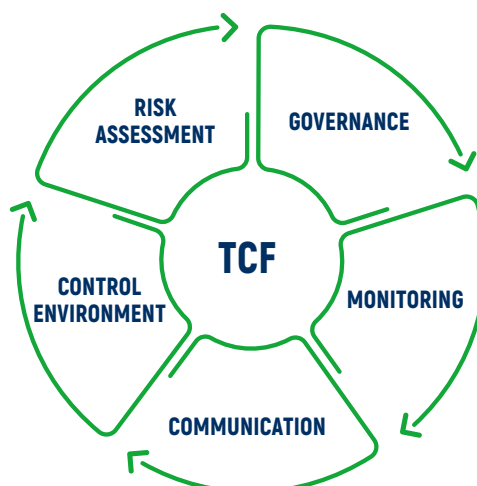
The ERG Group, even during audits by the competent authorities relative to companies of the Group or third parties, establishes and maintains a transparent and collaborative relationship focused on dialogue with the relative tax authorities, ensuring that the latter fully comprehend the company events underlying the application of tax laws.

### 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.

### RISK ASSESSMENT

Mapping potential risks taxes that impact the Group and introducing appropriate safeguards aimed at intercepting its presence and mitigating its effects.



### 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



## TAX CONTROL FRAMEWORK – extension in France

ERG has extended the Tax Control Framework (the internal control system for tax risk, already implemented by both ERG S.p.A. and its Italian subsidiaries) to its French Companies and it will be operational as of 1 January 2023, applied to tax year 2022. The goal is to streamline, organise, strengthen and improve the effectiveness of current tax governance rules and procedures,

further reducing exposure to tax risk. The extension of the Tax Control Framework to the ERG Group's French subsidiaries is consistent with both the international growth strategy and recent organisational changes that have defined new roles and responsibilities, and is one of the objectives of the ESG Plan achieved by 2022.



## SUPPLIER MANAGEMENT

We consider the supply chain a key element in achieving our sustainable development goals.

The Supply Chain mainly consists of suppliers 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. The selection of suppliers of goods and services is supervised by the Procurement Department, which ensures that they adhere to the ERG Group's values and rules of conduct: in fact, suppliers must sign the Code of Ethics, the Supplier Code of Conduct, 231 Model, and the Anti-Corruption Regulations for foreign companies.

All suppliers are subject to a global reputation assessment: a provider monitors media releases on issues such as Environmental Risk, Financial Risk, Information Security, Legal and Regulatory, Social Risk, including forced labour, child labour and human rights. 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 media releases 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.

As a result of this monitoring, in 2022 we did not detect any behaviour

in the supply chain that contradicted the principles being monitored. The qualification of suppliers takes into account a technical-organisational, economic-financial and ESG assessment, with an overall score being awarded. A more in-depth ESG assessment is then carried out annually involving strategic suppliers, delving into issues related to:

- corporate management;
- social aspects (such as the existence of an equal opportunities policy and action plan);
- environmental aspects (measuring carbon emissions, energy-saving policies, limiting the use of fossil fuels);
- occupational health and safety aspects (such as the existence of certified management systems for occupational risk prevention);
- the sustainability policies implemented towards its subcontractors and sub-suppliers.

The score obtained also serves as a reward criterion in tenders: suppliers are invited to participate in and is aimed at continuously improving the sustainability level in the supply chain, with the intention of helping less virtuous suppliers to adopt ESG best practices. This practice also contributes to the decarbonisation goals included in our ESG 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.

## Key Facts 2022: Sustainable Procurement

- On 26 May 2022, ESG Supplier's Day was held in Genoa, Italy, a meeting with our strategic suppliers who participated in the two ESG assessments of 2020 and 2021, to share the guidelines of the ESG Plan and the principles adopted for a sustainable supply chain with them. The event culminated with the awarding of prizes to the suppliers who were most distinguished in the rating campaigns, not only in absolute terms but also in the improvement of their rating over the two years, testifying to their commitment.
- Annual sustainability assessment of strategic suppliers with the administration of the detailed ESG questionnaire in use at ERG, enriched with in-depth studies on Carbon Footprint and Diversity & Inclusion.
- Supplier training: one webinar to introduce the audit campaign, one webinar to introduce the ESG 2022 assessment campaign, one-to-one support on request.
- Audits: 27 supplier audits totalling 332 hours, supporting suppliers who need to improve their sustainability practices, regardless of company size, and at no cost to the supplier.



Our suppliers are also constantly monitored through vendor rating. A dashboard has been in place since 2020 that collects technical performance ratings drawn up by internal departments, which are then associated with economic and compliance indicators acquired through public portals and the ESG rating, which contributes to an up-to-date view of the risk profile of counterparties.

The suppliers with inadequate performance are subject to corrective action. They may also be suspended or blacklisted in the event of negative performance and/or information, or following significant events, including:

- 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 purchasing policy is to use competitive processes wherever possible, and the process is based on transparency of procedures and conduct and separation of roles in contractual relationships. It is also ensured that assets are remunerated correctly 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 technical and sustainability coefficients.

For the Italian and foreign 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. Like suppliers, subcontractors are also subject to compliance checks using the dedicated portal.

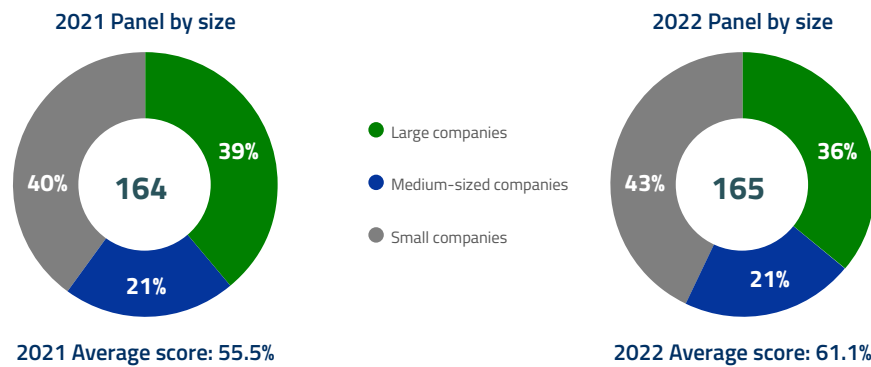
In line with our Code of Ethics and Supplier Code of Conduct, we do not use suppliers at risk of undeclared work, child labour, forced labour and/or labour without human rights, and we implement all the above-mentioned control actions to avert these risks in the supply chain.

### Sustainable Procurement

The ESG assessment of our supply chain was again carried out this year, involving 165 strategic suppliers, accounting for about 80% of the procurement volume handled during the year. Adherence was high, at 86% of those invited, confirming the suppliers' sensitivity to ESG issues and the path we have taken. Companies of various sizes were interviewed, some of which had already been included in the previous year's audit and others newly added to the Vendor List. Evidence was requested 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

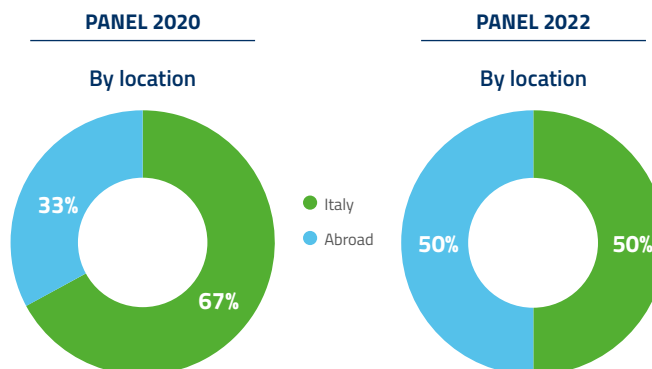


It should be noted that:

- the '2022 average sustainability rating' is 61.1%, up 5.6 percentage points from 2021;
- suppliers classified as 'best practice' and 'adequate' represent 69% of the participants;
- 75% of suppliers who participated in 2020 (63 in number) improved their rating;
- more companies are measuring their carbon footprint and paying attention to D&I issues;

- improvements are highlighted from 2020 to 2022 in all survey areas (governance, social aspects, environmental aspects, HSE, sub-supply chain management);
- the international nature of the supplier panel involved in the assessment is consolidated: half of the suppliers interviewed are international groups.

The results were very satisfying, also thanks to continuous support through webinars, feedback and targeted communications: our suppliers were sensitive to pursuing sustainability initiatives.



A significant contribution was also made by the audit campaign to identify areas for improvement and support their implementation: the 75 companies audited (48 in 2021 and 27 in 2022) increased their rating most significantly.

As a result of the audits, all major non-conformities were resolved by the end of the year, while the 'opportunities for improvement' (suggestions to bring the supplier's standards in line with best practices) could be completed within 12 months of the audit date.

## The 'Sustainability K'

As of 2021, a bonus coefficient linked to the ESG rating achieved at the ESG qualification/assessment stage or at the tender evaluation stage was introduced in tenders above EUR 100,000. 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 have become rewarding elements in awarding contracts.

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 2022 rating.

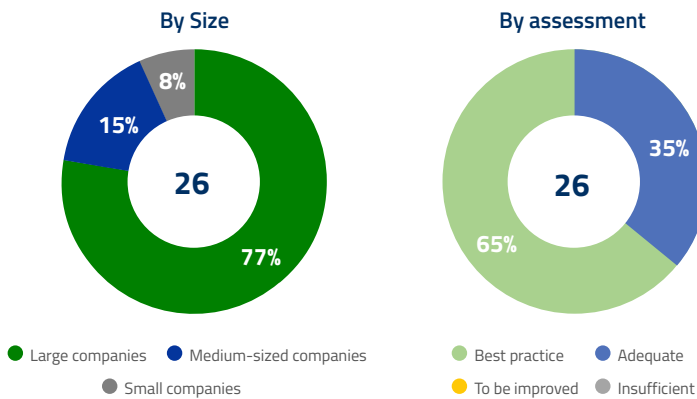
## CARBON FOOTPRINT AND D&I

In the 2022 questionnaire, in line with the objectives of ERG's ESG plan, further insights were included regarding:

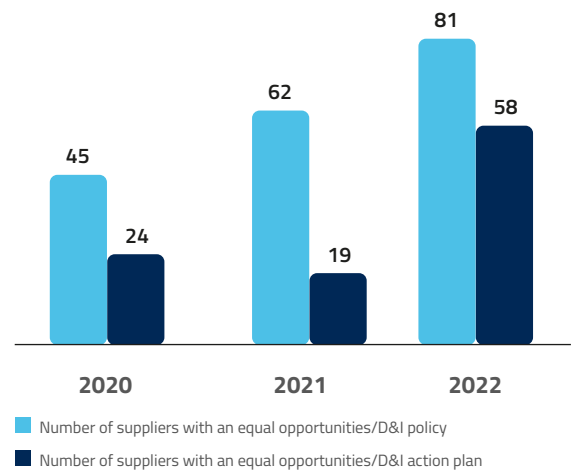
- Carbon Footprint. All suppliers who declared measuring their carbon footprint were mapped, i.e., they have systems in place to measure the impact their organisation and/or their products have in terms of CO<sub>2</sub> emissions and are specifically related to production processes;

- Diversity & Inclusion. In addition to requiring companies to have a D&I policy and implementation plan in place (81 suppliers have a D&I policy and 58 an action plan in place), they were also asked to highlight the percentage of women in Top Management and the Board of Directors: suppliers with women in top positions account for 55% of our volumes handled.

### MEASURING THE CARBON FOOTPRINT



### ESG -SAL ASSESSMENT



For both topics, the results were satisfactory for the larger companies handling significant purchase volumes with ERG. These two important topics will be the subject of an awareness-

raising and training campaign in 2023, in order to raise supplier performance in these areas as well.

## THE EDOARDO GARRONE FOUNDATION

In 2022, the Edoardo Garrone Foundation (EGF) continued its mission, reshaping the philanthropic commitment of the Garrone and Mondini families.

Education remains the central calling and commitment of the Foundation, with a wide and transversal offer of excellence: from educational projects dedicated to primary school children and first and second level secondary school students, to highly specialised postgraduate courses and incubation and acceleration courses for the birth and consolidation of new young sustainable enterprises. The Foundation's projects have always promptly responded to the needs and challenges of the socio-cultural context and are the result of careful listening and dialogue with the territories and communities. Since 2021, the careful and systematic monitoring of each action has allowed for a continuous evolution of the project, guaranteeing relevance to the needs and an increasing involvement of the young recipients, so as to offer them an active, creative and conscious role in the construction of a sustainable future.



### 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, which allows us to work alongside a different Apennine territory each year to contribute to strengthening the economic fabric and local development and valorisation strategies in which the companies participate.

**The second edition of the Appennino Project took place in 2022. Promoted by the Edoardo Garrone Foundation in collaboration with the Avellino Area Vasta, the initiative covered the Campania region, more specifically the municipalities of Avellino.**



The Appennino Project consists of three initiatives: ReStartApp Campus - intended for young aspiring entrepreneurs under 40 with business projects or start-ups in typical mountain economic sectors, Vitamine in azienda, an acceleration path for local businesses already operating and eager to acquire new skills and express their

full potential, and Imprese in rete, a workshop for the creation of business networks, indispensable for sharing resources, making costs and processes more efficient, and strengthening and developing the economic, cultural and social fabric of the area.



### RESTARTAPP®

The 2022 edition of ReStartApp, the incubation and acceleration campus for young companies in the Italian Apennine region, took place in Avellino from 27 June to 7 October, with an intermediate break from 1 August to 4 September, and involved seven young 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 ten weeks of training, 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 included 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 will provide three non-repayable start-up prizes worth a total of EUR 60,000.

In 2022, the campus involved five young women and two young men. They have an average age of 29. More than 70% of them have a university degree. They come from Abruzzo, Campania, Emilia Romagna and Lazio.

### VITAMINE IN AZIENDA® AND IMPRESE IN RETE®

As part of the Appennino 2022 Project, July also saw the launch of 'Vitamine in Azienda' and 'Imprese in rete', the acceleration and networking paths dedicated to local businesses already operating, implemented by the Edoardo Garrone Foundation in cooperation with the Avellino Municipality and Area Vasta.

From the more traditional agricultural companies to publishing, welfare services and event organisation, ten companies participated in 'Vitamine in Azienda,' selected through a call for ideas for their potential for future development and their strong motivation to benefit from a customised consultancy service.



The coaching consisted of seven individual meetings, which addressed issues related to the management and development of the company's business. The course was completed by three collective meetings of a more general training nature, involving all the selected enterprises simultaneously.

One network project was developed with 'Imprese in Rete'. Avellino scalo, formed by three local companies, proposes to redevelop and revitalise the Avellino station district, thanks firstly to the restoration of part of the old railway route, also with a view to tourism and fully involving the surrounding community. The network of companies, to which another ten or so companies are connected, participated in seven meetings, of which four individual and three collective, during which the companies were supported by a consultant in order to develop the network project in the best possible way.

### APPENNINOLAB

The new formula of AppenninoLab, which returns for the second consecutive year to the municipality of Voltaggio, is confirmed to be a winning one, enriched this edition by a new objective: to develop and donate a visiting tourist website to the area. The project involves about 150 students and is an innovative pathway of cooperation between different Genoese secondary schools to bring young people into direct and active contact with the environmental, economic, social and cultural resources of the Apennines and to consolidate, in practice, a culture of dialogue, exchange and cooperation. The institutes involved were supported by authoritative mentors in order to express the full potential and value of a specific course of study; the work alongside teachers and students spanned five months, including visits, on-site and classroom meetings. AppenninoLab came to an end on Monday, 6 June, when the town of Voltaggio (AL) hosted 150 high school students from Genoa, the protagonists of the second edition of the 'Apennine Day', organised by them. An exciting moment of celebration for the citizens and children of Voltaggio's kindergarten and primary school, starting with the inaugural parade through the streets of the historic centre. The heart of the day was when the students handed over the website to the territory. Workshops, an exceptional menu and a travelling show completed the programme.



### 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. The theme chosen in 2022 was 'Strange Creatures', a symbol of a world full of inexhaustible differences and a call for respect and appreciation of all forms of diversity.

From readers to authors, students from six Genoese classes explored the languages of children's literature under the guidance of writers and illustrators, creating new content and creatively sharing their emotions, ideas and projects for a better society.

The project 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



This initiative is fully in line with the Foundation's desire to implement the participatory planning of its activities. In 2022, in fact, several focus groups led by experts and attended by teachers and tutors gave rise to 'Lo spettacolo siamo noi!' [We are the show]. 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.

This first year of the project involved ten teachers, three tutors and three professional actors in a total of six focus groups. September saw the start of the second year of the experiment, which directly involves six classes in primary and secondary schools in the conception, writing and direction of a real play.

# PERFORMANCE DATA AND INDICATORS

# PERFORMANCE DATA AND INDICATORS

## ECONOMIC AND FINANCIAL RESULTS

	U.M.	2022	2021 restated	2021	2020
Revenue from sales and services	EUR million	749	601	1,232	974
EBITDA (adjusted)	EUR million	537	399	580	481
EBIT (adjusted)	EUR million	308	198	304	183
Profit (reported)	EUR million	89	86	174	110
of which attributable to the owners of the parent (reported)	EUR million	85	84	173	108
Total net financial indebtedness (reported) <sup>(1)</sup>	EUR million	1,592	2,266	2,181	1,540
Net invested capital (adjusted)	EUR million	3,510	2,693	3,608	3,209
Investments <sup>(2)</sup>	EUR million	946	617	648	156
Financial leverage (reported)	%	44%	59%	58%	47%

(1) Reported net financial debt includes debt related to the application of IFRS 16 (equal to approximately €157m 2022; €214m 2021 restated). The financial debt (adjusted) amounted to €1,434m 2022; €2,051m 2021 restated.

(2) Property, plant and equipment and intangible assets and investments in Merger & Acquisition operations.

Total revenue in 2022 includes EUR 48 thousand in grants from Public Administration or the European Community for employee training. ERG Group does not donate to political parties.

## ERG SHARES

	U.M.	2022	2021 restated	2021	2020
Market capitalisation	EUR million	4,353	4,275	4,275	3,517
Year-end reference price	EUR	28.96	28.44	28.44	23.40
Maximum price	EUR	36.04	31.72	31.72	23.70
Minimum price	EUR	22.98	22.32	22.32	13.17
Average price	EUR	30.13	26.11	26.11	20.05
Average volume	no.	224,071	268,310	268,310	255,536

Maximum price recorded on 26/08/2022, minimum price recorded on 22/02/2022.

## CUSTOMERS

GRI G4\_EU3

	U.M.	2022	2021 restated	2021	2020
Industrial customers	no.	-	14	15	23
Intercompany customers	no.	-	15	16	27
Site customers	no.	-	-	9	10
Electricity and GO traders and wholesalers	no.	55	52	52	41
Customers operating in the electricity system	no.	20	22	22	21
Operation & Maintenance customers	no.	11	10	10	11
<b>Overall total</b>	no.	<b>86</b>	<b>113</b>	<b>124</b>	<b>133</b>

## RECLASSIFICATION OF VALUE ADDED

GRI 201-1

	U.M.	2022	2021 restated	2021	2020
Revenue	EUR million	761	601	1.234	995
Economic value distributed	EUR million	(455)	(382)	(869)	(705)
Production cost	EUR million	(141)	(115)	(388)	(391)
Staff remuneration	EUR million	(62)	(60)	(84)	(78)
Remuneration of personnel	EUR million	(82)	(57)	(93)	(47)
Remuneration of debt capital <sup>(1)</sup>	EUR million	(29)	(35)	(190)	(72)
Remuneration of risk capital <sup>(2)</sup>	EUR million	(139)	(114)	(114)	(115)
Remuneration for the community	EUR million	(2)	(1)	(1)	(2)
Economic value withheld by the Group	EUR million	306	220	365	290
Amortisation and depreciation	EUR million	(229)	(219)	(276)	(298)
Remuneration of the company	EUR million	77	1	90	(8)

(1) Interest paid and other financial expense to service debt.

(2) Dividends distributed by the Group net of extraordinary disbursements.

	U.M.	2022	2021 restated	2021	2020
Net value added	EUR million	761	601	1.234	995
Production cost	EUR million	(141)	(115)	(388)	(392)
Remuneration of personnel	EUR million	(62)	(60)	(84)	(78)
Remuneration of public administration	EUR million	(82)	(57)	(93)	(47)
Remuneration of debt capital	EUR million	(29)	(35)	(190)	(72)
Remuneration for the community	EUR million	(2)	(1)	(1)	(2)
Amortisation and depreciation	EUR million	(229)	(219)	(276)	(298)
Profit before non-controlling interests	EUR million	216	115	203	107
Profit attributable to non-controlling interests	EUR million	-	-	-	-
Profit attributable to the owners of the parent	EUR million	216	115	203	107

## TAXES COUNTRY BY COUNTRY

### GRI 207-4 - Italy

	U.M.	2022	2021 restated	2021	2020
Names of resident entities					
Please 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		Electricity generated from renewable sources (Wind, Solar, Hydro) Thermoelectric	
Number of employees <sup>(1)</sup>	no.	449	434	689	689
Revenue from sales to third parties	EUR million	373	401	1,032	799
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	-	-	1
Profit before taxes	EUR million	438	57	144	108
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	890	650	1,402	1,464
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	55	37	48	21
Corporate income tax accrued on profits/losses (current year) <sup>(3)</sup>	EUR million	48	35	71	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 expense from previous years	The main differences are in the economic growth aid deduction and the deduction of non-deductible interest expense from previous years.	The main differences are in the economic growth aid deduction and the deduction of non-deductible interest expense from previous years.	The difference between recognised and theoretical taxes is due to the economic growth aid benefit and the deduction of interest expense recognised in previous years in application of Italian tax law

(1) The item number of employees refers to the workforce by company

(2) Note on cash criterion:

a. 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.

b. 2021: Corporate income taxes paid in Italy on a cash basis include withholding taxes incurred (amounting to about EUR 11.3 million) and IRES related to previous years (amounting to about EUR 1.5 million).

c. 2021 restated: Corporate income taxes paid in Italy on a cash basis include 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:

a. 2022: Corporate income taxes paid in Italy on a cash basis include withholding taxes incurred (amounting to about EUR 7.3 million) and taxes paid by the companies of the Siena and Donatello projects in the pre-acquisition year (amounting to about EUR 4.5 million).

b. 2022: Corporate income taxes accrued on profits/losses do not include higher taxes on wind power generation in Italy (amounting to approximately EUR 37.2 million)

### GRI 207-4 - Germany

	U.M.	2022	2021 restated	2021	2020
Names of resident entities					
Please refer to the Directors' Report Consolidation scope on a line-by-line basis					
Main activities of the organisation		Electricity generated from renewable sources - Wind power			
Number of employees <sup>(1)</sup>	no.	33	36	36	24
Revenue from sales to third parties	EUR million	96	48	48	45
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	-	-	-
Profit / loss before taxes	EUR million	39	(2)	(2)	(13)
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	228	252	252	177
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	1	1	1	1
Corporate income tax accrued on profits/losses (current year)	EUR million	13	3	3	(0)
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	No significant differences	No significant differences	No significant differences

(1) The item number of employees refers to the workforce by company

(2) 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.



## GRI 207-4 - France

	U.M.	2022	2021 restated	2021	2020
Names of resident entities					
Please 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		Electricity generated from renewable sources - Wind power	
Number of employees <sup>(1)</sup>	no.	74	68	68	60
Revenue from sales to third parties	EUR million	105	78	78	86
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	-	-	-
Profit before taxes	EUR million	5	-	-	3
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	425	455	455	250
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	(0)	4	4	3
Corporate income tax accrued on profits/losses (current year)	EUR million	(1)	(1)	(1)	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	No significant differences	No significant differences	No significant differences

(1) The item number of employees refers to the workforce by company

(2) 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.

## GRI 207-4 - UK

	U.M.	2022	2021 restated	2021	2020
Names of resident entities					
Please refer to the Directors' Report Consolidation scope on a line-by-line basis					
Main activities of the organisation		Electricity generated from renewable sources - Wind power			
Number of employees <sup>(1)</sup>	no.	9	5	5	2
Revenue from sales to third parties	EUR million	34	-	-	-
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	-	-	-
Profit / loss before taxes	EUR million	21	1	1	(1)
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	340	241	241	76
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	-	-	-	-
Corporate income tax accrued on profits/losses (current year)	EUR million	4	-	-	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	No significant differences	No significant differences	No significant differences

(1) The item number of employees refers to the workforce by company

(2) 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.

## GRI 207-4 - Bulgaria

	U.M.	2022	2021 restated	2021	2020
Names of resident entities	Please refer to the Directors' Report Consolidation scope on a line-by-line basis				
Main activities of the organisation		Electricity generated from renewable sources - Wind power			
Number of employees <sup>(1)</sup>	no.	1	1	1	1
Revenue from sales to third parties	EUR million	38	23	23	13
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	-	-	-
Profit before taxes	EUR million	23	5	5	4
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	28	32	32	35
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	3	1	1	0
Corporate income tax accrued on profits/losses (current year)	EUR million	2	1	1	0
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	No significant differences	No significant differences	No significant differences

(1) The item number of employees refers to the workforce by company

(2) 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.

## GRI 207-4 - Poland

	U.M.	2022	2021 restated	2021	2020
Names of resident entities	Please refer to the Directors' Report Consolidation scope on a line-by-line basis				
Main activities of the organisation		Electricity generated from renewable sources - Wind power			
Number of employees <sup>(1)</sup>	no.	2	6	6	5
Revenue from sales to third parties	EUR million	26	22	22	19
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	-	-	-
Profit before taxes	EUR million	11	15	15	5
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	158	141	141	96
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	3	1	1	0
Corporate income tax accrued on profits/losses (current year)	EUR million	2	1	1	0
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	No significant differences	No significant differences	No significant differences

(1) The item number of employees refers to the workforce by company

(2) 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.

## GRI 207-4 - Romania

	U.M.	2022	2021 restated	2021	2020
Names of resident entities		Please refer to the Directors' Report Consolidation scope on a line-by-line basis			
Main activities of the organisation		Electricity generated from renewable sources - Wind power			
Number of employees <sup>(1)</sup>	no.	4	3	3	3
Revenue from sales to third parties	EUR million	54	29	29	13
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	-	-	-
Profit before taxes	EUR million	24	9	9	1
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	51	56	56	61
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	-	-	-	-
Corporate income tax accrued on profits/losses (current year)	EUR million	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	No significant differences	No significant differences	No significant differences

(1) The item number of employees refers to the workforce by company

(2) 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.

(3) 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)

(4) 2021 restated: 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

	U.M.	2022	2021 restated	2021	2020
Names of resident entities		Please 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.	1	na	na	na
Revenue from sales to third parties	EUR million	22	na	na	na
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	na	na	na
Profit before taxes	EUR million	13	na	na	na
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	81	na	na	na
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	3	na	na	na
Corporate income tax accrued on profits/losses (current year)	EUR million	3	na	na	na
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) 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.

## GRI 207-4 - Sweden

	U.M.	2022	2021 restated	2021	2020
Names of resident entities		Please refer to the Directors' Report Consolidation scope on a line-by-line basis			
Main activities of the organisation		Electricity generated from renewable sources - Wind power			
Number of employees <sup>(1)</sup>	no.	-	-	-	na
Revenue from sales to third parties	EUR million	-	-	-	na
Revenue from intra-group transactions with other tax jurisdictions	EUR million	-	-	-	na
Profit / loss before taxes	EUR million	(0)	-	-	na
Property, plant and equipment tangible assets other than cash and cash equivalents	EUR million	66	25	25	na
Corporate income taxes paid on a cash basis <sup>(2)</sup>	EUR million	-	-	-	na
Corporate income tax accrued on profits/losses (current year)	EUR million	-	-	-	na
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	No significant differences		

(1) The item number of employees refers to the workforce by company

(2) 2020: Corporate income taxes paid on a cash basis do not include withholding taxes incurred. The total amount considering these withholdings would be around EUR 34 million.

## POWER OF GROUP PLANTS

### GRI G4\_EU

	U.M.	2022	2021 restated	2021	2020
<b>WIND</b>					
Italy	MW	1,265	1,093	1,093	1,093
Germany	MW	327	327	327	272
France	MW	522	502	502	397
Poland	MW	142	82	82	82
Bulgaria	MW	54	54	54	54
Romania	MW	70	70	70	70
UK	MW	157	70	70	-
Sweden	MW	62	-	-	-
<b>Total Wind</b>	<b>MW</b>	<b>2,599</b>	<b>2,198</b>	<b>2,198</b>	<b>1,968</b>
<b>WATER</b>					
ERG Hydro	MW	Discontinued organisational unit	-	527	527
<b>SOLAR</b>					
Italy	MW	175	141	141	141
France	MW	79	79	79	-
Spain	MW	92	-	-	-
<b>Total Solar</b>	<b>MW</b>	<b>346</b>	<b>220</b>	<b>220</b>	<b>141</b>
<b>Total renewable sources</b>	<b>MW</b>	<b>2,945</b>	<b>2,418</b>	<b>2,945</b>	<b>2,636</b>
<b>NATURAL GAS</b>					
ERG Power (CCGT)	MW	Organisational unit in IFRS 5	-	480	480
<b>Installed capacity</b>	<b>MW</b>	<b>2,945</b>	<b>2,418</b>	<b>3,425</b>	<b>3,116</b>

## PRODUCTION OF GROUP PLANTS

GRI G4\_EU

	U.M.	2022	2021 restated	2021	2020
<b>WIND</b>					
Italy	GWh	2,062	2,078	2,078	1,902
Germany	GWh	556	428	428	470
France	GWh	982	865	865	952
Poland	GWh	256	216	216	244
Bulgaria	GWh	155	148	148	150
Romania	GWh	203	181	181	193
UK	GWh	226	-	-	-
Sweden	GWh	1	-	-	-
<b>Total Wind</b>	<b>GWh</b>	<b>4,441</b>	<b>3,916</b>	<b>3,916</b>	<b>3,911</b>

## WATER

ERG Hydro	GWh	Discontinued organisational unit	-	1,637	1,097
-----------	-----	----------------------------------	---	-------	-------

## SOLAR

Italy	GWh	250	216	216	228
France	GWh	94	24	24	-
Spain	GWh	171	-	-	-
<b>Total Solar</b>	<b>GWh</b>	<b>515</b>	<b>240</b>	<b>240</b>	<b>228</b>
<b>Total renewable sources</b>	<b>GWh</b>	<b>4,956</b>	<b>4,156</b>	<b>5,793</b>	<b>5,236</b>

## NATURAL GAS

ERG Power (CCGT)	GWh	Organisational unit in IFRS 5	-	1,869	2,441
<b>TOTAL ELECTRICITY PRODUCTION</b>	<b>GWh</b>	<b>4,956</b>	<b>4,156</b>	<b>7,662</b>	<b>7,677</b>
Electricity purchases for trading	GWh	1,703	1,620	6,497	7,220
Total electricity sales	GWh	6,659	5,776	14,159	14,897

## GROUP PLANT AVAILABILITY

GRI G4\_EU

	U.M.	2022	2021 restated	2021	2020
<b>WIND</b>					
Italy	%	96.7%	96.9%	96.9%	97.2%
Germany	%	96.1%	96.9%	96.9%	96.1%
France	%	97.4%	97.3%	97.3%	98.0%
Poland	%	98.6%	97.7%	97.7%	99.1%
Bulgaria	%	97.9%	98.2%	98.2%	97.5%
Romania	%	99.2%	99.1%	99.1%	97.5%
UK	%	94.3%	na	na	na
Sweden	%	na	na	na	na
<b>Total Wind</b>	<b>%</b>	<b>96.9%</b>	<b>97.2%</b>	<b>97.2%</b>	<b>97.4%</b>
<b>WATER</b>					
ERG Hydro	%	Discontinued organisational unit	-	96.0%	96.5%
<b>SOLAR</b>					
Italy	%	82.5%	80.6%	80.6%	81.3%
France	%	73.9%	na	na	na
Spain	%	85.5%	na	na	na
<b>Total Solar</b>	<b>%</b>	<b>81.2%</b>	<b>80.6%</b>	<b>80.6%</b>	<b>81.3%</b>
Power	%	Organisational unit under IFRS 5	-	67.1%	64.7%

## STAFF, ORGANISATION OF WORK AND INDUSTRIAL RELATIONS

GRI405-1

	U.M.	2022	2021 restated	2021	2020
Employees at 31/12	no.	573	553	808	784
Average workforce	no.	567	549	802	767
Senior Managers	no.	33	28	35	35
of which at Genoa site	no.	30	25	25	25
Middle Managers	no.	180	171	225	211
White Collar	no.	221	214	357	358
Blue Collar	no.	139	140	191	180
Other collaborators <sup>(1)</sup>	no.	17	5	5	3
Female employment (%)	%	29.5%	28.8%	23.3%	22.1%
of which female employment at Genoa site (%)	%	43.1%	42.1%	42.0%	42.3%
Average seniority (years)	no.	10.0	9.9	12.5	12.7
Average employee age (years)	no.	42.0	42.0	43.4	43.5
Annual total remuneration rate (GRI 2-21) <sup>(2)</sup>	no.	33	34	35	-
Incidence of part-time work (Italy)	%	5.6%	5.5%	3.8%	4.2%
Incidence of part-time work (abroad)	%	0.8%	1.7%	1.7%	1.0%
Incidence of overtime work (Italy)	%	3.8%	3.9%	6.6%	5.1%
Incidence of overtime work (Foreign)	%	1.4%	2.0%	2.0%	3.5%
Unionisation rate (Italy)	%	25.8%	22.4%	35.1%	35.2%
Ongoing labour disputes	n.	-	-	-	-
Strike <sup>(3)</sup>	h	6	-	84	-
Turnover (inbound staff + outbound staff)/headcount	%	21.9%	19.3%	15.5%	9.1%
Recruitment Rate	%	12.7%	11.8%	9.2%	6.5%
Outbound turnover rate	%	9.2%	7.1%	6.2%	2.6%

(1) The 2022 figure includes 11 men and 6 women, the 2021 figure includes 2 men and 3 women, the 2020 figure includes 3 men

(2) Ratio of the Annual total compensation for the organization's highest paid-individual to the Median annual total compensation for all of the organization's employees excluding the highest-paid individual. No changes in the annual compensation for the organization's highest-paid individual were recorded

(3) Hours of Italy-wide strikes.

## PENSION FUND

GRI 201-3

	U.M.	2022	2021 restated	2021	2020
Contractual pension funds	no.	307	290	514	505
Other funds	no.	20	21	28	29
Non-registered	no.	246	242	266	250
<b>Overall total</b>	<b>no.</b>	<b>573</b>	<b>553</b>	<b>808</b>	<b>784</b>

## TRAINING HOURS

GRI404-1c

	U.M.	2022	2021 restated	2021	2020
Total training	h	28,262	27,058	39,589	28,804
Average workforce	no.	567	549	802	767
Average training per employee	days/emp	6.2	6.2	6.2	4.7



## TRAINING TYPE

GRI404-1

	U.M.	2022		2021 restated		2021		2020	
		Total Hours	Total Hours %	Total Hours	Total Hours %	Total Hours	Total Hours %	Total Hours	Total Hours %
Health and safety training	no./%	7,815	28%	4,657	17%	8,466	21%	6,540	23%
Employee language training	no./%	5,743	20%	4,290	16%	4,924	12%	9,947	35%
Technical specialised employee training	no./%	7,177	25%	9,361	35%	12,200	31%	4,968	17%
On the Job Training	no./%	-	-	-	-	3,920	10%	526	2%
MANAGERIAL TRAINING	no./%	7,477	26%	8,225	30%	9,407	24%	6,823	24%
231 Anti-Corruption Training	no./%	51	0%	526	2%	674	2%	-	-
Overall total <sup>(1)</sup>	no./%	28,262	100%	27,058	100%	39,589	100%	28,804	100%

(1) Total training also includes courses provided to staff who left the company during the year.

## TRAINING BY EMPLOYEE CATEGORY AND GENDER

GRI404-1

	U.M.	2022						2021 restated					
		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.	786	27	301	75	1,087	33	752	30	108	36	860	31
Middle Managers	no.	5,171	43	2,995	49	8,166	45	5,309	46	3,281	59	8,590	50
White Collar	no.	5,943	51	4,868	47	10,811	49	6,022	53	4,015	40	10,038	47
Blue Collar	no.	8,197	59	-	-	8,197	59	7,571	54	-	-	7,571	54
<b>Total</b>	<b>no.</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>

	U.M.	2021						2020					
		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.	856	26.8	108	36.0	964	28	1,127	33	49	49	1,176	34
Middle Managers	no.	6,405	40.0	3,649	56.1	10,054	45	6,509	43	2,490	41	8,999	43
White Collar	no.	10,592	44.7	4,388	36.6	14,980	42	9,377	38	3,748	34	13,125	37
Blue Collar	no.	13,591	71.2	-	-	13,591	71	5,504	31	-	-	5,504	31
<b>Total</b>	<b>no.</b>	<b>31,444</b>	<b>50.7</b>	<b>8,145</b>	<b>43.3</b>	<b>39,589</b>	<b>49</b>	<b>22,517</b>	<b>37</b>	<b>6,287</b>	<b>36</b>	<b>28,804</b>	<b>37</b>

Average training by employee category and gender at 31/12.

## STAFF ANALYSIS

### TYPE OF CONTRACT AND GENDER

GRI 2-7

	U.M.	2022				2021 restated			
		Women	Men	Other (gender specified by the employee)	Total	Women	Men	Other (gender specified by the employee)	Total
Total contract employees	no.	404	169	-	573	394	159	-	553
Permanent contract	no.	400	164	-	564	388	156	-	544
Temporary contract	no.	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>404</b>	<b>169</b>	<b>-</b>	<b>573</b>	<b>394</b>	<b>159</b>	<b>-</b>	<b>553</b>
Full-time	no.	403	144	-	547	392	135	-	527
Part-time	no.	1	25	-	26	2	24	-	26

	U.M.	2021				2020			
		Men	Women	Other (gender specified by the employee)	Total	Men	Women	Other (gender specified by the employee)	Total
Total contract employees	no.	620	188	-	808	611	173	-	784
Permanent contract	no.	614	185	-	799	607	167	-	774
Temporary contract	no.	6	3	-	9	4	6	-	10
Non-guaranteed hours (e.g., on-call, occasional)	no.	-	-	-	-	-	-	-	-
<b>Total full time + part time employees</b>	<b>no.</b>	<b>620</b>	<b>188</b>	<b>-</b>	<b>808</b>	<b>611</b>	<b>173</b>	<b>-</b>	<b>784</b>
Full-time	no.	618	162	-	780	610	144	-	754
Part-time	no.	2	26	-	28	1	29	-	30

## TYPE OF CONTRACT AND COUNTRY

### GRI 2-7

	U.M.	2022									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
Total contract employees	no.	444	76	33	10	1	2	4	-	3	573
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>	<b>no.</b>	<b>444</b>	<b>76</b>	<b>33</b>	<b>10</b>	<b>1</b>	<b>2</b>	<b>4</b>	<b>-</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
	U.M.	2021 restated									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
Total contract employees	no.	433	68	37	5	1	6	3	-	-	553
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>	<b>no.</b>	<b>433</b>	<b>68</b>	<b>37</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>553</b>
Full-time	no.	409	67	36	5	1	6	3	-	-	527
Part-time	no.	24	1	1	-	-	-	-	-	-	26
	U.M.	2021									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
Total contract employees	no.	688	68	37	5	1	6	3	-	-	808
Permanent contract	no.	683	66	35	5	1	6	3	-	-	799
Temporary contract	no.	5	2	2	-	-	-	-	-	-	9
Non-guaranteed hours (e.g., on-call, occasional)	no.	-	-	-	-	-	-	-	-	-	-
<b>Total full time + part time employees</b>	<b>no.</b>	<b>688</b>	<b>68</b>	<b>37</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>808</b>
Full-time	no.	662	67	36	5	1	6	3	-	-	780
Part-time	no.	26	1	1	-	-	-	-	-	-	28
	U.M.	2020									
		Italy	France	Germany	UK	Bulgaria	Poland	Romania	Sweden	Spain	Total
Total contract employees	no.	685	61	26	3	1	5	3	-	-	784
Permanent contract	no.	680	58	24	3	1	5	3	-	-	774
Temporary contract	no.	5	3	2	-	-	-	-	-	-	10
Non-guaranteed hours (e.g., on-call, occasional)	no.	-	-	-	-	-	-	-	-	-	-
<b>Total full time + part time employees</b>	<b>no.</b>	<b>685</b>	<b>61</b>	<b>26</b>	<b>3</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>784</b>
Full-time	no.	656	60	26	3	1	5	3	-	-	754
Part-time	no.	29	1	-	-	-	-	-	-	-	30

## COUNTRY AND GENDER

GRI 2-7

	U.M.	2022			2021 restated			2021			2020		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Italy	no.	317	127	444	312	121	433	538	150	688	541	144	685
France	no.	55	21	76	52	16	68	52	16	68	45	16	61
Germany	no.	23	10	33	24	13	37	24	13	37	19	7	26
UK	no.	3	7	10	-	5	5	-	5	5	1	2	3
Bulgaria	no.	1	-	1	1	-	1	1	-	1	1	-	1
Poland	no.	-	2	2	3	3	6	3	3	6	2	3	5
Romania	no.	2	2	4	2	1	3	2	1	3	2	1	3
Sweden	no.	-	-	-	-	-	-	-	-	-	-	-	-
Spain	no.	3	-	3	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>no.</b>	<b>404</b>	<b>169</b>	<b>573</b>	<b>394</b>	<b>159</b>	<b>553</b>	<b>620</b>	<b>188</b>	<b>808</b>	<b>611</b>	<b>173</b>	<b>784</b>

## TYPE OF CONTRACT

GRI 2-30

	U.M.	2022	2021 restated	2021	2020
Number of employees covered by collective bargaining agreements	no.	524	502	757	749
Total number of employees	no.	573	553	808	784
Percentage of employees covered by collective bargaining agreements	%	91%	91%	94%	96%

## STAFF ANALYSIS BY EMPLOYEE CATEGORY AND GENDER

GRI405-1

Number of people	U.M.	2022			2021 restated			2021			2020		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Managers	no.	29	4	33	25	3	28	32	3	35	34	1	35
Middle Managers	no.	119	61	180	115	56	171	160	65	225	150	61	211
White Collar	no.	117	104	221	114	100	214	237	120	357	247	111	358
Blue Collar	no.	139	-	139	140	-	140	191	-	191	180	-	180
<b>Total</b>	<b>no.</b>	<b>404</b>	<b>169</b>	<b>573</b>	<b>394</b>	<b>159</b>	<b>553</b>	<b>620</b>	<b>188</b>	<b>808</b>	<b>611</b>	<b>173</b>	<b>784</b>

## STAFF ANALYSIS BY EMPLOYEE CATEGORY AND GENDER %

GRI405-1

Percentage of people	U.M.	2022			2021 restated			2021			2020		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Senior Managers	%	88%	12%	6%	89%	11%	5%	91%	9%	4%	97%	3%	4%
Middle Managers	%	66%	34%	31%	67%	33%	31%	71%	29%	28%	71%	29%	27%
White Collar	%	53%	47%	39%	53%	47%	39%	66%	34%	44%	69%	31%	46%
Blue Collar	%	100%	-	24%	100%	-	25%	100%	-	24%	100%	-	23%
<b>Total</b>	<b>%</b>	<b>71%</b>	<b>29%</b>	<b>100%</b>	<b>71%</b>	<b>29%</b>	<b>100%</b>	<b>77%</b>	<b>23%</b>	<b>100%</b>	<b>78%</b>	<b>22%</b>	<b>100%</b>

## STAFF ANALYSIS BY AGE GROUP

GRI405-1

		U.M.	2022				2021 restated			
			<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Number of people	Men	no.	48	277	79	404	36	286	72	394
	Women	no.	24	106	39	169	22	106	31	159
	<b>Total</b>	<b>no.</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>
Percentage of people	Men	%	12%	69%	20%	71%	9%	73%	18%	71%
	Women	%	14%	63%	23%	29%	14%	67%	19%	29%
	<b>Total</b>	<b>%</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>
		U.M.	2021				2020			
			<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Number of people	Men	no.	47	416	157	620	41	418	152	611
	Women	no.	23	124	41	188	14	125	34	173
	<b>Total</b>	<b>no.</b>	<b>70</b>	<b>540</b>	<b>198</b>	<b>808</b>	<b>55</b>	<b>543</b>	<b>186</b>	<b>784</b>
Percentage of people	Men	%	8%	67%	25%	77%	7%	68%	25%	78%
	Women	%	12%	66%	22%	23%	8%	72%	20%	22%
	<b>Total</b>	<b>%</b>	<b>9%</b>	<b>67%</b>	<b>25%</b>	<b>100%</b>	<b>7%</b>	<b>69%</b>	<b>24%</b>	<b>100%</b>

GRI405-1

	U.M.	2022				2021 restated			
		<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Senior Managers	no.	-	20	13	33	-	18	10	28
Middle Managers	no.	5	138	37	180	3	138	30	171
White Collar	no.	49	133	39	221	41	140	33	214
Blue Collar	no.	18	92	29	139	14	96	30	140
<b>Total</b>	<b>no.</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	%	-	61%	39%	100%	-	64%	36%	100%
Middle Managers	%	3%	77%	21%	100%	2%	81%	18%	100%
White Collar	%	22%	60%	18%	100%	19%	65%	15%	100%
Blue Collar	%	13%	66%	21%	100%	10%	69%	21%	100%

	U.M.	2021				2020			
		<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Senior Managers	no.	-	21	14	35	-	19	16	35
Middle Managers	no.	3	173	49	225	2	171	38	211
White Collar	no.	44	214	99	357	33	226	99	358
Blue Collar	no.	23	132	36	191	20	127	33	180
<b>Total</b>	<b>no.</b>	<b>70</b>	<b>540</b>	<b>198</b>	<b>808</b>	<b>55</b>	<b>543</b>	<b>186</b>	<b>784</b>
Senior Managers	%	-	60%	40%	100%	-	54%	46%	100%
Middle Managers	%	1%	77%	22%	100%	1%	81%	18%	100%
White Collar	%	12%	60%	28%	100%	9%	63%	28%	100%
Blue Collar	%	12%	69%	19%	100%	11%	71%	18%	100%

## DETAILED ANALYSIS OF TURNOVER BY AGE AND GENDER

### GRI 401-1

		U.M.	2022				2021 restated			
			<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
New recruits	Men	no.	25	22	1	48	16	20	2	38
	Women	no.	10	12	2	24	12	15	-	27
	<b>Total</b>	<b>no.</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	%	4.4%	3.9%	0.2%	8.5%	2.9%	3.6%	0.4%	6.9%
	Women	%	1.8%	2.1%	0.4%	4.2%	2.2%	2.7%	0.0%	4.9%
	<b>Total</b>	<b>%</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 outbound	Men	no.	7	25	6	38	1	20	5	26
	Women	no.	4	7	3	14	2	8	3	13
	<b>Total</b>	<b>no.</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>
Turnover rate	Men	%	1.2%	4.4%	1.1%	6.7%	0.2%	3.6%	0.9%	4.7%
	Women	%	0.7%	1.2%	0.5%	2.5%	0.4%	1.5%	0.5%	2.4%
	<b>Total</b>	<b>%</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>
		U.M.	2021				2020			
			<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
New recruits	Men	no.	21	23	2	46	13	15	2	30
	Women	no.	13	15	-	28	8	10	2	20
	<b>Total</b>	<b>no.</b>	<b>34</b>	<b>38</b>	<b>2</b>	<b>74</b>	<b>21</b>	<b>25</b>	<b>4</b>	<b>50</b>
Inbound turnover rate	Men	%	2.6%	2.9%	0.2%	5.7%	1.7%	2.0%	0.3%	3.9%
	Women	%	1.6%	1.9%	0.0%	3.5%	1.0%	1.3%	0.3%	2.6%
	<b>Total</b>	<b>%</b>	<b>4.2%</b>	<b>4.7%</b>	<b>0.2%</b>	<b>9.2%</b>	<b>2.7%</b>	<b>3.3%</b>	<b>0.5%</b>	<b>6.5%</b>
New outbound	Men	no.	2	22	13	37	2	6	8	16
	Women	no.	2	8	3	13	-	2	2	4
	<b>Total</b>	<b>no.</b>	<b>4</b>	<b>30</b>	<b>16</b>	<b>50</b>	<b>2</b>	<b>8</b>	<b>10</b>	<b>20</b>
Turnover rate	Men	%	0.2%	2.7%	1.6%	4.6%	0.3%	0.8%	1.0%	2.1%
	Women	%	0.2%	1.0%	0.4%	1.6%	-	0.3%	0.3%	0.5%
	<b>Total</b>	<b>%</b>	<b>0.5%</b>	<b>3.7%</b>	<b>2.0%</b>	<b>6.2%</b>	<b>0.3%</b>	<b>1.0%</b>	<b>1.3%</b>	<b>2.6%</b>

## STAFF ANALYSIS BY CONTRACT TYPE

### GRI 401-1

	U.M.	2022			2021 restated			2021			2020		
		Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Company acquisitions	no.	-	-	-	-	8	8	-	8	8	-	-	-
Permanent contract	no.	32	33	65	22	29	51	31	29	60	17	22	39
Temporary contract	no.	5	2	7	3	3	6	3	3	6	5	6	11
Apprenticeship	no.	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>no.</b>	<b>37</b>	<b>35</b>	<b>72</b>	<b>25</b>	<b>40</b>	<b>65</b>	<b>34</b>	<b>40</b>	<b>74</b>	<b>22</b>	<b>28</b>	<b>50</b>

## OUTBOUND BY MODE

GRI 401-1

	U.M.	2022			2021 restated			2021			2020		
		Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total	Italy	Abroad	Total
Resignation	no.	13	28	41	18	13	31	22	13	35	4	2	6
End of temporary contract	no.	1	1	2	1	-	1	1	-	1	1	-	1
Agreed resolution	no.	6	1	7	6	-	6	13	-	13	8	1	9
Dismissal	no.	-	1	1	-	-	-	-	-	-	1	-	1
Death	no.	1	-	1	1	-	1	1	-	1	-	-	-
Company divestiture	no.	-	-	-	-	-	-	-	-	-	-	3	3
<b>Total</b>	<b>no.</b>	<b>21</b>	<b>31</b>	<b>52</b>	<b>26</b>	<b>13</b>	<b>39</b>	<b>37</b>	<b>13</b>	<b>50</b>	<b>14</b>	<b>6</b>	<b>20</b>

## NEW RECRUITMENTS AND TURNOVER BY COUNTRY

GRI 401\_1

	U.M.	2022				2021 restated			
		New recruits	New outbound	Recruitment Rate	Turnover rate	New recruits	New outbound	Recruitment Rate	Turnover rate
Italy	no.	37	21	6.5%	3.7%	25	26	4.6%	4.7%
France	no.	20	15	3.5%	2.6%	20	9	3.6%	1.6%
Germany	no.	8	11	1.4%	1.9%	16	4	2.9%	0.7%
UK	no.	4	-	0.7%	-	1	-	0.2%	0.0%
Bulgaria	no.	-	-	-	-	-	-	-	-
Poland	no.	1	5	0.2%	0.9%	3	-	0.5%	-
Romania	no.	1	-	0.2%	-	-	-	-	-
Sweden	no.	-	-	-	-	-	-	-	-
Spain	no.	1	-	0.2%	-	-	-	-	-
<b>Total</b>	<b>no.</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>

	U.M.	2021				2020			
		New recruits	New outbound	Recruitment Rate	Turnover rate	New recruits	New outbound	Recruitment Rate	Turnover rate
Italy	no.	34	37	4.2%	4.6%	22	14	2.9%	1.8%
France	no.	20	9	2.5%	1.1%	16	-	2.1%	0.0%
Germany	no.	16	4	2.0%	0.5%	6	4	0.8%	0.5%
UK	no.	1	-	0.1%	-	1	1	0.1%	0.1%
Bulgaria	no.	-	-	-	-	-	-	-	-
Poland	no.	3	-	0.4%	-	5	1	0.7%	0.1%
Romania	no.	-	-	-	-	-	-	-	-
Sweden	no.	-	-	-	-	na	na	na	na
Spain	no.	na	na	na	na	na	na	na	na
<b>Total</b>	<b>no.</b>	<b>74</b>	<b>50</b>	<b>9.2%</b>	<b>6.2%</b>	<b>50</b>	<b>20</b>	<b>6.5%</b>	<b>2.6%</b>

## OTHER COLLABORATORS

GRI 2-8

	U.M.	2022	2021 restated	2021	2020
fellows	no.	7	5	5	-
agency workers	no.	10	-	-	-
Other collaborators	no.	17	5	5	-



## ABSENTEEISM INDEX

### GRI403-10

	U.M.	2022			2021 restated			2021			2020		
		Men	Women	Total	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%	3%	2%	2%	1%	2%	2%	1%	2%	2%	-	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

#### GRI403-9

	U.M.	2022			2021 restated			2021			2020		
		Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Working days lost	no.	213	-	213	22	-	22	22	-	22	-	-	-
Number of injuries	no.	2	-	2	2	-	2	2	-	2	-	-	-
Hours worked	no.	689,611	261,157	950,768	670,931	247,752	918,683	1,065,369	288,262	1,353,631	1,034,800	265,963	1,300,763
Frequency index <sup>(1)</sup>		2.9	-	2.1	3.0	-	2.2	1.9	-	1.5	-	-	-
Severity index <sup>(2)</sup>		0.3	-	0.2	0.0	-	0.0	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

#### GRI403-9

	U.M.	2022	2021 restated	2021	2020
third party companies lost days	no.	155	136	194	176
third party companies number of injuries	no.	6	3	4	4
third party companies hours worked	no.	991,943	727,274	1,153,410	613,871
Frequency index – third party companies <sup>(1)</sup>		6.0	4.1	3.5	6.5
Severity index – third party companies <sup>(2)</sup>		0.2	0.2	0.2	0.3

(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

#### METHOD FOR ESTIMATING HOURS WORKED – THIRD PARTY COMPANIES

The hours worked by the employees of third-party companies have been estimated differently according to the technology involved.

Wind farms and offices Italy: hours worked recorded manually or based on time stamps of access to sites.

Wind Farms abroad: the estimate of the hours worked, given the technical impossibility of recording the presence of the O&M contractors with global service agreements, is based on a hypothesis that one FTE can service 15 MW, multiplied by workable days (260) and by 8 hours.

Plants under construction in the UK: hours recorded according to site report.

#### METHOD FOR CALCULATING DAYS LOST DUE TO INJURIES – THIRD PARTY COMPANIES

Report sent by the company of the injured worker.

## TOTAL INJURIES IN THE WORKPLACE

GRI403-9

	u.m.	2022	2021 restated	2021	2022
Working days lost	no.	368	158	216	176
Number of injuries	no.	8	5	6	4
Hours worked	no.	1,942,711	1,645,957	2,507,041	1,914,634
Frequency index <sup>(1)</sup>		4.1	3.0	2.4	2.1
Severity index <sup>(2)</sup>		0.2	0.1	0.1	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

GRI403-9g

	u.m.	2022	2021 restated	2021	2020
Field inspections on construction sites	no.	574	1169	1348	795
Field inspections on contractors	no.	135			
Internal field inspections	no.	474			
Management system audits	no.	25	19	19	25

## SUPPLIERS

GRI 204-1

	u.m.	2022	2021 restated	2021	2020
Suppliers with at least 1 order in the year n	no.	1,625	1,731	1,731	1,685
Suppliers with at least 1 order in the year with registered office or invoicing address in Italy	no.	790	1,004	1,004	976
Suppliers with at least 1 order in the year with registered office or billing address in the Italian regions of presence of our plants	%	34%	35%	35%	35%
% expenditure local suppliers (Italy/total)	%	83%	49%	49%	48%
Number of qualified suppliers on vendor list	no.	1,072	1,086	1,086	1,058
Number of suppliers on vendor list qualified according to environmental parameters	no.	336	334	334	256
Number of suppliers on vendor list qualified according to social parameters	no.	200	-	-	-
Number of newly qualified suppliers in the year	no.	225	210	210	86
Number of newly qualified suppliers in the year qualified according to environmental parameters	no.	82	95	95	36
Number of newly qualified suppliers in the year qualified according to social parameters	no.	77	-	-	-
Average qualification time number of days	no.	49	58	58	49
Value of tenders/total value of orders issued	%	86%	72%	76%	50%
Number of tenders/total number of orders issued	%	30%	21%	26%	26%

## ENVIRONMENT AND TERRITORY - WIND POWER

WIND - Consumption and emissions	U.M.	2022	2021 restated	2021	2020
Production	GWh	4,441	3,916	3,916	3,911
Technical availability plants	%	96.9%	97.2%	97.2%	97.4%
CO <sub>2</sub> avoided	kt	2,461	2,158	2,158	2,313
Indirect energy consumption <sup>(1)</sup>	GWh	14.89	13.54	13.54	13.62
% indirect green energy consumption	%	98%	100%	100%	98%
Indirect CO <sub>2</sub> emissions (market based) <sup>(2)</sup>	kt	0.16	0.04	0.04	0.12
Indirect CO <sub>2</sub> emissions (location based) <sup>(3)</sup>	kt	8.35	7.62	7.62	7.80
SF6 top ups	kg	2.0	5.2	5.2	-
Equivalents to tCO <sub>2</sub>	t	47	122	122	-
F-GAS top ups	kg	39	-	-	-
Equivalents to tCO <sub>2</sub>	t	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 factors relating to the thermoelectric production of each country published by Terna on its website (Source: Terna, international comparisons) according to a Market-Based approach.

(3) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions.

Waste	U.M.	2022	2021 restated	2021	2020
Total waste OUTPUT - tonnes	t	513	754	754	269
Total waste RECOVERED	t	409	462	462	135
HAZARDOUS waste PRODUCED	t	132	196	196	86
Hazardous waste recovered	t	85	149	149	42
Hazardous waste for disposal	t	47	47	47	44
NON-HAZARDOUS waste PRODUCED	t	381	558	558	183
Non-hazardous waste recovered	t	325	402	402	94
Non-hazardous waste for disposal	t	57	156	156	89

## ENVIRONMENT AND TERRITORY - SOLAR

SOLAR - Consumption and emissions	U.M.	2022	2021 restated	2021	2020
Production	GWh	515	240	240	228
Technical availability plants	%	81.2%	80.6%	80.6%	81.3%
CO <sub>2</sub> avoided	kt	249	114	114	115
Indirect energy consumption	GWh	4	2	2	2
% indirect green energy consumption	%	84%	33%	33%	24%
Indirect CO <sub>2</sub> emissions (market based) <sup>(1)</sup>	kt	0.23	-	-	0.30
Indirect CO <sub>2</sub> emissions (location based) <sup>(2)</sup>	kt	1.73	0.98	0.98	1.05
SF6 top ups	kg	-	0.4	0.4	-
Equivalents to tCO <sub>2</sub>	t	-	8.9	8.9	-
Square metres of panels	m <sup>2</sup>	2,084,566	891,706	891,706	891,851
Water used for panel cleaning	m <sup>3</sup>	1,276	1,083	1,083	1,083

(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 factors relating to the thermoelectric production of each country published by Terna on its website (Source: Terna, international comparisons) according to a Market-Based approach.

(2) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions.

Waste	U.M.	2022	2021 restated	2021	2020
Total waste OUTPUT - tonnes	t	0.80	0.92	0.92	6.53
Total waste RECOVERED	t	-	0.92	0.92	6.53
HAZARDOUS waste PRODUCED	t	-	-	-	0.13
Hazardous waste recovered	t	-	-	-	0.13
Hazardous waste for disposal	t	-	-	-	-
NON-HAZARDOUS waste PRODUCED	t	0.80	0.92	0.92	6.40
Non-hazardous waste recovered	t	-	0.92	0.92	6.40
Non-hazardous waste for disposal	t	0.80	-	-	-

## HEADQUARTERS AND OFFICES

HQ - Consumption and emissions	U.M.	2022	2021 restated	2021	2020
Indirect energy consumption	MWh	1,029	1,104	1,104	923
% indirect green energy consumption <sup>(1)</sup>	%	41%	34%	34%	37%
Indirect CO <sub>2</sub> emissions (market based) <sup>(2)</sup>	t	289	343	343	294
Indirect CO <sub>2</sub> emissions (location based) <sup>(3)</sup>	t	486	521	521	467

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. They are non-material with respect to the business.

(1) The change is attributable to the expansion of the reporting scope and the refinement of reporting methodologies.

(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 factors relating to the thermoelectric production of each country published by Terna on its website (Source: Terna, international comparisons) according to a Market-Based approach.

(3) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions.

## GROUP

Group - Consumption and emissions	U.M.	2022	2021 restated	2021	2020
Total installed power	MW	2,945	2,418	3,425	3,116
Total electricity production	GWh	4,956	4,156	7,662	7,677
of which from renewable energy sources	GWh	4,956	4,156	5,793	5,236
Total electricity sales	GWh	6,659	5,786	14,159	14,897
Direct energy consumption (TOE)	TOE	-	-	387,452	482,873
Direct energy consumption (Gwh)	GWh	-	-	4,506	5,616
Indirect energy consumption	GWh	19.51	16.73	27.99	27.48
of which electricity from green sources	GWh	18.12	15.95	25.51	23.64
of which electricity from non-green sources	GWh	1.39	0.78	1.63	2.62
of which steam	GWh	0.00	0.00	0.85	1.23
% electricity consumption from green sources	%	93%	95%	91%	86%
CO <sub>2</sub> avoided	kt	2,709	2,272	3,045	2,983
Carbon index	gCO <sub>2</sub> /kWh	0.2	0.0	120.5	149.6
Scope 1 Emissions <sup>(1)</sup>	kt	0.9	0.8	923.0	1,148.7
Scope 2 emissions (market based) <sup>(2)</sup>	kt	0.7	0.2	0.8	1.3
Scope 2 emissions (location based) <sup>(3)</sup>	kt	5.3	4.9	13.8	14.2
Scope 3 Emissions	kt	46	34	34	26

(1) The emissions generated by cars assigned for mixed use were calculated at 30%

(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 factors relating to the thermoelectric production of each country published by Terna on its website (Source: Terna, international comparisons) according to a Market-Based approach.

(3) The figure takes into account all energy supplies, including green ones, even if they do not generate emissions.

Waste	U.M.	2022	2021 (restated)	2021	2020
Total waste OUTPUT - tonnes	t	514	755	4,209	3,725
Total waste RECOVERED	t	409	463	3,428	3,110
Total waste recovered %	%	80%	61%	81%	83%
HAZARDOUS waste PRODUCED	t	132	196	540	263
Hazardous waste recovered	t	85	149	420	150
Hazardous waste for disposal	t	47	47	120	112
NON-HAZARDOUS waste PRODUCED	t	382	558	3,669	3,463
NON-HAZARDOUS waste PRODUCED%	%	74%	73%	87%	93%
Non-hazardous waste recovered	t	325	402	3,097	2,960
Non-hazardous waste for disposal	t	58	156	571	503

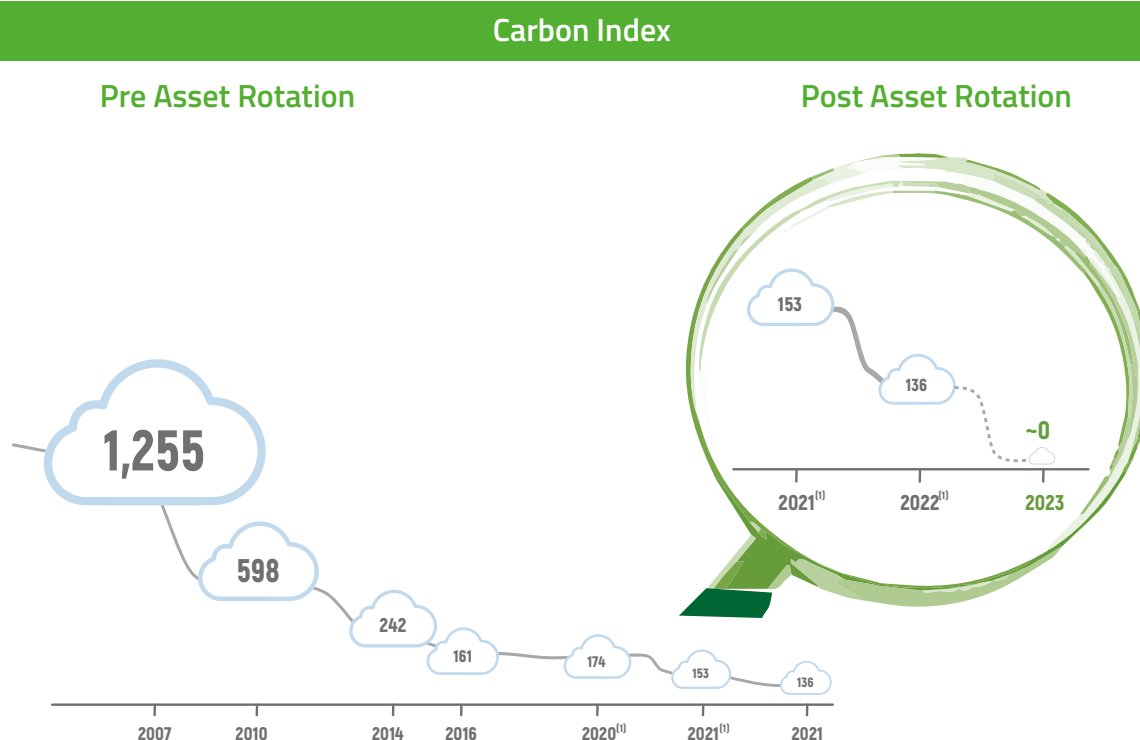
## FOCUS ON 'ASSETS HELD FOR SALE': CCGT THERMOELECTRIC PLANT (IFRS 5)

ERG is also active in the generation of electricity from thermoelectric sources through the CCGT plant (480 MW) at the industrial site in Priolo Gargallo (SR), Sicily. This is a high-efficiency cogeneration plant (HEC) with low-environmental impact, based on combined cycle technology fuelled with natural gas. It entered commercially into operation in April 2010 along with other ancillary plants for the production of steam and, to a lesser extent, of other utilities. In the first half of 2021, the ERG Group assessed the possibility of a potential asset rotation of the thermoelectric plants to aid in further accelerating the growth and development of its business model. Following the close of the first half of 2021, bids from interested operators were received in early July 2021. Having read the market indications, the Group continued the process of assessing the potential sale of the thermoelectric plant which, at 31 December 2021 (Reporting Date of the 2021 Financial Statements), was still being finalised. The thermoelectric plant was therefore not yet available for immediate sale in its current condition at the Reporting Date.

During 2022, following the in-depth analysis carried out, Group management began negotiations for the sale of the thermoelectric plant, signing an agreement on 9 February with Enel Produzione

S.p.A. for the sale of the entire capital of ERG Power S.r.l. On 23 September 2022, the Italian Antitrust Authority (AGCM) refused authorisation for the aforementioned transaction. Specifically, as a result of the preliminary investigation carried out in recent months the AGCM considered that the transaction would give rise to the establishment and strengthening of a dominant position with regard to the buyer such as to substantially or indefinitely eliminate or reduce competition in the relevant markets. The AGCM's non-approval of the transaction thus rendered invalid the agreements signed by ERG Power Generation S.p.A. and Enel Produzione S.p.A. for the sale of the equity investment in ERG Power S.r.l. due to the non-fulfilment of one of the conditions necessary for closing. Towards the end of 2022, ERG therefore took the necessary steps to initiate a new competitive process aimed at finding a new buyer, evaluating the most efficient alternative path for pursuing the strategic objective of the 2022-2026 Business Plan of focusing on the core business of generating electricity from renewable sources by divesting ERG Power S.r.l.

Below is the graph showing the reduction in the ERG Group's Carbon Index over time, which will become zero after asset rotation:



**Carbon index down 11% in 2022 (baseline 2021 restated)  
Carbon index down to 'Zero' after Asset Rotation**

(1) Restated data



In view of the above, the CCGT thermoelectric plant in the consolidated financial statements as at 31 December 2022 is classified as 'discontinued operations' based on the application of IFRS-5 (which regulates the way in which the economic result of discontinued operations is reported in the financial statements); following the approach of the consolidated financial statements, the CCGT is also classified as 'assets held for sale' in the NFS and the related data is reported separately within this section.

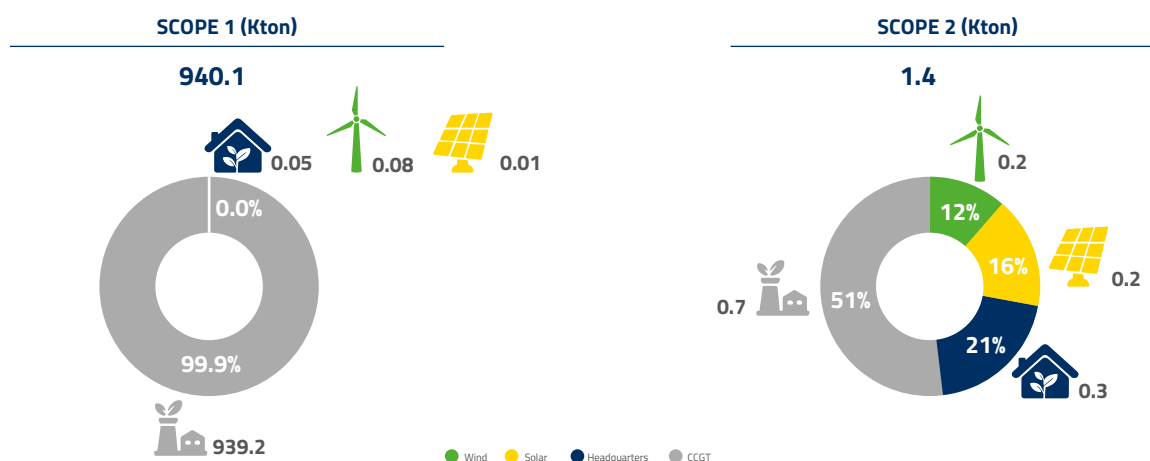
Therefore, specific information on the CCGT thermoelectric plant is reported below in order to provide a complete view of the situation as at 31.12.2022 and elements of comparison between the scope of consolidation of the data presented in the 2021 NFS (where the CCGT plant was reported in a 'consolidated' manner) and the scope considered in this document (where the CCGT plant is reported in a 'deconsolidated' manner). Therefore, the columns '2022 CCGT' and 'restated 2021 CCGT' will refer to the contribution of the CCGT alone, while 2021 is reported at Group level to allow comparison with the data reported in the 2021 NFS.

With regard to ESG aspects, it should be noted that during 2022:

**Environmental:** there was a substantial alignment of emissions compared to previous years. The main Scope 1 atmospheric emissions generated by ERG Power's CCGT plant are determined by means of continuous measurements at the emission points and, where necessary, by means of discontinuous measurements supplemented by estimates that take into account both the combustion systems and the fuels used; its CO<sub>2</sub> emissions are certified by an independent third party, as required by current EU-ETS regulations;

**Social:** as at 31 December 2022, the direct labour force is 144 of which 100% have permanent contracts (of which 143 persons are full-time and one person is also permanent part-time). With regard to inbound and outbound staff, it should be noted that during the year, three people were hired (two men and one woman), while one man left.

**HSE:** NO injuries were recorded during 2022 and the injury frequency index is zero.



## PERFORMANCE DATA AND INDICATORS

### ECONOMIC AND FINANCIAL RESULTS

	U.M.	2022	2021 Restated	2021
Revenue from sales and services	EUR million	1,436	445	1,232
EBITDA (adjusted)	EUR million	57	30	580
EBIT (adjusted)	EUR million	54	(2)	304
Profit (reported)	EUR million	(30)	(4)	174
of which (reported)	EUR million	(30)	(4)	173
Total net financial indebtedness (reported)	EUR million	98	(16)	2,181
Net invested capital (adjusted)	EUR million	235	248	3,608
Investments	EUR million	9	25	648

## CUSTOMERS

### GRI G4-EU3

	U.M.	2022	2021 Restated	2021
Intercompany customers	no.	1	1	16
Industrial customers	no.	-	-	15
Site customers	no.	9	9	9
Electricity and GO traders and wholesales	no.	-	-	52
Customers operating in the electricity system	no.	-	-	22
Operation & Maintenance customers	no.	-	-	10

## RECLASSIFICATION OF VALUE ADDED

### GRI 201-1

Present value (EUR million)	U.M.	2022	2021 Restated	2021
Revenue	EUR million	1,436	445	1,234
Economic value distributed	EUR million	(1,249)	(417)	(869)
Production cost	EUR million	(1,234)	(402)	(388)
Staff remuneration	EUR million	(12)	(14)	(84)
Remuneration of personnel	EUR million	(3)	(2)	(93)
Remuneration of debt capital	EUR million	-	-	(190)
Remuneration of risk capital	EUR million	-	-	(114)
Remuneration for the community	EUR million	-	-	(1)
Economic value withheld by the Group	EUR million	187	458	365
Amortisation and depreciation	EUR million	(32)	(35)	(276)
Remuneration of the company	EUR million	-	-	90

Current amounts (EUR million)	U.M.	2022	2021 Restated	2021
Net value added	EUR million	1,436	445	1,234
Production costs	EUR million	(1,234)	(29)	(388)
Staff remuneration	EUR million	(12)	(14)	(84)
Remuneration of public administration	EUR million	(3)	(2)	(93)
Remuneration of debt capital	EUR million	-	-	(190)
Remuneration for the community	EUR million	-	-	(1)
Depreciation	EUR million	(32)	(35)	(276)
Profit (loss) before non-controlling interests	EUR million	20	(16)	203
Profit attributable to non-controlling interests	EUR million	-	-	-
Profit (loss) attributable to the owners of the parent	EUR million	20	(16)	203

## TAX COUNTRY BY COUNTRY

GRI 207-4

	U.M.	2022	2021 Restated	2021 Italy
i. names of resident entities;		ERG Power S.r.l.	Refer to the Directors' Report Scope of Full Consolidation	Refer to the Directors' Report Scope of Full Consolidation
ii. main activities of the organisation;		Electricity generated from renewable sources (thermoelectric power)	Electricity generated from renewable sources (thermoelectric power)	electricity generated from renewable sources (Wind, Solar, Hydro) Thermoelectric
iii. number of employees, and how this number is calculated	no.			
iv. revenue from sales to third parties;	EUR million			
v. revenue from intra-group transactions with other tax jurisdictions;	EUR million			
vi. pre-tax profit/loss;	EUR million			
vii. property, plant and equipment tangible assets other than cash and cash equivalents;	EUR million			
viii. corporate income taxes paid on a cash basis;	EUR million			
ix. corporate income tax accrued on profit/losses (current year); <sup>(1)</sup>	EUR million			

x: reasons for the difference between the corporate income tax accrued on profit/losses and the tax due, if the statutory tax rate is applied on pre-tax profit/losses

no significant differences

no significant differences

the main differences are in the economic growth aid deduction and the deduction of non-deductible interest expense from previous years

<sup>(1)</sup> Corporate income taxes accrued on ERG Power profit/losses do not include higher taxes on wind power generation in Italy (amounting to approximately EUR 3.9 million)

## STAFF, ORGANISATION OF WORK AND INDUSTRIAL RELATIONS

Current amounts (EUR million)	U.M.	2022	2021 Restated	2021
Employees at 31/12	no.	144	142	808
Senior Managers	no.	3	3	35
of which at Genoa site	%	-	-	71%
Middle Managers	no.	27	27	225
White Collar	no.	92	83	357
Blue Collar	no.	22	29	191
Other external collaborators <sup>(1)</sup>	no.	-	-	3
Female employment (%)	%	7.6%	7.0%	23.3%
of which: female employment at Genoa site (%)	%	-	-	42.0%
Average seniority (years)	no.	19.2	18.7	12.5
Average employee age (years)	no.	48.5	47.8	43.4
Incidence of part-time work (Italy)	%	0.7%	0.7%	3.8%
Incidence of part-time work (abroad)	%	-	-	1.7%
Incidence of overtime work (Italy)	%	8.9%	15.5%	6.6%
Incidence of overtime work (Foreign)	%	-	-	2.0%
Unionisation rate (Italy)	%	72.2%	62.0%	35.1%
Ongoing labour disputes	no.	-	-	-
Strike <sup>(2)</sup>	hours	90	-	84
Outbound turnover (outbound staff/headcount at 31/12)	%	0.7%	4.2%	6.2%

<sup>(1)</sup> The 2021 figure includes 1 man and 2 women

<sup>(2)</sup> Hours of Italy-wide strikes.

## PENSION FUND

### GRI 201-3

	U.M.	2022	2021 Restated	2021 Italy
Contractual pension funds	no.	141	130	511
Other funds	no.	1	3	24
Non-registered	no.	2	9	153
Overall total	no.	144	142	688

## TRAINING

### GRI 404-1

	U.M.	2022	2021 Restated	2021
Total training <sup>(1)</sup>	hours	5,868	8,951	39,589
of which health and safety	%	49%	24%	21%
of which training investment	%	51%	76%	79%
Average training per employee	days/emp.	6.8	7.8	6.2

(1) Total training also includes courses provided to staff who left the company during the year.

Training by employee category and gender	U.M.	2022		
		Men	Women	Total
Senior Managers	hours	112	-	112
Middle Managers	hours	572	94	666
White Collar	hours	4,235	81	4,316
Blue Collar	hours	775	-	775
Total	hours	5,693	175	5,868

Training by employee category and gender	U.M.	2021 Restated		
		Men	Women	Total
Senior Managers	hours	70	-	70
Middle Managers	hours	394	32	426
White Collar	hours	2,716	113	2,829
Blue Collar	hours	5,628	-	5,628
Total	hours	8,807	145	8,951

Training by employee category and gender	U.M.	2021		
		Men	Women	Total
Senior Managers	hours	856	108	964
Middle Managers	hours	6,405	3,649	10,054
White Collar	hours	10,592	4,388	14,980
Blue Collar	hours	13,591	-	13,591
Total	hours	31,444	8,145	39,589

Training by employee category and gender	U.M.	2022	
		Men	Women
Senior Managers	hours per person	44.8	-
Middle Managers	hours per person	31.8	41.8
White Collar	hours per person	12.5	13.5
Blue Collar	hours per person	44.8	-

Training by employee category and gender	U.M.	2021 Restated	
		Men	Women
Senior Managers	hours per person	23.2	-
Middle Managers	hours per person	15.8	10.5
White Collar	hours per person	35.7	16.1
Blue Collar	hours per person	194.1	-
Training by employee category and gender	U.M.	2021	
		Men	Women
Senior Managers	hours per person	26.8	36.0
Middle Managers	hours per person	40.0	56.1
White Collar	hours per person	44.7	36.6
Blue Collar	hours per person	71.2	-

## DETAILED ANALYSIS OF PERSONNEL

GRI 2-7; GRI 2-8

Type of employment and gender	U.M.	2022		
		Men	Women	Total
Permanent contract - Full time	no.	133	10	143
Permanent contract - Part-time	no.	-	1	1
Temporary contract - Full time	no.	-	-	-
<b>Group Total</b>	<b>no.</b>	<b>133</b>	<b>11</b>	<b>144</b>
Type of employment and gender	U.M.	2021 Restated		
		Men	Women	Total
Permanent contract - Full time	no.	132	9	141
Permanent contract - Part-time	no.	-	1	1
Temporary contract - Full time	no.	-	-	-
<b>Group Total</b>	<b>no.</b>	<b>132</b>	<b>10</b>	<b>142</b>
Type of employment and gender	U.M.	2021		
		Men	Women	Total
Permanent contract - Full time	no.	612	159	771
Permanent contract - Part-time	no.	2	26	28
Temporary contract - Full time	no.	6	3	9
<b>Group Total</b>	<b>no.</b>	<b>620</b>	<b>188</b>	<b>808</b>

Type of employment and gender	U.M.	2022		
		Italy	Abroad	Total
Permanent contract - Full time	no.	143	-	143
Permanent contract - Part-time	no.	1	-	1
Temporary contract - Full time	no.	-	-	-
<b>Group Total</b>	<b>no.</b>	<b>144</b>	<b>-</b>	<b>144</b>
Type of employment and gender	U.M.	2021 Restated		
		Italy	Abroad	Total
Permanent contract - Full time	no.	141	-	141
Permanent contract - Part-time	no.	1	-	1
Temporary contract - Full time	no.	-	-	-
<b>Group Total</b>	<b>no.</b>	<b>142</b>	<b>-</b>	<b>142</b>

Type of employment and gender	U.M.	2021		
		Italy	Abroad	Total
Permanent contract - Full time	no.	657	114	771
Permanent contract - Part-time	no.	26	2	28
Temporary contract - Full time	no.	5	4	9
<b>Group Total</b>	<b>no.</b>	<b>688</b>	<b>120</b>	<b>808</b>

Contract type GRI 2-30	U.M	2022	2021 Restated	2021
Electric (Italy)	no.	141	139	655
Industrial executives (Italy)	no.	3	3	34
French contract	no.	-	-	68
Foreign contracts	no.	-	-	51
<b>Group Total</b>	<b>no.</b>	<b>144</b>	<b>142</b>	<b>808</b>

Country and gender GRI 2-7	U.M	2022		
		Men	Women	Total
Italy	no.	133	11	144
France	no.	-	-	-
Germany	no.	-	-	-
UK	no.	-	-	-
Bulgaria	no.	-	-	-
Poland	no.	-	-	-
Romania	no.	-	-	-
<b>Group Total</b>	<b>no.</b>	<b>133</b>	<b>11</b>	<b>144</b>

Country and gender	U.M	2021 Restated		
		Men	Women	Total
Italy	no.	132	10	142
France	no.	-	-	-
Germany	no.	-	-	-
UK	no.	-	-	-
Bulgaria	no.	-	-	-
Poland	no.	-	-	-
Romania	no.	-	-	-
<b>Group Total</b>	<b>no.</b>	<b>132</b>	<b>10</b>	<b>142</b>

Country and gender	U.M	2021		
		Men	Women	Total
Italy	no.	538	150	688
France	no.	52	16	68
Germany	no.	24	13	37
UK	no.	-	5	5
Bulgaria	no.	1	-	1
Poland	no.	3	3	6
Romania	no.	2	1	3
<b>Group Total</b>	<b>no.</b>	<b>620</b>	<b>188</b>	<b>808</b>



## DETAILED ANALYSIS OF TURNOVER - ITALY

### GRI 401-1

Staff employed by age and gender	U.M	2022			
		Men	Women	Total	Turnover rate
<30 years	no.	-	-	-	-
between 30 and 50 years	no.	2	1	3	2.1%
>50 years	no.	-	-	-	-
<b>Total</b>	<b>no.</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>2.1%</b>
<b>Inbound turnover rate</b>	<b>%</b>	<b>1.4%</b>	<b>0.7%</b>	<b>2.1%</b>	
Staff employed by age and gender	U.M	2021 Restated			
		Men	Women	Total	Turnover rate
<30 years	no.	4	-	4	2.8%
between 30 and 50 years	no.	2	-	2	1.4%
>50 years	no.	-	-	-	-
<b>Total</b>	<b>no.</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>4.3%</b>
<b>Inbound turnover rate</b>	<b>%</b>	<b>4.3%</b>	<b>-</b>	<b>4.3%</b>	
Staff employed by age and gender	U.M	2021			
		Men	Women	Total	Turnover rate
<30 years	no.	11	8	19	2.7%
between 30 and 50 years	no.	12	3	15	2.2%
>50 years	no.	-	-	-	-
<b>Total</b>	<b>no.</b>	<b>23</b>	<b>11</b>	<b>34</b>	<b>4.9%</b>
<b>Inbound turnover rate</b>	<b>%</b>	<b>3.3%</b>	<b>1.6%</b>	<b>4.9%</b>	
Outbound staff by age and gender	U.M	2022			
		Men	Women	Total	Turnover rate
<30 years	no.	-	-	-	-
between 30 and 50 years	no.	-	-	-	-
>50 years	no.	1	-	1	-
<b>Total</b>	<b>no.</b>	<b>1</b>	<b>-</b>	<b>1</b>	<b>0.7%</b>
<b>Inbound turnover rate</b>	<b>%</b>	<b>0.7%</b>	<b>-</b>	<b>0.7%</b>	
Outbound staff by age and gender	U.M	2021 Restated			
		Men	Women	Total	Turnover rate
<30 years	no.	-	-	-	-
between 30 and 50 years	no.	-	-	-	-
>50 years	no.	6	-	6	4.3%
<b>Total</b>	<b>no.</b>	<b>6</b>	<b>-</b>	<b>6</b>	<b>4.3%</b>
<b>Inbound turnover rate</b>	<b>%</b>	<b>4.3%</b>	<b>-</b>	<b>4.3%</b>	
Outbound staff by age and gender	U.M	2021			
		Men	Women	Total	Turnover rate
<30 years	no.	2	1	3	0.4%
between 30 and 50 years	no.	16	4	20	2.9%
>50 years	no.	12	2	14	2.0%
<b>Total</b>	<b>no.</b>	<b>30</b>	<b>7</b>	<b>37</b>	<b>5.3%</b>
<b>Inbound turnover rate</b>	<b>%</b>	<b>4.3%</b>	<b>1.0%</b>	<b>5.3%</b>	

## DETAILED ANALYSIS OF TURNOVER - ABROAD

GRI 401-1

Staff employed by age and gender	U.M	2022			
		Men	Women	Total	Turnover rate
<30 years	no.	-	-	-	-
between 30 and 50 years	no.	-	-	-	-
>50 years	no.	-	-	-	-
<b>Total</b>	<b>no.</b>	-	-	-	-
<b>Inbound turnover rate</b>	<b>%</b>	-	-	-	-
Staff employed by age and gender	U.M	2021 Restated			
		Men	Women	Total	Turnover rate
<30 years	no.	-	-	-	-
between 30 and 50 years	no.	-	-	-	-
>50 years	no.	-	-	-	-
<b>Total</b>	<b>no.</b>	-	-	-	-
<b>Inbound turnover rate</b>	<b>%</b>	-	-	-	-
Staff employed by age and gender	U.M	2021			
		Men	Women	Total	Turnover rate
<30 years	no.	10	5	15	13.7%
between 30 and 50 years	no.	11	12	23	21.1%
>50 years	no.	2	-	2	1.8%
<b>Total</b>	<b>no.</b>	<b>23</b>	<b>17</b>	<b>40</b>	<b>36.7%</b>
<b>Inbound turnover rate</b>	<b>%</b>	<b>21.1%</b>	<b>15.6%</b>	<b>36.7%</b>	
Outbound staff by age and gender	U.M	2022			
		Men	Women	Total	Turnover rate
<30 years	no.	-	-	-	-
between 30 and 50 years	no.	-	-	-	-
>50 years	no.	-	-	-	-
<b>Total</b>	<b>no.</b>	-	-	-	-
<b>Inbound turnover rate</b>	<b>%</b>	-	-	-	-
Outbound staff by age and gender	U.M	2021 Restated			
		Men	Women	Total	Turnover rate
<30 years	no.	-	-	-	-
between 30 and 50 years	no.	-	-	-	-
>50 years	no.	-	-	-	-
<b>Total</b>	<b>no.</b>	-	-	-	-
<b>Inbound turnover rate</b>	<b>%</b>	-	-	-	-
Outbound staff by age and gender	U.M	2021			
		Men	Women	Total	Turnover rate
<30 years	no.	-	1	1	0.9%
between 30 and 50 years	no.	6	4	10	9.2%
>50 years	no.	1	1	2	1.8%
<b>Total</b>	<b>no.</b>	<b>7</b>	<b>6</b>	<b>13</b>	<b>11.9%</b>
<b>Inbound turnover rate</b>	<b>%</b>	<b>6.4%</b>	<b>5.5%</b>	<b>11.9%</b>	

## DETAILED STAFF ANALYSIS

### GRI 405-1

% by employee category and gender	U.M	2022			
		Men	Women	Total	
Senior Managers	%	2%	-	3	
Middle Managers	%	18%	27%	27	
White Collar	%	63%	73%	92	
Blue Collar	%	17%	-	22	
Total	no.	133	11	144	
% by employee category and gender	U.M	2021 Restated			
		Men	Women	Total	
Senior Managers	%	2%	-	1	
Middle Managers	%	18%	30%	27	
White Collar	%	58%	70%	92	
Blue Collar	%	22%	-	22	
Total	no.	132	10	142	
% by employee category and gender	U.M	2021			
		Men	Women	Total	
Senior Managers	%	5%	2%	35	
Middle Managers	%	26%	35%	225	
White Collar	%	38%	64%	357	
Blue Collar	%	31%	-	191	
Total	no.	620	188	808	
% by employee category and age	U.M	2022			
		< 30 years	30/50 years	> 50 years	Total
Senior Managers	%	-	1%	3%	3
Middle Managers	%	-	19%	20%	27
White Collar	%	-	58%	74%	92
Blue Collar	%	100%	22%	3%	22
Total	no.	2	81	61	144
% by employee category and age	U.M	2021 Restated			
		< 30 years	30/50 years	> 50 years	Total
Senior Managers	%	-	1%	4%	3
Middle Managers	%	-	22%	15%	27
White Collar	%	-	48%	79%	83
Blue Collar	%	100%	28%	2%	29
Total	no.	4	85	53	142
% by employee category and age	U.M	2021			
		< 30 years	30/50 years	> 50 years	Total
Senior Managers	%	-	4%	7%	35
Middle Managers	%	4%	32%	25%	225
White Collar	%	63%	40%	50%	357
Blue Collar	%	33%	24%	19%	191
Total	no.	70	540	198	808

Age group and gender	U.M	2022		
		Men	Women	Total
< 30 years	n.	2	-	2
30/50 years	n.	74	7	81
> 50 years	n.	57	4	61
<b>Total</b>	<b>n.</b>	<b>133</b>	<b>11</b>	<b>144</b>
Age group and gender	U.M	2021 Restated		
		Men	Women	Total
< 30 years	n.	4	-	4
30/50 years	n.	79	6	85
> 50 years	n.	49	4	53
<b>Total</b>	<b>n.</b>	<b>132</b>	<b>10</b>	<b>142</b>
Age group and gender	U.M	2021		
		Men	Women	Total
< 30 years	n.	47	23	70
30/50 years	n.	416	124	540
> 50 years	n.	157	41	198
<b>Total</b>	<b>n.</b>	<b>620</b>	<b>188</b>	<b>808</b>

New recruits by recruitment mode and by region GRI 401-1	U.M.	2022		
		Italy	Abroad	Total
Company acquisitions	no.	-	-	-
Permanent contract	no.	3	-	3
Temporary contract	no.	-	-	-
Apprenticeship	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>-</b>	<b>-</b>	<b>-</b>
New recruits by recruitment mode and by region	U.M.	2021 Restated		
		Italy	Abroad	Total
Company acquisitions	no.	-	-	-
Permanent contract	no.	6	-	6
Temporary contract	no.	-	-	-
Apprenticeship	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>6</b>	<b>-</b>	<b>6</b>
New recruits by recruitment mode and by region	U.M.	2021		
		Italy	Abroad	Total
Company acquisitions	no.	-	8	8
Permanent contract	no.	31	29	60
Temporary contract	no.	3	3	6
Apprenticeship	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>34</b>	<b>40</b>	<b>74</b>

Outbound by recruitment mode and by gender GRI 401-1	U.M.	2022		
		Italy	Abroad	Total
Resignation	no.	-	-	-
End of temporary contract	no.	-	-	-
Agreed resolution	no.	1	-	-
Dismissal	no.	-	-	-
Death	no.	-	-	-
Company divestiture	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>1</b>	<b>-</b>	<b>-</b>

Outbound by recruitment mode and by gender	U.M.	2021 Restated		
		Italy	Abroad	Total
Resignation	no.	-	-	-
End of temporary contract	no.	-	-	-
Agreed resolution	no.	6	-	6
Dismissal	no.	-	-	-
Death	no.	-	-	-
Company divestiture	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>6</b>	<b>-</b>	<b>6</b>

Outbound by recruitment mode and by gender	U.M.	2021		
		Italy	Abroad	Total
Resignation	no.	22	13	35
End of temporary contract	no.	1	-	1
Agreed resolution	no.	13	-	13
Dismissal	no.	-	-	-
Death	no.	1	-	1
Company divestiture	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>37</b>	<b>13</b>	<b>50</b>

## SAFETY<sup>(1)</sup>

Injuries in the workplace (no.) internal	U.M	2022		
		Men	Women	Total
Italy	no.	-	-	-
Abroad	no.	n.a.	n.a.	n.a.
<b>Total</b>	<b>no.</b>	<b>-</b>	<b>-</b>	<b>-</b>

Injuries in the workplace (no.) internal	U.M	2021 Restated		
		Men	Women	Total
Italy	no.	-	-	-
Abroad	no.	n.a.	n.a.	n.a.
<b>Total</b>	<b>no.</b>	<b>-</b>	<b>-</b>	<b>-</b>

Injuries in the workplace (no.) internal	U.M	2021		
		Men	Women	Total
Italy	no.	2	-	2
Abroad	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>2</b>	<b>-</b>	<b>2</b>

(1) The safety indicators do not count the 'other external collaborators

Frequency index calculated as (no. of injuries x 1,000,000)/no. hours worked

Frequency index internal	U.M	2022		
		Men	Women	Total
Italy	no.	-	-	-
Abroad	no.	n.a.	n.a.	n.a.
<b>Total</b>	<b>no.</b>	-	-	-
Frequency index internal	U.M	2021 Restated		
		Men	Women	Total
Italy	no.	-	-	-
Abroad	no.	n.a.	n.a.	n.a.
<b>Total</b>	<b>no.</b>	-	-	-
Frequency index internal	U.M	2021		
		Men	Women	Total
Italy	no.	2.1	-	1.7
Abroad	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>1.9</b>	-	<b>1.5</b>

Severity index calculated as (no. of days lost x 1,000)/no. hours worked

Severity index internal	U.M	2022		
		Men	Women	Total
Italy	no.	-	-	-
Abroad	no.	n.a.	n.a.	n.a.
<b>Total</b>	<b>no.</b>	-	-	-
Severity index internal	U.M	2021 Restated		
		Men	Women	Total
Italy	no.	0.04	-	0.03
Abroad	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>0.03</b>	-	<b>0.02</b>
Severity index internal	U.M	2021		
		Men	Women	Total
Italy	no.	0.02	-	0.02
Abroad	no.	-	-	-
<b>Total</b>	<b>no.</b>	<b>0.02</b>	-	<b>0.02</b>

Other safety indicators	U.M	2022		
		Men	Women	Total
Sick leave rate (%)	%	3.80	2.20	3.70
Working days lost due to injuries in the workplace (no.)	no.	-	-	-
Cases of occupational disease (no.)	no.	-	-	-
Rate of occupational disease (%)	%	-	-	-
Work-related deaths (no.)	no.	-	-	-



Other safety indicators	U.M	2021 Restated		
		Men	Women	Total
Sick leave rate (%)	%	2.37	2.57	1.90
Working days lost due to injuries in the workplace (no.)	no.	-	-	22
Cases of occupational disease (no.)	no.	-	-	-
Rate of occupational disease (%)	%	-	-	-
Work-related deaths (no.)	no.	-	-	-
Other safety indicators	U.M	2021		
		Men	Women	Total
Sick leave rate (%)	%	2.07%	1.31%	1.9%
Working days lost due to injuries in the workplace (no.)	no.	22	-	22
Cases of occupational disease (no.)	no.	-	-	-
Rate of occupational disease (%)	%	-	-	-
Work-related deaths (no.)	no.	-	-	-

Third-party company injuries GRI 403-9	U.M	2022	2021 Restated	2021
Third-party company injuries	n.	-	-	4
Frequency index – third-party companies – Total	n.	-	-	3,45
Frequency index – third-party companies – Italy	n.	-	-	1,82
Frequency index – third-party companies – Abroad	n.	n.a.	n.a.	4,91
Severity index – third-party companies – Total	n.	-	-	0,17
Severity index – third-party companies – Italy	n.	-	-	0,13
Severity index – third-party companies – Abroad	n.	n.a.	n.a.	0,20

Frequency index calculated as (no. of injuries x 1,000,000)/no. hours worked.

Severity index calculated as (no. of days lost x 1,000)/no. hours worked.

#### METHOD FOR ESTIMATING HOURS WORKED - THIRD PARTY COMPANIES

The hours worked by the employees of third-party companies have been estimated differently according to the technology involved.

Power plants: hours worked recorded manually or based on time stamps of access to sites.

Wind Farms abroad: the estimate of the hours worked, given the technical impossibility of recording the presence of the O&M contractors with global service agreements, is based on a hypothesis that one FTE can service 15 MW, multiplied by workable days (260) and by 8 hours.

Plants under construction in the UK: hours recorded according to site report.

#### METHOD FOR CALCULATING DAYS LOST DUE TO INJURIES - THIRD PARTY COMPANIES

Report sent by the company of the injured worker.

## SUPPLIERS

### GRI 204-1

	U.M	2022	2021 Restated	2021
Active suppliers (transactions with at least one order)	no.	n.a.	n.a.	1,731
with registered offices or a billing address in Italy	%	n.a.	n.a.	58%
with registered offices or a billing address in the regions where our plants are located	%	n.a.	n.a.	35%
% expenditure local suppliers (Italy/total)	%	n.a.	n.a.	49%
Qualified suppliers on Vendor List	no.	n.a.	n.a.	1,086
of which: qualified based on HSE parameters	no.	n.a.	n.a.	334
Newly qualified suppliers in the year	no.	n.a.	n.a.	210
of which: newly qualified based on HSE parameters	no.	n.a.	n.a.	95
Average qualification time	days	n.a.	n.a.	58
% of tenders (of total value of purchases)	%	n.a.	n.a.	76%
% of tenders (of total number of purchases)	%	n.a.	n.a.	26%

Suppliers mapped at Group level and not individual technology level

## OPERATING DATA AND ENVIRONMENTAL INDICATORS - CCGT

	U.M.	2022	2021 Restated	2021
Revenues	MIn€	1.436	448	-
Opex	MIn€	(1.379)	(427)	-
Capex	MIn€	9	25	-
Total installed power	MW	480	480	3.425
ERG Power Performance index <sup>(1)</sup>	%	68,45%	67,12%	67,12%
Total electricity production	GWh	2.228	1.869	7.662
of which from renewable energy sources	GWh	-	-	5.793
Sales of electricity	GWh	n.a.	5.637	14.159
Market share of power generation in Italy	%	n.a.	0,7%	2,1%
Market share of power sales in Italy	%	n.a.	0,6%	3,9%
Direct energy consumption (methane)	TOE	395.566	387.452	387.452
Direct energy consumption (methane)	GWh	4.600	4.505	4.506
Total indirect energy consumptions	GWh	1,6	1,3	26,7
of which electricity from green sources	GWh	0,1	0,5	25,1
of which electricity	GWh	-	-	0,8
of which steam	GWh	1,5	0,9	0,9
% indirect energy consumption from green sources	%	2%	35%	94%
CO <sub>2</sub> avoided	kt	-	-	3.045
Scope 1 emissions from energy production	kt	939	921	923
Other Scope 1 emissions <sup>(2)</sup>	kt	0,2	-	0,8
Scope 2 Emissions <sup>(3)</sup>	kt	0,7	0,6	0,8
Scope 3 emissions generated by capital goods wind	kt	n.a.	-	26
Scope 3 emissions generated by capital goods solar	kt	n.a.	-	8
NOX emissions <sup>(4)</sup>	t	368,5	312,9	312,9
CO emissions	t	39	37	37
Seawater withdrawals for plant cooling systems	million m <sup>3</sup>	230	203	203
Well water withdrawals	million m <sup>3</sup>	7	7	7
Water returned to the natural cycle	% of withdrawals	98%	96,76%	96,76%
Cooling water returned to the natural cycle	million m <sup>3</sup>	229	203	203
Waste produced	t	927	1.920	4.209
of which sent to recycling	t	625	1.474	3.428
of which sent to recycling	%	67%	77%	81%
of which non-hazardous	t	875	1.594	3.669
of which non-hazardous	%	94%	83%	87%

(1) Index of "1st principle overall performance" calculated in accordance with the procedures laid down by Italian Ministerial Decree of 5 September 2011 (CAR).

(2) The emissions generated by the cars assigned for mixed use were calculated at 30%

(3) Indirect emissions are calculated on the basis of the conversion factors relating to the thermoelectric production of each country published by Terna on its website (Terna, international comparisons) according to the Market-based approach.

(4) The data relating to the atmospheric emissions are consistent with the annual data reported for the purposes of the E-PRTR Register and with the EU-ETS declarations.

## ITALIAN LEGISLATIVE DECREE 231/01 AND ANTI-CORRUPTION

	U.M.	2022	2021 Restated	2021
No. of people trained	n	37	102	496
Course duration	h	2	1,5	1,5
Total man-hours	h	74	153	808

## 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
D&I & Human Rights	GRI 405: Diversity and Equal Opportunity	Group	Direct
	GRI 406: Non-discrimination	Group	Direct
Energy Efficiency & Innovation	GRI 302: Energy	Group	Direct and Indirect
	GRI 2-27: Environmental Compliance	Group	Direct
Engagement with stakeholders	GRI 2: General disclosures 2-1	Group	Direct and Indirect
	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 2022
Corporate management module	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>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	
Environment	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>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	
People	Art. 3.2, paragraph c) Information on the impact on health and safety	
	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	
Social	<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 d) Information on social aspects	
	<b>Policies</b> Art. 3.1, paragraph b) Description of company policies, including due diligence policies	
Human rights	<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 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	
Fight against active and passive corruption	<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 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
	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
Environment	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
	Principle 9: Businesses must encourage the development and diffusion of environmentally friendly technologies	302-4, 302-5
Anti-corruption	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





KPMG S.p.A.  
Revisione e organizzazione contabile  
Piazza della Vittoria, 15 int. 10 e 11  
16121 GENOVA GE  
Telefono +39 010 564992  
Email [it-fmauditaly@kpmg.it](mailto:it-fmauditaly@kpmg.it)  
PEC [kpmgspa@pec.kpmg.it](mailto:kpmgspa@pec.kpmg.it)

(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 2022 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 14 March 2023 (the "NFS").

Our procedures did not cover the information set out in the "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

Società per azioni  
Capitale sociale  
Euro 10.415.500,00 i.v.  
Registro Imprese Milano Monza Brianza Lodi  
e Codice Fiscale N. 00709600159  
R.E.A. Milano N. 512867  
Partita IVA 00709600159  
VAT number IT00709600159  
Sede legale: Via Vittor Pisani, 25  
20124 Milano MI ITALIA

**ERG Group***Independent auditors' report**31 December 2022*

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, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains 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 ISAE 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 2022

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 and personnel of ERG Power Generation S.p.A.. We also performed limited 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;
- we visited ERG S.p.A. and, through remote communication tools, ERG Power S.r.l.'s Priolo Gargallo production site, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to hold discussion with their management and 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 2022 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 "The European Taxonomy" section of the NFS required by article 8 of Regulation (EU) 852 of 18 June 2020.

Genoa, 27 March 2023

KPMG S.p.A.

(signed on the original)

Luisa Polignano  
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 ; 14	Please refer to the Annual Report as at 31 December 2022 "Consolidation scope"
2-2	Entities included in the organization's sustainability reporting	33-34	
2-3	Reporting period, frequency and contact point	33-34	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	33-34 ; 115 ; 150 ; 151	
2-5	External assurance	169-172	
<b>ACTIVITIES AND WORKERS</b>			
2-6	Activities, value chain and other business relationships	10-11 ; 14 ; 58 ; 123-126 ; 130 ; 150-151	
2-7	Employees	139-141 ; 155-156	
2-8	Workers who are not employees	144 ; 153 ; 155	
<b>GOVERNANCE</b>			
2-9	Governance structure and composition	26-27 ; 99-104	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	99-100 ; 102	Please refer to the Report on Corporate Governance and Ownership in "Board of Directors"
2-11	Chair of the highest governance body	99 ; 102	
2-12	Role of the highest governance body in overseeing the management of impacts	26-27 ; 112-121	
2-13	Delegation of responsibility for managing impacts	26-27	
2-14	Role of highest governance body in sustainability reporting	26-27	
2-15	Conflicts of interest	106	Please refer to the Report on Corporate Governance and Ownership in "Board of Directors"
2-16	Communication of critical concerns	26 ; 110	Please refer to the Report on Corporate Governance and Ownership in "main risks". No critical issues have been reported to the Board of Directors in 2022
2-17	"Collective knowledge of highest governance body"	104	
2-18	"Evaluation of the performance of the highest governance body"	102-104	
2-19	Remuneration policies	78-81	
2-20	Process to determine remuneration	78	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	138	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	28 ; 97 ; 108-109	
2-24	Embedding policy commitments	28 ; 97 ; 108-109	
2-25	Processes to remedy negative impacts	112-121	
2-26	"Mechanisms for seeking advice and raising concerns"	26 ; 28 ; 110	
			No significant monetary sanctions or non-monetary sanctions due to failure to observe laws and regulations were recorded in 2022
2-27	Compliance with laws and regulations	38 ; 48 ; 51-53 ; 106 ; 113 ; 119-121	<p>To date, the ERG Group has not received any objections and/or reports from the Privacy Guarantor.</p> <p>12 requests were received from interested parties to exercise their rights pursuant to articles 15 et seq. GDPR, which have been managed and archived.</p> <p>There were no data breaches or complaints from data subjects during the year.</p>
2-28	Membership associations	59-61	
<b>STAKEHOLDER ENGAGEMENT</b>			
2-29	Approach to stakeholder engagement	57-58	
2-30	Collective bargaining agreements	141 ; 156	
<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	33 ; 39	
3-2	List of material topics	35 ; 39	
3-3	Management of material topics	15 - 22 ; 38	
201-1	Direct economic value generated and distributed	131 ; 152	
201-3	Defined benefit plan obligations and other retirement plans	138 ; 154	
<b>GRI-202: MARKET PRESENCE (2016)</b>			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	79	
<b>GRI-203: INDIRECT ECONOMIC IMPACT (2016)</b>			
203-1	Infrastructure investments and services supported	50-53 ; 68 ; 111-112	
<b>GRI-204: PROCUREMENT PRACTICES (2016)</b>			
204-1	Proportion of spending on local suppliers	146 ; 163	
<b>GRI-205: ANTI-CORRUPTION (2016)</b>			
3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	38 ; 108-110 ; 119-121	
205-1	Operations assessed for risks related to corruption	106 ; 108-110 ; 122-123	
205-2	Communication and training about anti-corruption policies and procedures	108 ; 111	
205-3	Confirmed incidents of corruption and actions taken		No incidents of corruption were recorded in 2022.

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
<b>GRI 207: TAX (2019)</b>			
207-1	Approach to tax	122-123	
207-2	Tax governance, control, and risk management	122-123	
207-3	Stakeholder engagement and management of concerns related to tax	122-123	
207-4	Country-by-country reporting	132-136 ; 153	
<b>GRI-G4 SECTOR DISCLOSURES - ELECTRIC UTILITIES EU (2013): AVAILABILITY AND RELIABILITY</b>			
G4 - EU10	Planned capacity	136	
<b>GRI-G4 SECTOR DISCLOSURES - ELECTRIC UTILITIES EU (2013): SYSTEM EFFICIENCY</b>			
G4 - EU11	Average generation efficiency of thermal plants	164	
<b>GRI 300: ENVIRONMENTAL SERIES</b>			
<b>GRI-302: ENERGY (2016)</b>			
3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	46-49 ; 119-121 ; 38	
302-1	Energy consumption within the organization	147-149 ; 164	
302-4	Reduction of energy consumption	46-49	
<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	164	
<b>GRI-304: BIODIVERSITY (2016)</b>			
3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	38 ; 50 ; 53 ; 119-121	
304-2	Significant impacts of activities, products, and services on biodiversity	50 ; 53	
<b>GRI-305: EMISSIONS (2016)</b>			
3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	33 ; 34 ; 38 ; 45 ; 119-121	
305-1	Direct (Scope 1) GHG emissions	33 ; 34 ; 45	
305-2	Energy indirect (Scope 2) GHG emissions	33 ; 34 ; 45	
305-3	Other indirect (Scope 3) GHG emissions	33 ; 34 ; 45	
305-4	GHG emissions intensity	149-150	
305-5	Reduction of GHG emissions	33-34	
305-6	Emission of ozone-depleting substances (ODS)	147-149 ; 164	
305-7	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	164	
<b>GRI-306: WASTE (2020)</b>			
306-1	Waste generation and significant waste-related impacts	51-52	
306-2	Management of significant waste-related impacts	51-52	
306-3	Waste generated	147-149 ; 164	

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
<b>GRI-308: SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)</b>			
3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	38 ; 73 ; 77 ; 119-121	
308-1	New suppliers that were screened using environmental criteria	88-89	

## GRI 400: SOCIAL SERIES

### GRI-401: EMPLOYMENT (2016)

3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	38 ; 73 ; 77 ; 119-121	
401-1	New employee hires and employee turnover	143 ; 144 ; 157-158 ; 160-161	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	88-89	

### 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
-------	--	--	---

### GRI-403: OCCUPATIONAL HEALTH AND SAFETY (2018)

3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	38 ; 39-95 ; 119-121	
403-1	Occupational health and safety management system	111-112	
403-2	Hazard identification, risk assessment and incident investigation	93-95	
403-3	Occupational health services	88-89 ; 93-95	
403-4	Worker participation, consultation and communication on occupational health and safety	93-95	
403-5	Worker training on occupational health and safety	93-95	
403-6	Promotion of worker health	93-95	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	93-95	
403-8	Workers covered by an occupational health and safety management system	111-112	
403-9	Work-related injuries	145-146 ; 163	
403-10	Work-related ill health	145 ; 162-163	

### GRI-404: TRAINING AND EDUCATION (2016)

3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	38 ; 83-84 ; 119-121	
404-1	Average hours of training per year per employee	138-139 ; 154	

GRI Standard	Disclosure	Page/Link	Notes/Information/Omissions
404-3	Percentage of employees receiving regular performance and career development appraisals		In 2022, 263 people were assigned individual objectives, equal to 46% of the workforce at the end of the year (56% excluding the blue collar category).
<b>GRI-405: DIVERSITY AND EQUAL OPPORTUNITY (2016)</b>			
3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	38 ; 90-92 ; 119-121	
405-1	Diversity of governance bodies and employees	138 ; 141-142 ; 153 ; 159	
405-2	Ratio of basic salary and remuneration of women to men	78	
<b>GRI-406: NON DISCRIMINATION (2016)</b>			
3-1	Process of determining material topics	33 ; 39	
3-2	List of material topics	35-39	
3-3	Management of material topics	38 ; 73 ; 119-121 ; 123-126	
406-1	Incidents of discrimination and corrective actions taken		No incidents of discrimination were recorded in 2022.
<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	123 ; 126	
<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	50-52	
<b>GRI-414: SUPPLIER SOCIAL ASSESSMENT (2016)</b>			
414-1	New suppliers that were screened using social criteria	146	
<b>GRI-415: PUBLIC POLICY (2016)</b>			
415-1	Political contributions	54	

# TAXONOMY

## PROPORTION OF TURNOVER FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

		Turnover (revenue) 2022	Proportion of turnover (revenue) 2022	Substantial contribution criteria		DNSH Criteria ("Does Not Significantly Harm")									Category	
	Taxonomy Code	millions of euro	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	A	T
Economic activities																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
Electricity generation from wind power <sup>(1)</sup>	4.3	630.9	84%	84%	-	Y	Y		Y		Y	Y	84%	87%		
Electricity generation using solar photovoltaic technology	4.1	118.1	16%	16%	-	Y	Y		Y		Y	Y	16%	13%		
A.1 Turnover of environmentally sustainable activities (Taxonomy-aligned)		749.0	100%	100%	-								100%	100%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
A.2 Turnover of Taxonomy-eligible but not environmentally sustainable activities (not-Taxonomy aligned activities)		-	-													
Total (A.1 + A.2)		749.0	100%													
B. Taxonomy-non-eligible activities																
B. Turnover of Taxonomy-non-eligible activities		-	-													
Total (A + B)		749.0	100%													

(1) Revenue also include the parent revenue (2022 equal to €1.1m)

## PROPORTION OF CAPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

		Capex (investment) 2022	Proportion of Capex (investment) 2022	Substantial contribution criteria		DNSH Criteria ("Does Not Significantly Harm")									Category	
	Taxonomy Code	millions of euro	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
Economic activities																
A.1 Environmentally sustainable activities (Taxonomy-aligned)																
Electricity generation from wind power <sup>(2)</sup>	4.3	715.2	76%	76%		Y	Y		Y		Y	Y	76%	88%		
Electricity generation using solar photovoltaic technology	4.1	230.6	24%	24%		Y	Y		Y		Y	Y	24%	12%		
A.1 Capex of environmentally sustainable activities (Taxonomy-aligned)		945.8	100%	100%									100%	100%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																
A.2 Capex of Taxonomy- eligible but not environmentally sustainable activities (not- Taxonomy aligned activities)		-	-													
Total (A.1 + A.2)		945.8	100%													
B. Taxonomy-non-eligible activities																
B. Capex of Taxonomy-non- eligible activities		-	-													
Total (A + B)		945.8	100%													

(2) Capex account expenses include the necessary ICT investments made by the parent for the management of central and staff services (2022 equal to €3.2m)



## PROPORTION OF OPEX FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY-ALIGNED ECONOMIC ACTIVITIES – DISCLOSURE COVERING YEAR 2022

	Taxonomy Code	Opex 2022 millions of euro	Opex 2022 %	Substantial contribution criteria		DNSH Criteria ("Does Not Significantly Harm")							Minimum safeguards	Taxonomy-aligned proportion of opex, Year N	Taxonomy-aligned proportion of opex, Year N-1	Category	
				Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems					Enabling activity	Transitional activity
				%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N		%	%	E	T
Economic activities																	
<b>A.1 Environmentally sustainable activities (Taxonomy-aligned)</b>																	
Electricity generation from wind power <sup>(3)</sup>	4.3	-194.0	92%	92%		Y	Y		Y		Y	Y	92%	95%			
Electricity generation using solar photovoltaic technology	4.1	-18.0	8%	8%		Y	Y		Y		Y	Y	8%	5%			
A.1 Opex of environmentally sustainable activities (Taxonomy-aligned)		-212.0	100%	100%									100%	100%			
<b>A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)</b>																	
A.2 Opex of Taxonomy-eligible but not environmentally sustainable activities (not-Taxonomy aligned activities)		-	-														
<b>Total (A.1 + A.2)</b>		<b>-212.0</b>	<b>100%</b>														
<b>B. Taxonomy-non-eligible activities</b>																	
B. Opex of Taxonomy-non-eligible activities		-	-														
<b>Total (A + B)</b>		<b>-212.00</b>	<b>100%</b>														

(3) Operating expenses include the costs of the parent necessary to guarantee the functioning of the plants (e.g. personnel management; central staff costs and services) (2022 equal to €26.5m)

## SFDR - MANDATORY KPIS

#	Mandatory KPIS	U.M.	KPI	Comments
1A	Scope 1 emissions	MT CO <sub>2</sub> e	937	
1b	Scope 2 emissions	MT CO <sub>2</sub> e	682	
1c	Scope 3 emissions	MT CO <sub>2</sub> e	45,940	
2	Carbon footprint (total GHG emissions)	MT CO <sub>2</sub> e	47,559	
3	GHG intensity of investee company	MT CO <sub>2</sub> e/EVIC (M€)	-	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	%	7%	'Total Group energy consumption is about 19,6GWh of which - non-renewable energy consumption is about 7% (1.5 GWh) - green energy consumption is about 93% (18.1 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/ Turnover (M€)	26.17	'The formula used for the calculation is the following: total Energy consumption (non-renewable energy + renewable energy) / Turnover 2022 €mn'
7	Activities negatively affecting biodiversity-sensitive areas	no. of sites	no.	
8	Emissions to water	MT 1k	0	ERG does not have emissions to water
9	Hazardous waste ratio	MT 1k	0.13	
10	Violations of UN Global Compact principles and Organization for 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%	ERG Group perimeter as reported in the 2022 Non-financial Statement
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 KPIS

#	Mandatory KPIs	U.M.	KPI	Comments
1	Emission of inorganic pollutants	MT	Not applicable	
2	Emission of air pollutants	MT	Not applicable	
3	Emission of ozone depletion substances	1k MT	Not applicable	
4	Emission reduction initiatives	Y/N	Y	Science Based Targets emission reduction targets approved Our targets: - reduce scope 1 and 2 emissions of 45.4% per MWh by 2025 from a 2020 base year; - increase annual sourcing of renewable electricity from 94% in 2020 to 96% by 2025.
5	Breakdown of energy consumption by type of non-renewable sources of energy	GWh	1.5 GWh	Non-renewable energy consumptions are represented by - 1.5 GWh by electricity
6a	Waste usage	Water (m³)/ sales (M€)	1.7	Refers to water for PV cleaning
6b	Water Recycled	Water (m³)/ sales (M€)	0	
7	Water management policies	Y/N	Y	Sustainability Policy ( <a href="https://www.erg.eu/c/document_library/get_file?uuid=eb5fbea3-c308-08d1-f624-bef559cc84c3&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=eb5fbea3-c308-08d1-f624-bef559cc84c3&amp;groupId=10181&amp;version=1.0</a> ) and HSEQ policies
8	Exposure to areas of high water stress	%	0%	Our Wind farms do not consume water; our solar plants use water in a very limited quantity (1276 m3 in 2022)
9	Investments in companies producing chemicals	%	Not applicable	
10	Land degradation, desertification, soil sealing	hectares	Not applicable	
11	Investments in companies without sustainable land/agriculture practices	hectares	Not applicable	
12	Investments in companies without sustainable ocean/sea practices	-	Not applicable	
13	Non recycled waste ratio	%	20%	
14	Natural species and protected areas	Y/N	Y	We have a certified environmental policy (ISO 14001) that defines all the actions put in place for protecting the 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=eb5fbea3-c308-08d1-f624-bef559cc84c3&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=eb5fbea3-c308-08d1-f624-bef559cc84c3&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 certified workplace accident prevention policy (ISO 45001)
18	Rate of accidents	FI	4.1	'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	368	The data refers to internal+external injuries

#	Mandatory KPIs	U.M.	KPI	Comments
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://www.erg.eu/en/corporate-governance/ethics-and-governance/organisational-and-management-models-231">https://www.erg.eu/en/corporate-governance/ethics-and-governance/organisational-and-management-models-231</a>
22	Whistleblower protection	Y/N	Y	ERG has a whistleblowing system: <a href="https://www.erg.eu/en/corporate-governance/ethics-and-governance/organisational-and-management-models-231">https://www.erg.eu/en/corporate-governance/ethics-and-governance/organisational-and-management-models-231</a>
23	Anti-Harassment & Bullying Policy	Y/N	Y	Link: <a href="https://www.erg.eu/c/document_library/get_file?uuid=79bbc396-5a75-4124-cd37-8f3a5ee39357&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=79bbc396-5a75-4124-cd37-8f3a5ee39357&amp;groupId=10181&amp;version=1.0</a>
24	CEO pay ratio		33x	Average ratio within investee companies 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	by the Human Rights Policy
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 measures for preventing trafficking in human beings	Y/N	Y	ERG has a system of policies and procedures to prevent human trafficking
28	Policy against child labour	Y/N	Y	ERG has an internal control system of policies 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 policies 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 anti-corruption policy: <a href="https://www.erg.eu/c/document_library/get_file?uuid=cf0514f6-6d4e-f844-bc79-657ccb2c38ba&amp;groupId=10181&amp;version=1.0">https://www.erg.eu/c/document_library/get_file?uuid=cf0514f6-6d4e-f844-bc79-657ccb2c38ba&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 violations of anti-corruption and anti-bribery	n	0	



**ERG S.p.A.**

WTC Tower  
via De Marini, 1 - 16149 Genoa  
Tel +39 010 24011

IR@erg.eu  
sustainability@erg.eu

[www.erg.eu](http://www.erg.eu)

Share Capital EUR 15,032,000.00 fully paid-up  
Tax Code/Genoa Companies Register 94040720107  
VAT No. 10122410151

Company subject to limited management  
and coordination by SQ Renewables S.p.A.



@ERGnow



@ERGcareers



ERGSpA



ERGnow



ERGnow

