

# SUSTAINABILITY POLICY

## ERG GROUP

### Introduction

Over time, the ERG Group has become a producer of electricity from clean, renewable and sustainable sources. Anticipating the trends that are changing the global energy scenario, in recent years it has completed a radical process of transforming its business in the name of sustainability and decarbonisation: from a private Italian oil company to a leading independent operator in the market for electricity from renewable sources.

The ERG Group's sustainable development model integrates its business development and management activities, conducted in an ethical and transparent manner, with the protection of the environment and biodiversity, respect for people, and the protection of their health and safety, establishing relationships of trust with the various local and institutional stakeholders.

Moral integrity, personal honesty, fairness and transparency must underlie the conduct of all those who operate within or at the service of the Group.

In fact, ERG operates in the belief that:

- sustainable development is at the core of its business model, ensuring the strengthening of the Group's reputation and at the same time improving its results through a process of continuous improvement, aimed at achieving its environmental and social objectives and protecting the health and safety of workers;
- the creation of 'shared value' for stakeholders is one of the main elements of the ERG Group's sustainability.

### Sustainability Policy and other internal Group Standards related to sustainability

The Sustainability Policy draws its principles from and coordinates with other Internal Policies and Standards developed to better detail more specific areas of intervention. These are:

- ✓ ERG Group Code of Ethics
- ✓ Anti-corruption Policy
- ✓ Organisation and Management Models pursuant to Italian Legislative Decree 231/01 adopted by the individual Companies
- ✓ Human Rights Policy
- ✓ Diversity & Inclusion Policy
- ✓ Anti-Harassment & Bullying Policy
- ✓ ERG Group Supplier Code of Conduct

- ✓ ERG Power Generation Health, Safety and Environment Policy
- ✓ ERG Group Tax Strategy
- ✓ Policy for the management of dialogue with Shareholders and investors in general
- ✓ Code of Conduct for Internal Dealing
- ✓ Procedure for Related Party Transactions
- ✓ Procedure for handling and processing relevant and privileged information and for the public dissemination of statements and information.

## Internal Organisation

Through its governance system formed by Board and internal committees, the Group has equipped itself with an organisational structure that enables it to pursue its business objectives. At the heart of this system is risk analysis, a process by which both business-related and sustainability risks are evaluated (for example, Climate Change, Environment & Biodiversity, HR, Supply Chain) and which are considered essential for the definition of development strategies, asset management and related internal control systems.

Sustainability Governance is headed by the Chief Executive Officer, to whom the Board of Directors has assigned responsibility in relation to Environmental, Social & Governance matters.

Maintaining the ERG Group's two-tier governance structure, the following involvement is expected:

- the Control, Risk and Sustainability Committee, as an advisory committee that supports the Board of Directors in decisions relating to the approval of periodic financial reports, the Consolidated Non-Financial Statement (also known as the NFS) and the ESG Plan, as well as in those relating to governance, sustainability, the Internal Control and Risk Management System, compliance pursuant to Italian Legislative Decree 231/01, anti-corruption and tax, and risk management;
- the ESG Committee, as an internal committee which includes the Chairman of the Board, the Executive Vice-Chairman, the Chief Executive Officer and all his first reports, which supports the Chief Executive Officer in defining the Group's guidelines and objectives in the field of sustainability, in guiding and monitoring activities, and in assessing the main intervention areas.

In addition, within the ESG, IR & Communication Department, the ESG Organisational Unit supports the Chief Executive Officer and the ESG Committee in defining ESG Plan targets and their periodic monitoring, in the annual drafting of the NFS, and in ensuring the proper transfer of the required information to the ESG Rating Agencies/ESG Indices.

In order to maintain consistency between the business strategy and the sustainability approach, the Group identifies its own sustainability targets, incorporating them into the ESG Plan, which in turn is integrated into the Business Plan. The defined targets are constantly monitored by the ESG Organisational Unit, which periodically reports them to the ESG Committee and the Control, Risk and Sustainability Committee. These commitments naturally fit within the broader framework of the Sustainable Development Goals (SDGs) defined in the United Nations 2030 Agenda, the goals of the UN Global Compact and the Women's Empowerment Principles, to which ERG adheres, and are consistent with our purpose: We are #SDGsContributors.

## Purposes and scope of application

The Sustainability Policy aims to define the sustainability guidelines and guiding principles with particular reference to:

- A. Ethics, integrity and anti-corruption
- B. People
- C. Communities and stakeholders
- D. Environment
- E. Biodiversity
- F. Suppliers and business partners
- G. Customers

This Policy applies to all companies belonging to the ERG Group, to employees and to all third-party collaborators working at the Group's facilities and/or offices, in all countries where it operates.

## Sustainability Policy

The Sustainability Policy is implemented through the following areas of intervention:

### **A. Ethics, integrity and anti-corruption**

Ethics and integrity in the conduct of activities and when managing relations with our stakeholders [and combating corruption?] are the key aspects underlying our way of doing business.

For this reason, the ERG Group has adopted a Code of Ethics that sets forth principles and rules of conduct which it promotes both inside and outside the Group's companies. Merely by way of example, these include legality, honesty, fairness, transparency and confidentiality. ERG has also adopted an Anti-Corruption Policy that sets out the general principles and objectives of the Anti-Corruption System, with the aim of prohibiting and preventing any corrupt conduct.

With reference to Italian-registered companies, these principles are further reinforced by the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/01, adopted and periodically updated by the companies with the aim of improving corporate governance, limiting the risk of the commission of offences established within Italian Legislative Decree 231/01.

In this sense, ERG:

- does not tolerate any type of conduct contrary to the principles set out in the above-mentioned documents, including the offer, promise and giving, as well as the solicitation, acceptance and receipt, of payments by ERG Group employees and anyone

acting in the name or on behalf of the Group with the aim of obtaining an undue advantage;

- is committed to raising awareness and, where necessary, training all collaborators, suppliers and partners as well as to developing appropriate procedures, especially with regard to relations with communities, Bodies and Institutions, suppliers and customers;
- undertakes to check all reports received in an intellectually honest manner and in accordance with the Group's defined procedures, while ensuring that those who make reports in good faith are not subject to retaliation, discrimination or penalisation, whether direct or indirect, and that their identity is protected, without prejudice to legal obligations and the protection of the rights of the companies or persons accused wrongly and/or in bad faith.

This section refers to the UN's Sustainability Development Goals (SDGs) 16 and 17. The ERG Group contributes to the achievement of these goals through its own principles and rules of conduct enshrined in the Code of Ethics and other internal documents (e.g., 231 Model, Anti-Corruption Policy).

## **B. People**

The Group's sustainable approach can also be seen in its policies to protect and develop Human Capital.

For this reason, ERG requests that all those who collaborate with Group companies as employees, suppliers, contractors or partners respect the principles set out in the Code of Ethics, the 'Human Rights Policy', the 'Diversity & Inclusion Policy' and the 'Supplier Code of Conduct'.

The Group also respects and upholds these principles by:

- monitoring respect for the principles of the Universal Declaration of Human Rights, the declarations of the International Labour Organisation and the principles of the UN Global Compact;
- recognising the importance of workers' consultation and participation, including their representatives and social partners, as counterparts to help define appropriate labour management policies and procedures;
- adopting and applying processes and procedures, also supported by the adoption of Safety Management Systems certified in accordance with recognised standards, aimed at minimising risks and eliminating the causes which may endanger the health and safety of its personnel and the third parties who operate at the Group's plants and/or offices;
- the entire organisation's commitment to ensure full implementation of the applicable legal requirements and all other commitments voluntarily signed by the Group;
- full compliance with legal obligations concerning the involvement of employees, or their representatives, in corporate reorganisation processes;
- the will to ensure equal opportunities without any discrimination based on gender, age, ethnicity, culture, ability, religion and nationality, experience, sexual orientation and identity, political opinions and any other subjective characteristic;
- creating physical and cultural working environments that promote the development of relationships based on trust and inclusion, valuing every style of thinking and where everyone is and feels welcomed and can fully express their potential;

- granting individuals the freedom to join and/or associate themselves with trade unions or workers' organisations;
- promoting work-life balance by developing appropriate programmes and initiatives, including on mobility and flexibility;
- underlining the key role its people play in achieving the company's goals, using appropriate assessment systems that also refer to the Group's ESG objectives, and supporting professional development training initiatives;
- the repudiation of child labour, forced labour or labour practices carried out against the worker's will or in a manner inconsistent with the Group's principles;
- promoting virtuous actions inside and outside the Group which are aimed at implementing international standards (for example, UNGlobal Compact; Women's Empowerment Principles)

Aware that the active contribution of all people is essential for the achievement of the above goals, ERG continuously works on providing information, raising awareness and targeted training, implementing best practices and thus contributing to the achievement of the UN's Sustainable Development Goals (SDGs) 3, 4, 5, 8 and 10.

### C. Community and Stakeholder

In order to guarantee and maintain an open dialogue with the local communities in which it operates and with all the stakeholders with whom it interacts (understood as 'all those with legitimate interests - implicit or explicit - influenced by its activities'), in compliance with the policy for managing dialogue with shareholders and generally investors (i.e., the Policy), the Group undertakes to:

- assess the specific economic, environmental, social and relational impacts generated by its activities at the local level;
- participate in the development and enhancement of the local areas where it carries out its activities;
- establish, in compliance with the principles defined in the Code of Ethics, constructive and transparent collaborations with stakeholders, involving them and informing them on the actions and initiatives undertaken, as well as on the results achieved with respect to the economic-financial and socio-environmental responsibility objectives;
- analyse the requests that may come from the local area, selecting the most deserving ones based on the values they express and their positive impact on the area;
- identify activities following these instances, in line with the ESG guidelines and focusing on the privileged areas of intervention, in particular:
  - promoting the culture and knowledge of ERG, sustainability and renewable energies;
  - supporting the social development of local communities by leveraging activities related to our core business, also through investment sharing initiatives;
  - an impetus to innovation in the area also through call for ideas activities;
  - supporting future generations with educational activities;
- annually publishing the Consolidated Non-Financial Statement (also known as the NFS), drawn up in accordance with recognised international standards in order to clearly, truthfully and fairly communicate the actions taken and the results achieved.

This section refers to the UN's Sustainable Development Goals (SDGs) 4, 8, 11 and 17, to which the ERG Group contributes through open dialogue with all stakeholders, in compliance with the rules enshrined in its Policies.

#### **D. Environment**

Environmental protection, understood as the maintenance of the integrity of natural processes and resources and the preservation of air, water and soil from anthropogenic contamination, is a founding value of how the ERG Group does business.

For this reason, ERG is committed to adopting Environmental Management Systems certified in accordance with recognised standards, with a view to ongoing improvement of performance and mitigation of risk.

In compliance with this principle, the Group undertakes to:

- prioritise the development of renewable sources;
- minimise the environmental impact of its activities, reducing energy consumption, atmospheric emissions and waste production, also by improving the quality and efficiency of its plants, recycling materials in a 'circular economy' perspective;
- promote the knowledgeable and responsible use of all natural resources available to the Group. These resources must be managed appropriately, wisely and with as little impact as possible because they are necessary for future generations' development;
- adopt processes and procedures, also supported by Environmental Management Systems certified according to recognised standards, to minimise the risks of our activities against the environment;
- Integrate ESG and continuous improvement objectives into business processes, both strategic and operational.

This section refers to the UN's Sustainable Development Goals (SDGs) 7, 9, 12, 13 and 15, to which ERG contributes through the development of RES and the adoption of certified Environmental Management Systems, promoting both strategic and operational continuous improvement actions in business processes.

#### **E. Biodiversity**

Biodiversity, or biological diversity, is defined by the United Nations Conference as the variability of living organisms including, among others, land, marine and other aquatic ecosystems and the ecological complexes of which they are part.

The protection of the environment is a fundamental value in the Group's corporate culture. For this reason, in the course of its business activities, ERG is committed to the conservation and protection of the same, contributing to the achievement of the goals defined in the UN Convention on Biological Diversity (CBD).



In compliance with these objectives, the Group is committed:

- to developing renewable energy sources;
- to assessing the interference of planned facilities on flora and fauna in order to identify the best construction logic to minimise their impact;
- to conducting its business activities with a view to the conservation and protection of biodiversity, respecting the principle of the 'mitigation hierarchy', which includes:
  - avoiding and preventing the occurrence of negative impacts on biodiversity as much as possible;
  - when impacts cannot be avoided, minimising the possible damage by implementing remedial actions which can limit their effects (e.g., foreseeing and implementing appropriate mitigation strategies for wind turbines where the presence of particular bird species affects installations, protecting the ground nesting of bird species during construction phases);
  - only as a last resort, offsetting residual negative impacts by carrying out compensatory works (e.g., reforestation or planting) in accordance with the 'no net loss' principle of biodiversity and, where applicable, with a positive 'net gain'.

In line with the UN's Sustainability Development Goals 7, 9, 12, 13 and 15, the Group is committed to preserving the habitat around its plants:

- avoiding operating in protected areas or those with a high natural value;
- no deforestation of areas subject to new installations, replanting flora if alternative solutions cannot be found.

## **F. Suppliers and business partners**

One of ERG's objectives is growing the sustainability of its supply chain in both the short and medium to long term.

In order to ensure that suppliers and business partners operate according to the same principles and criteria of ethical, social and environmental responsibility that guide the Group's activities, ERG undertakes to:

- require the adoption of conduct and practices in line with the principles that inspire the ERG Group, as defined in the Code of Ethics, the Human Rights Policy, the 'Supplier Code of Conduct', the Organisation and Management Models pursuant to Italian Legislative Decree 231/01, the Anti-Corruption Policy, the Diversity & Inclusion Policy and this document;
- consider organisational, environmental, safety, ethical, human rights and labour criteria and standards in the selection, qualification and evaluation process of the Group's business partners;
- accompany suppliers in the energy transition process, rewarding the most virtuous ones in order to reduce the Group's carbon footprint;
- adopt, among the criteria for selecting and evaluating its suppliers and business partners, the level of adherence to the aforementioned principles along their supply chain;
- reward, also in the tender phase, those suppliers that best share and implement sustainability principles, policies and practices in their governance and production processes which are in line with the ERG Group's business model.

This section refers to the UN's Sustainability Development Goals (SDGs) 3, 5, 7, 8, 12, 13 and 17, to which ERG contributes by sharing the principles of ethical-social and environmental responsibility that guide the Group's activities with suppliers and partners.

## **G. Customers**

ERG believes that the use of green energy by economic operators is one of the necessary tools for the transition to a decarbonised economy.

Through a 'green offer', the Group accompanies its customers in the transition and decarbonisation process, undertaking to:

- base its conduct and business relations on the principles of helpfulness, professionalism and courtesy, providing accurate, complete, clear and truthful information about the products or services offered, so as to allow the counterparty to make an informed choice;
- not arbitrarily discriminate against customers or seek to exploit positions of strength to their disadvantage;
- always respect its commitments and obligations to customers in accordance with contract terms;
- promptly and efficiently address any complaints and suggestions received;
- not disseminate communications that are in any way misleading and/or damage the reputation of customers;
- require its customers to adopt conduct and practices in line with the principles that inspire the ERG Group, as defined in the Code of Ethics, the Human Rights Policy, the Organisation and Management Models pursuant to Italian Legislative Decree 231/01, the Anti-Corruption Policy, the Diversity & Inclusion Policy, and reporting any conflicting behaviour to the Supervisory Committee.

This section refers to the UN's Sustainability Development Goals (SDGs) 7, 8, 12, 13 and 17, to which ERG contributes by holding relationships with its customers based on the principles of ethical-social and environmental responsibility that guide the Group's activities.

## **Dissemination and updating methods**

The ERG Group is committed to disseminating the principles herein both inside and outside the organisation among employees, suppliers, contractors and partners.

This Policy, assessed by the ESG Committee, is shared by the Control, Risk and Sustainability Committee and approved by the Board of Directors.

This policy will be periodically reviewed to assess its adequacy and to define any changes to be made and/or actions for improvement.