



# NFD 2021

## CONSOLIDATED NON-FINANCIAL DISCLOSURE



2i Rete  
Gas

NFD 2021  
CONSOLIDATED  
NON-FINANCIAL  
DISCLOSURE

# LETTER TO STAKEHOLDERS

Dear readers,

In the following pages, you will find some updates on the key milestones that 2i Rete Gas has reached in Sustainability.

The Group efforts on the subject began a few years ago and are progressing harmoniously. Indeed, building on honest insights into our operations, our efforts have grown stronger thanks to a close monitoring of our performance linked to these issues, and have been deployed by taking on real commitments, which have become part and parcel of the company strategic planning and management objectives as set out in 2i Rete Gas Sustainability Plan. The latter was further implemented and reached a 93.80% score in terms of completion of initiatives pertaining to 2021.

In the year just ended, 2i Rete Gas also launched for the first time a process of alignment to two new frameworks, i.e., the **Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**, designed to oversee risks and opportunities

related to climate change and to implement the quantity and quality of information concerning financial risks that may result from such change, and the **Principles set forth by the Sustainability Accounting Standards Board (SASB)**, an independent non-profit organisation that defines certain industry standards for disclosure of the most significant information about oversight of sustainability issues.

All the foregoing has resulted in an increasingly higher level of detail regarding measurement, control, and reporting of environmental, safety, and resource development and training indicators.

In November 2021, Glasgow played host to COP26, the climate conference organised annually by the United Nations under the Framework Conference on Climate Change (UNFCCC), where, for the first time, a major agreement to reduce fugitive emissions of natural gas was approved by all UN countries.

As a further incentive to increase its commitment to monitoring

and reducing methane emissions, 2i Rete Gas joined the **Oil & Gas Methane Partnership (OGMP)** launched by the United Nations Environment Programme (UNEP). It is a wide-ranging multi-stakeholder endeavour focused on methane emissions reporting, which aims to support member companies in the systematic management of methane emissions and in the disclosure of their results.

The responsible management of these emissions is one of our most significant projects in mitigation of climate impacts. To this end, our efforts have focused so far on an initial processing of data for the definition of a baseline, based on which a concrete action plan may be rolled out, the aim being not only to monitor but, more importantly, reduce fugitive emissions.

Again, in terms of environmental benefit, 2i Rete Gas has increased its monitoring efforts regarding greenhouse gas emissions resulting from its operations according to the **Scopes set out in the GHG (Greenhouse Gas) Protocol**.

*The Group continued its network upgrading and digitalisation efforts by adopting real-time monitoring tools capable of predicting network behaviour and enabling a more flexible management of the infrastructure while pursuing a reduction of energy consumption in relation to its buildings, vehicle fleet and plants (Scopes 1 and 2). It also introduced the calculation of indirect emissions (Scope 3) related to employee travel and commuting on the home-work route and arising from the supply chain.*

*In 2021, the first connection of a biomethane plant to the distribution network managed by the Parent Company was made in Sicily. The possibility of enabling the natural gas distribution network to transport biomethane and mixtures with hydrogen is one of the most significant elements included in the package of measures approved by the European Union at the end of 2021, thus acknowledging the key role played by our infrastructure in the energy transition, thanks to its flexibility.*

*Regarding People, important direct engagement endeavours were launched, with the introduction of People Surveys intended for employees as a tool to listen to and collect useful feedback to measure the effectiveness of actions already put in place and identify new improvement initiatives. The Surveys were designed to capture the views of personnel on defined Sustainability commitments, perceived advantages and disadvantages with **smart working** and the assessment of work-related stress (also known as VSLS).*

*The survey on Sustainability was instrumental in updating the materiality analysis, with a progressively participatory approach, while the survey on smart working, which was carried out in collaboration with ADAPT, a non-profit association founded by Marco Biagi, recorded an overall participation of 82% and led to the definition of an experimental agreement to work remotely once the pandemic emergency is over.*

*Other People-empowering projects, all related to each other, showed further progress: job evaluation has reached full completion, allowing the performance evaluation system to be more target-oriented and a tailored development and training plan to be defined; a corporate training catalogue was created, including programmes for each role, while the performance evaluation process was extended to an increasing number of resources.*

*In terms of training, the extension of in-house training on "Emergency Response and leakage classification" to company personnel should be noted as part of an inclusion and engagement endeavour aimed at spreading best practices and improving safety performance.*

*As part of the constant efforts made to improve and increase the efficiency of the level of control over its assets, with a special focus on achieving higher safety standards in the management of the plants, together with the search for*

LETTER  
to STAKEHOLDERS (continued)

greater efficiency of network development and maintenance operational processes, Advanced Analytics technologies have been implemented to maintain, and sometimes increase, the level of control of processes and related criticalities, as well as to steer network investments more effectively, allowing in some cases maintenance tasks to be assigned based on efficient priority criteria.

To protect the infrastructure and ensure continuity of the service provided, many steps have also been taken in **Cybersecurity**.

The increasing threat and level of sophistication of attacks attempted by cybercriminals, including on utility infrastructure, results in significant exposure to cybercrime risk, requiring the implementation of technology, process, operational, and organisational solutions to deal with any such attacks effectively.

During the year, 2i Rete Gas defined the **Cybersecurity Policies** and conducted several project initiatives as part of an Information Security Risk Advisory Program, with the two-fold intent of improving the level of compliance to mandatory regulations for the security of corporate networks and information systems and increase the level of maturity of security processes and technologies.

From a corporate perspective, attention is drawn to the acquisition of **Infrastrutture Distribuzione Gas S.p.A.** from Edison S.p.A. The company operates in 58 municipalities with approximately 152 thousand clients managed and a distribution network of approximately 2,700 kilometres, which was successfully integrated at the end of 2021.

With a view to promoting a corporate culture based on honesty, integrity, and fairness, in its meeting of March 2021 the Board of Directors of 2i Rete Gas S.p.A. formally approved the

**Policy on Ethics in Business**, which applies to all Group companies. In addition to being circulated to all internal and external stakeholders through publication on the corporate intranet and website, the **Policy on ethics in business** was the subject of a specific training plan for the corporate profiles most involved.

Unfortunately, 2021 was still characterised by the health emergency related to the COVID-19 pandemic, with unexpected increases in the spread of the infection. The practices implemented by the Company in the previous year made it possible to ensure continuity of service and operations in total safety, enabling us, among other things, to successfully participate in important ATEM tenders and to complete the above-mentioned corporate acquisition deal. However, it should also be noted that other aspects of the business in general were heavily impacted, such as interpersonal relationships and supply chain, which

*turned out to be more fragile than expected, against a backdrop of serious difficulties in sourcing raw materials and rising prices.*

*A situation we thought would be transitory but resurfaced with recrudescence instead. This should make us reflect on the difficulty in predicting certain scenarios and make us more aware of the fact that we operate in a global context that is changing abruptly and unpredictably.*

*Energy transition is more than ever before on the table, after months that have seen an unstoppable rise in the cost of natural gas, with repercussions on global economic balances and it is even more so these days, as Ukraine is undergoing a military invasion by Russia. We are once again facing an unexpected scenario with dramatic global consequences.*

*Our infrastructure shows, today more than ever, to be crucial from both an environmental and geopolitical point of view.*

*Its flexibility, allowing it to interact with the electric system and other gases, has enormous potential. It is a national strategic element that must be enhanced and that requires well-thought-out choices.*

*We believe decarbonisation goals to be of the essence and 2i Rete Gas intends to contribute to this respect with concrete actions, step by step. While sustainability is a long-term endeavour, it must, leaving aside any rhetoric, also address sustainability of national energy safety.*

*Our duty today is to continue to run our business responsibly, guaranteeing safety and ensuring cost-effectiveness for the benefit of users, in line with the Authority guidance, being aware that we are public utility providers and having full knowledge of the extent of our responsibilities regarding the energy policy choices of the Country.*



Michele De Censi  
Chief Executive Officer

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# METHODOLOGICAL NOTE

## OBJECTIVE AND REFERENCE STANDARDS

The “Consolidated Non-Financial Disclosure” (hereinafter also referred to as the “Disclosure”) of the 2i Rete Gas Group (hereinafter also referred to as “2i Rete Gas” or the “Group”) for the year 2021 was prepared consistent with the criteria set in previous years, pursuant to **Italian Legislative Decree No. 254 dated 30 December 2016** (hereinafter referred to as “Decree 254/2016”) and by relying, as a methodological framework, on the principles set out in the **“Sustainability Reporting Standards”** of the **Global Reporting Initiative** (hereinafter referred to as “GRI”), in accordance with the **“Core”** option.

In preparing this Disclosure, full reference was made to the reporting principles set out by the GRI, which are essential to ensuring quality disclosures: **Stakeholder Inclusiveness; Sustainability Context; Materiality; Completeness; Balance; Comparability; Accuracy; Timeliness; Clarity and Reliability.**

The Disclosure highlights the results of the in-depth analyses carried out in relation to the topic areas selected as relevant based on Decree 254/2016, the characteristics of the Group and the activity carried out, and, where appropriate, also with a view to the best practices in the industry, commenting on the results presented. The level of detail and of reporting on the topics, in compliance with Decree 254/2016 and the guidelines of the GRI, reflects an updating of the materiality analyses carried out in 2021.

In the year just ended, 2i Rete Gas also launched for the first time a process of alignment to two new frameworks:

- the **Recommendations of the Task Force on Climate-related Financial Disclosures** (hereinafter “TCFD”), established in 2015 by the Financial Stability Board (FSB) to implement the quantity and quality of information concerning climate-related financial risks relied upon by businesses, banks and investors to provide more specific reporting to stakeholders;
- the **principles set forth by the Sustainability Accounting Standards Board** (hereinafter the “SASB”), an independent non-profit organisation, founded in 2011, that defines certain industry standards for disclosure, mainly to its own investors, of the most significant information about oversight of sustainability issues.

This document therefore illustrates, in relation to these two frameworks, the initial findings of the analyses carried out by the **“Sustainability and Transparency” Working Group** regarding TCFD disclosure (see Risk Management) and SASB information (see Progressive alignment with the principles set out by the SASB).

## SCOPE

The **scope of consolidation** for the purposes of this Disclosure **consists of 2i Rete Gas S.p.A.** (hereinafter referred to as the “Parent Company”) **and its fully consolidated subsidiaries** (hereinafter referred to as the

“Group”) as of 31 December 2021. The Group companies mainly carry out gas distribution activities regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, also known as ARERA).

In order to gain a better understanding of comparative data referring to previous years shown in this Disclosure, it should be noted that on 30 April 2021 the Parent Company completed the acquisition from Edison of 100% of the share capital of Infrastrutture Distribuzione Gas S.p.A., a company operating in the gas distribution industry that was subsequently merged into 2i Rete Gas S.p.A. (see Highlights, history and corporate structure) and the Group no longer manages any water services as of 31 December 2020.

2i Rete Dati S.r.l., the only company included in the Group scope of consolidation that does not engage in natural gas distribution and measurement activities, results from an assignment by the Parent Company of the infrastructural activities for the connection of field smart devices and provides its services to all the companies of the Group (see Highlights, history, and corporate structure).

The following indicators refer to the reporting year from **1 January to 31 December 2021**; to ensure comparability, the data and information for financial years 2019 and 2020 were also reported as required by the GRI. The change in the scope of the consolidation between the three financial years and the

other elements deemed necessary for understanding the performance of the three-year period have been included, where deemed necessary, in specific explanatory notes in the document; information concerning the companies acquired has been included in the scope of consolidation since the 2021 Disclosure, while comparative data relating to 2020 and 2019 included information concerning the companies acquired in the previous years but not

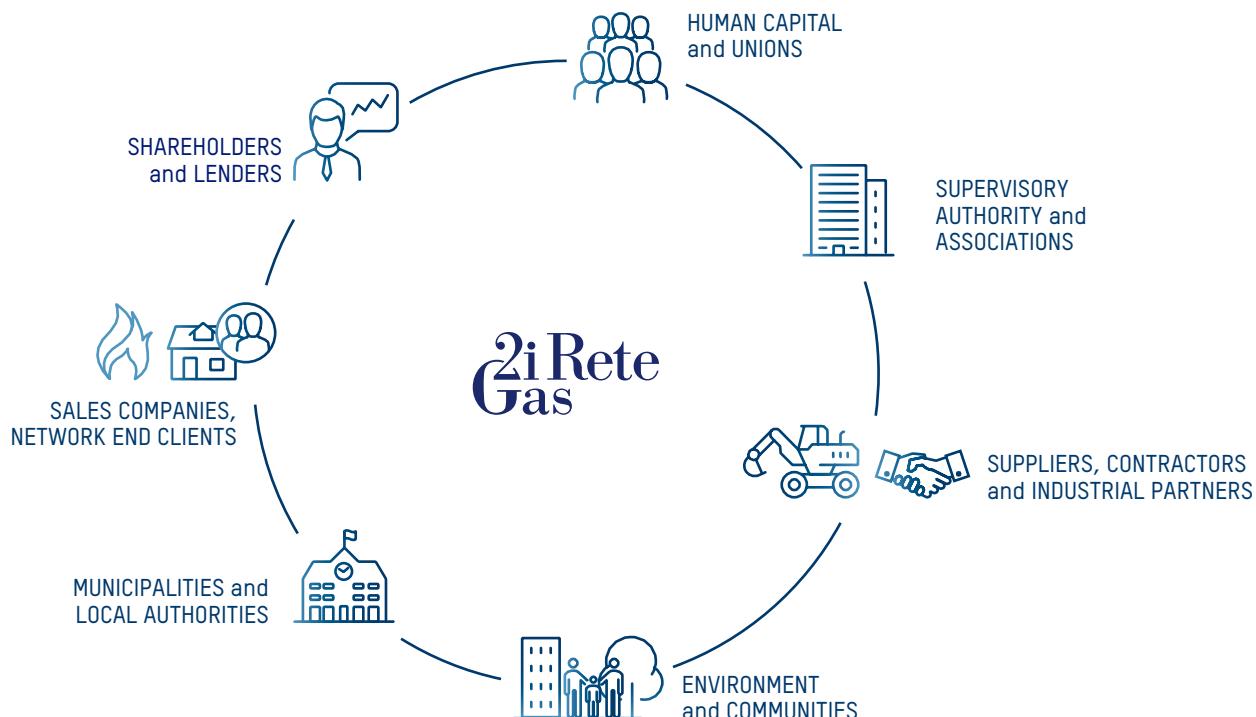
information concerning the companies being acquired in 2021.

### **PROCESS FOR THE DEFINITION OF TOPIC AREAS AND MATERIALITY**

In 2021, the Group continued to develop the process started in the previous years, with the aim of further integrating **sustainability with its corporate strategy and business operations**. As part of this process, the

**stakeholder mapping** was confirmed, and the **materiality analysis** of the Group was updated. Regarding stakeholders, both internal and external, the groups already identified in 2020 were confirmed as parties towards which the Group has responsibilities and/or that can have an impact on its performance, the interests and expectations of whom are therefore considered when making corporate decision.

## Key stakeholders for the Group



The update of the materiality analysis, with a view to gearing the management of operations towards exploiting opportunities and minimising risks, was preceded by a survey conducted based on internal and external documentary sources to gain insights into industry macro-trends and international best practices, and by a benchmark analysis regarding the material issues identified by Peers and stakeholder engagement practices. The outcome of these activities made it possible to gain a deeper understanding and hone the description of the **issues considered as potentially relevant** to 2i Rete Gas and its stakeholders from an economic, environmental, social and governance standpoint, as well as of the **prerequisites**, i.e. the issues that are considered, since 2019, to be crucial in order to ensure a responsible management of corporate activities. As the latter were confirmed, they were not subject to further relevance analysis and include: compliance with laws and regulations, business ethics and anti-corruption, listening to stakeholders and the creation of sustainable economic value.

The updated list of potentially relevant topics also included the evaluation of new issues in line with the outcomes of the analyses mentioned above.

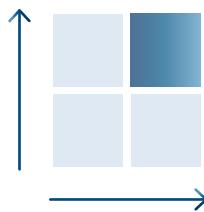
A plan of action was then launched to prepare the updating of the materiality analysis with an **increasingly participatory approach**, according to the implementation of two areas of activity. On the one hand, the topics that were of particular relevance were assessed by management, who was involved based on an incremen-

tal approach both in absolute terms and from the point of view of regional representation, as part of an **interactive assessment workshop** where each participant gave his or her vote both in terms of the corporate function and of the relevant stakeholder represented. On the other hand, for the first time, efforts were made to extend listening and engagement activities to the entire corporate population by administering a **survey** aimed at measuring employees' awareness of sustainability issues, their knowledge of the commitments undertaken by 2i Rete Gas in this regard, their assessment of potentially relevant topics, as well as their interest in possible initiatives more closely related to the working activities. An overall 72% participation rate was achieved, with thorough and comprehensive feedback provided from 53% of the corporate population involved.

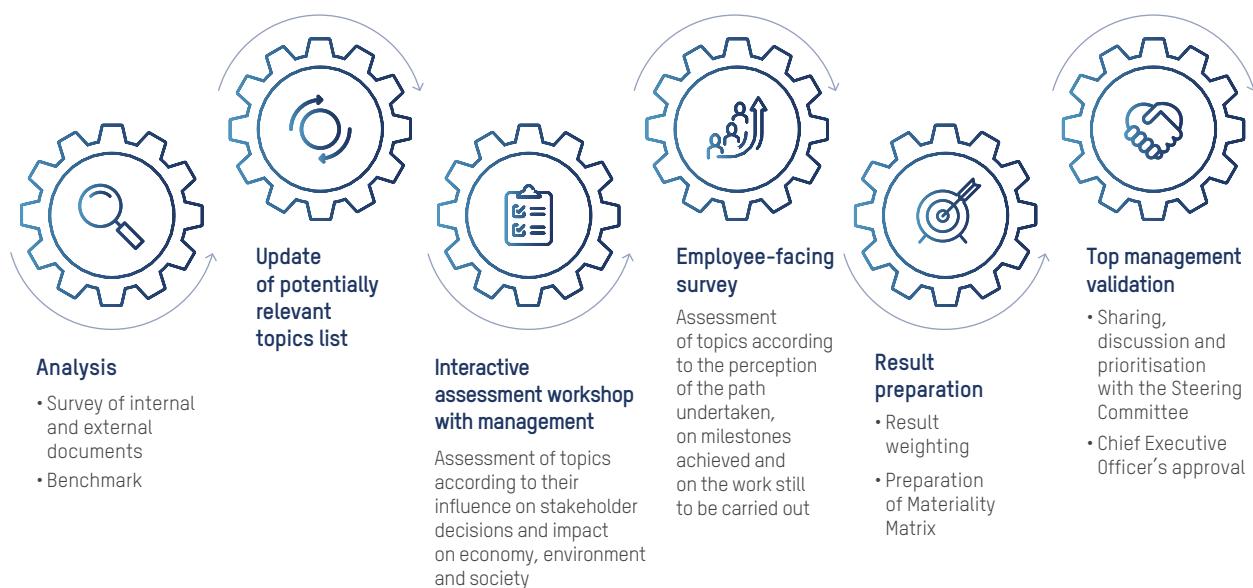
The launch of the surveys was preceded by the implementation of an internal communication plan aimed at summarising the main stages of the sustainability process undertaken by the Group and putting the planned listening and engagement activities into context. Specifically, by sending out a number of "information snippets", attention was drawn to the main policy and guidance documents that define 2i Rete Gas approach to the management of sustainability issues. In addition, an overview was provided regarding some of the initiatives that 2i Rete Gas has already carried out in line with the commitments and objectives set out in the Policy and the Sustainability

Plan, in relation to the interconnected ecosystems with which the Group deals in the management of its business: People; Assets; Environment and Stakeholders.

The outcome of the assessment carried out with management and of the survey administered to employees were reviewed and then submitted, in order to discuss, prioritize and subsequently validate them with the Chief Executive Officer, to the Steering Committee in the form of a **Materiality Matrix**, which makes it possible to highlight the relevant topics updated connection between the Group strategy and the stakeholders concerned.



## Process for the definition of the Materiality Matrix



In light of this process, which showed results **virtually in line** with the previous years, the 13 relevant topics already identified in 2020 were confirmed as material, while a new material topic considered as cross-cutting was included in the matrix, i.e. **Integration of ESG elements into Governance** (see "Approach to sustainability").

The material topics are disclosed in this NFD and for the purpose of collecting the relevant information the "Sustainability and Transparency" Working Group collected the necessary data provided by the representatives of the corporate functions involved, subject to such data being processed and checked by them as required.

In addition, as had been the case in the year 2020, in 2021 efforts focused again on handling the SARS-CoV-2 pandemic emergency that impacted the entire Group organisation. To this end, a multidisciplinary team (Team COVID-19) has been operating within the Company Management Team since February 2020 to coordinate the actions required to cope with the emergency situation.

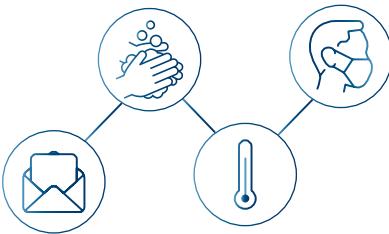
As a result, activities continued to be carried out to monitor, assess and contain the spread of contagion among members of the organisation, suppliers working with the organisation and the community to which the Group provides public utility services.

The aim was to meet the need to protect the health and safety of both its own staff and contractors while ensuring the delivery of essential services and business continuity.

The restrictive measures issued from time to time, consistent with the regulatory measures that followed and are currently in force, covered different areas. The most significant measures adopted, in addition to those set out by the regulations laid down by the Authorities, included:

- a closer monitoring of internal information flows, aimed at drawing attention to the hygiene rules to be complied with, implementing the rules of conduct issued from time to

time and promoting reliance on the practices, tools and devices put in place to minimise contact and work safely in the context of the pandemic situation;



- the monitoring of all workers in relation to access-to-work legislation whereby all private sector workers are required to hold and produce COVID-19 Green Certification (also known as green pass).



- the introduction of specific preventive health protection measures, such as strengthening the health surveillance service and protecting, by taking out a specific insurance policy, employees who had been hospitalised after testing positive for the virus;



- the review of the rules governing in-person work during peak pandemic periods, striking the right balance between the need for physical presence at work sites and access to smart working, reducing workers' travel time and exposure to infection;



Details regarding the management of the pandemic emergency are available in various sections of this report (see in particular "Management, development and engagement of human capital" and "Safeguarding occupational health and safety").

Finally, the economic data contained in the Disclosure were taken from the Group Consolidated Financial Statements.

The process of continuous materiality review will continue in the coming years with an increasingly participatory approach. As part of this process, in financial year 2021 account was again taken of the results of the latest customer satisfaction analysis (see "Satisfaction") conducted to measure the level of quality perceived by different types of clients on specific aspects of the service provided, and latest assessment of work-related stress (see "Engagement"), which was carried out to identify any critical issues

pertaining to work content and context and to implement an adequate risk management system to improve working conditions and levels of protection of people's health and safety.

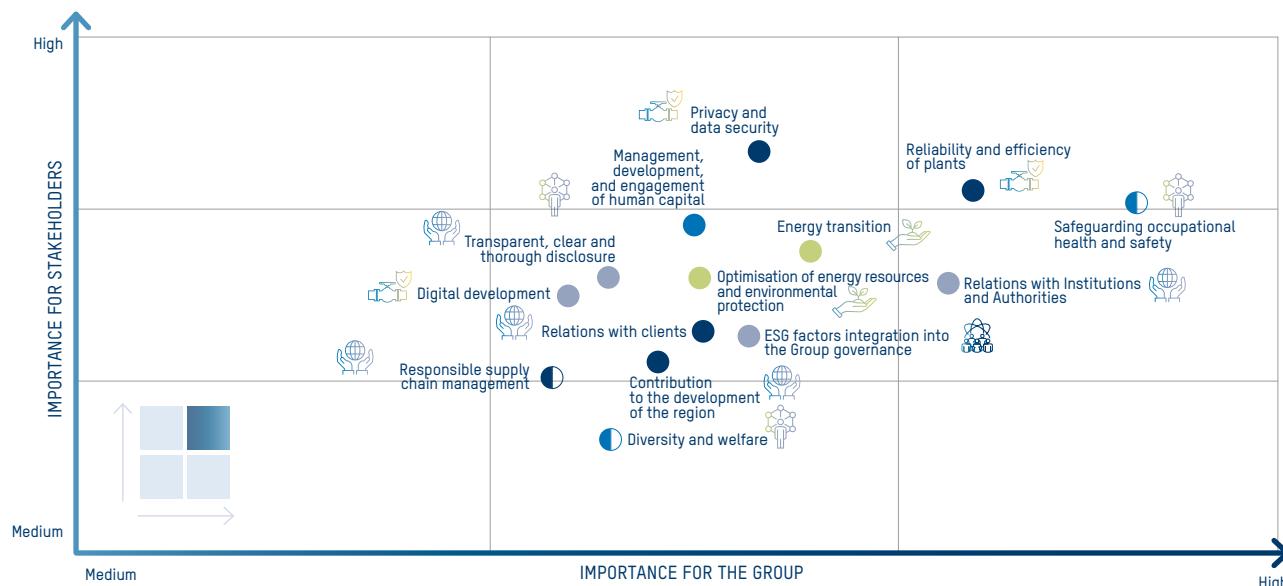
The Board of Directors of 2i Rete Gas S.p.A. approved this document on 23 March 2022. This Consolidated Non-Financial Disclosure is subject to limited assurance in accordance with ISAE 3000 by PricewaterhouseCoopers S.p.A.

An e-mail address for further requests for information is available to facilitate dialogue with stakeholders:



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## Relevant topics in the Materiality Matrix



### Issues referred to in Italian Legislative Decree 254/2016

- Management of topics related to active and passive corruption
- Management of social topics
- Management of social topics and respect of human rights
- Human resource management
- Human resource management and respect for human rights
- Management of environmental topics
- Cross-sector

### Issues qualified as prerequisites

- > Compliance with laws and regulations
- > Listening to stakeholders
- > Business ethics and anti-corruption
- > Creating sustainable economic value

### Cross-cutting material topic

- > ESG factors integration into the Group governance

2i Rete Gas is the result of a process of acquisitions that over time has led the Group to being committed to aggregating, integrating and consolidating multiple realities in the natural gas distribution sector.

Today the Group operates nationwide in both provincial capitals and small Municipalities and works daily to fulfil its role as a concessionaire of a public utility service, guaranteeing high performance levels and constant attention to the challenges facing the sector.

**2,193**

Concessions managed

**18**

Regions

**70** thousand

km of network managed

**4.5** million

Redelivery points

**6.4** billion

m<sup>3</sup> of gas transported

**2,029**

Employees

# GROUP PROFILE



# HIGHLIGHTS, HISTORY AND CORPORATE STRUCTURE

*2i Rete Gas represents a reference point in the Italian natural gas distribution industry.*

The Group currently operates at a national level, is present in 18 regions and 114 Minimum Territorial Areas (ATEMs) where, at the end of 2021, with the work of more than 2,029 people it has come to manage 2,193 concessions and about 70 thousand km of network through which it has distributed 6.4 billion cubic meters of gas on behalf of 303 sales companies to over 4.5 million network end customers, ranking as the second national operator in the industry.

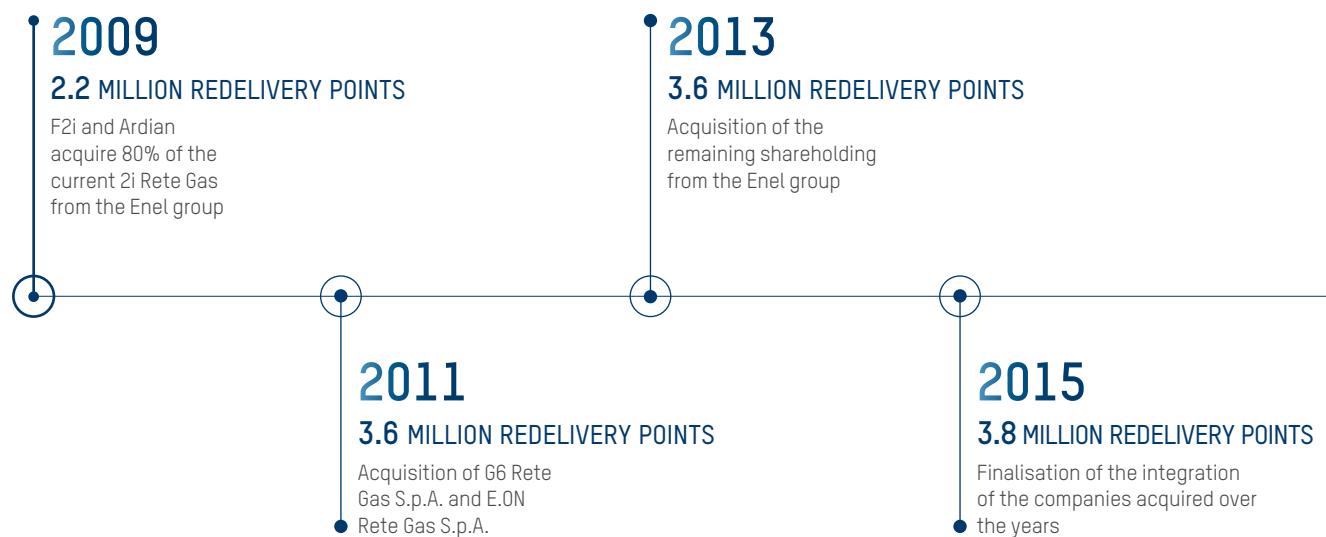
This ranking was driven by a long-standing history that has its

roots in the last century following the first methane pipelines developed across the Italian territory, and by a major path of expansion through acquisitions started in the early 2000s. This growth was achieved through the acquisition of several companies – all engaging in gas distribution and measurement and owning a strong know-how in the design, construction and operation of networks – and was characterised by an ongoing process of harmonisation and integration between the business models, protocols and systems of the various entities acquired and the wealth of skills and management and operational tools

developed internally. This expansion path led the Parent Company (which has been operating as an independent distributor since 2009 and was indeed the first operator in Italy to take on this role) and its subsidiaries to form a Group which, by relying on highly skilled in-house resources in the rigorous conduct of its core business, has always stood out for its ability to pick up and own the challenges facing the industry.

With regard to the many acquisitions and integrations of companies operating in the gas distribution industry that marked the company external growth path in view of the effects expected

## Major milestones



from local calls for tender, emphasis is placed on the following acquisitions and integrations: 2009 - Enel Group distribution network (acquisition of Enel Rete Gas); 2011 - Italian distribution networks of the German Group E.ON (acquisition of E.On Rete Italia) and of the French Group GDF Suez (acquisition of G6 Rete Gas), integrated respectively in 2012 and 2013.

The latest operations include the following acquisitions:

- 2i Rete Gas Impianti S.p.A. (formerly Nedgia S.p.A. - Gas Natural Fenosa group), Italy seventh distributor at that time, with 223 concessions, about 460 thousand managed clients and a network spanning 7,300

kilometres, with integration already completed in 2019;

- Compagnia Generale Metanodotti S.r.l., a distribution company operating in the municipality of Cadeo (Piacenza), already integrated in early 2019;
- Montelungo Gas S.r.l., Maierà Gas S.r.l. and Cometam Gas S.r.l., companies with a network spanning 60 km in Campania and Calabria, previously owned by Bonatti Investimenti S.p.A., already integrated in 2020;
- Powergas Distribuzione S.p.A., a company operating in the gas distribution system in 14 municipalities in the provinces of Benevento

and Avellino, already integrated in 2021;

- most recently, during the year under review, Infrastrutture Distribuzione Gas S.p.A., a distribution company acquired by Edison S.p.A. of the EDF group, operating in 58 municipalities with about 152 thousand clients managed and a distribution network spanning about 2,700 kilometres, already successfully integrated at the end of 2021.

With the aim of rationalising and focusing on activities and competencies that are not strictly related to gas distribution, although they are strategic for service management pur-

## 2018

### 4.4 MILLION REDELIVERY POINTS

Acquisition of Nedgia S.p.A., Gas Natural Italia S.p.A. and Compagnia Generale Metanodotti S.r.l. and organisational integration of 2i Rete Gas Impianti S.p.A. (formerly Nedgia S.p.A.) within the Group

## 2020

### 4.4 MILLION REDELIVERY POINTS

Acquisition of Montelungo Gas S.r.l., Maierà Gas S.r.l., Cometam Gas S.r.l. and Powergas Distribuzione S.p.A.

Transfer to 2i Rete Dati S.r.l. of the infrastructure and operations pertaining to remote reading and remote management of smart meters installed at redelivery points.

## 2019

### 4.3 MILLION REDELIVERY POINTS

Investment for the creation, in joint venture, of an ad hoc company for the promotion of energy saving

## 2021

### 4.5 MILLION REDELIVERY POINTS

Acquisition and integration of Infrastrutture Distribuzione Gas S.p.A.

poses, effective 1 January 2021 2i Rete Gas S.p.A. transferred to its wholly owned subsidiary **2i Rete Dati S.r.l.** the infrastructure and operations dedicated to remote reading and remote management of smart meters installed at redelivery points pursuant to ARERA Resolution 155/2008, as amended.

Lastly, the Group also completed the plan for the disposal of the remaining concessions for the management of integrated water system operations. In this connection, effective 1 January 2021 it assigned to "Sogea S.r.l." the drinking water supply contracts with the municipalities of Ventimiglia di Sicilia, Ciminna and Baucina in the Province of Palermo, as well as the ownership of the plants supplying water to the municipal distribution networks and the building used as aqueduct relay station, while it assigned to Rivieracqua S.c.p.A. the business relating to the distribution of drinking water in the munic-

ipalities of Riva Ligure and Santo Stefano al Mare, in the Province of Imperia.

As a result of the above-mentioned corporate and business rationalisation efforts, in addition to a 100% interest in **2i Rete Gas S.r.l.**, the company managing the gas distribution service in the Municipality of Cinisello Balsamo, and a 100% interest in **2i Rete Dati S.r.l.**, 2i Rete Gas S.p.A. currently holds a 60% interest in **Cilento Reti Gas S.r.l.**, a project company the remaining 40% of which is held by Bonatti S.p.A. as construction partner, and a 60% interest in **2i Servizi Energetici S.r.l.**.

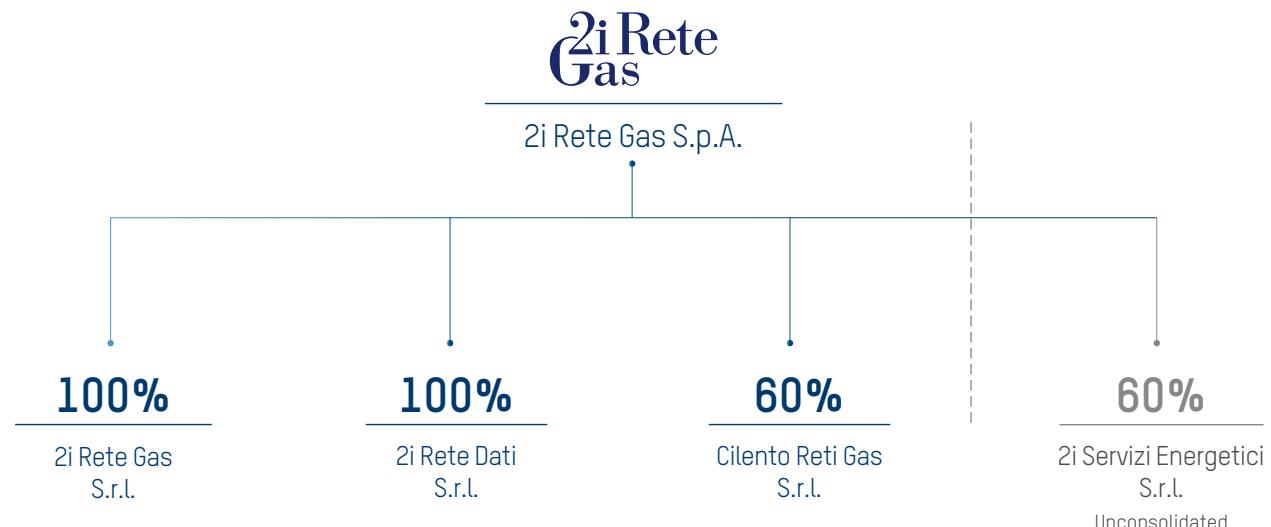
**Cilento Reti Gas S.r.l.** operates under a public concession system for the design and construction of the network and the management of the natural gas distribution service in the area of Busento, Lambro and Mingardo, and in the areas of Gelbison e Cervati, Alento and Monte Stella. The company is involved in

the construction of the natural gas distribution system in the 31 Municipalities that are parties to the agreement signed in 2010, securing investments for the construction and expansion of infrastructure and investments intended to guarantee the safety of the plants, continuity and quality of service, protection of the environment as well as streamlining of organisational and operational efficiency.

In 2021, in line with the company plans, Cilento Reti Gas completed several commercial initiatives designed to increase network end client connections in the municipalities activated in 2020 and started the construction of distribution plants in the municipalities of Torre Orsaia and San Giovanni a Piro.

**2i Servizi Energetici**, established in 2019 as a joint venture with Tekne Esco (which holds the remaining 40% of the share capital), is the Group company engaging in the development and mar-

## The Group as at 31/12/2021



keting of energy efficiency initiatives for public and private entities. The company, it should be noted, is not included in the Group scope of consolidation.

The progressive **simplification of the corporate structure and the definition of an organisational structure capable of exploiting the synergies that are necessary to achieve continuous performance improvement** are some of the drivers that have accompanied and continue to characterise the Group constantly evolving history. From a cor-

porate point of view, the subsidiaries of 2i Rete Gas S.p.A., according to current service contracts and to guarantee the highest performance levels in widespread local areas, benefit from the activities of the central and local organisational structures of the Parent Company, which include:

- a central management office in Milan, mainly dedicated to staff activities;
- four branch offices dedicated to staff activities in Verona, Frosinone, Acquaviva delle Fonti (Bari) and Selvazzano Dentro (Padua);

none, Acquaviva delle Fonti (Bari) and Selvazzano Dentro (Padua);

- six Territorial Departments that co-operate with 24 Operational Areas which, in turn, manage the territory of competence.

This organisation consists of a streamlined and flexible structure, able to adapt quickly to the changing context and respond to the needs of the categories of Clients with whom the Group has relations.

## Territorial Departments

<span style="color: yellow;">■</span> NORTH
Biella
Como-Valtellina
Costa Masnaga
Tradate

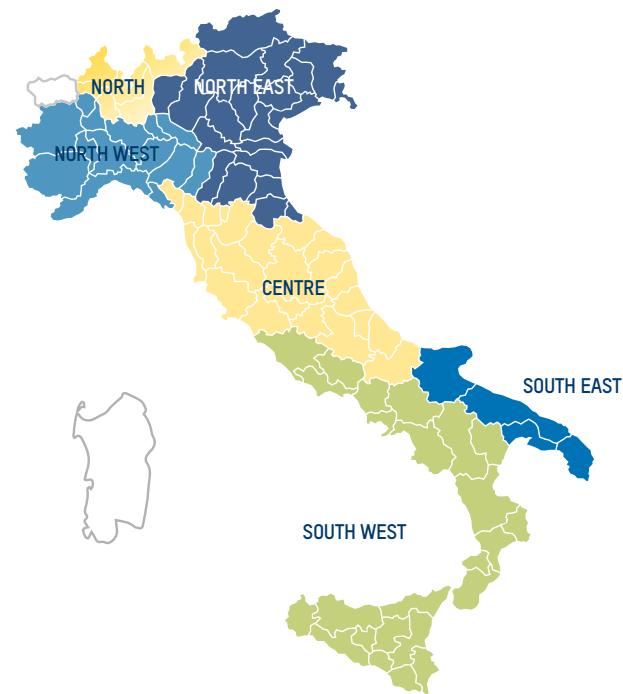
<span style="color: darkblue;">■</span> NORTH EAST
Bergamo
Mira
Rovigo

<span style="color: darkblue;">■</span> NORTH WEST
Castellazzo-Bormida
Milano Sud
Piacenza
Albenga

<span style="color: yellow;">■</span> CENTRE
Massa
Perugia
L'Aquila
Viterbo
Chieti

<span style="color: lightgreen;">■</span> SOUTH WEST
Frosinone
Napoli
Catania
Palermo

<span style="color: darkblue;">■</span> SOUTH EAST
Foggia
Bari
Taranto
Lecce-Brindisi



# GOVERNANCE

*The governance model of the Group is based on the principles of integrity, fairness, and business ethics.*

The system of corporate governance rules together with the set of decision-making processes guide the Group towards the creation of value for shareholders, the protection of stakeholders' interests, and ensuring transparency in relations with them, as well as towards the control of corporate risks.

## OWNERSHIP STRUCTURE AND LEGAL FORM

2i Rete Gas S.p.A. is a joint-stock company that in May 2021 underwent partial reorganisation. However, this

process did not change the balance and stability of its corporate governance, with the shareholding structure currently consisting of the following companies:

- **F2i SGR S.p.A.**, a major national independent asset management company engaging in the collection and management of funds for investment in the infrastructure sector, acting as management company of "F2i – Terzo Fondo per le Infrastrutture", being 2i Rete Gas S.p.A. majority shareholder (holding 63.90% of its share capital);
- **APG Asset Management**, one of the world's largest pension fund managers that invest in the infrastructure

and energy industry globally with assets under management totalling approximately € 573 billion, being the **second main shareholder**, with a 22.42% equity interest (through a 62.2% interest held by Finavias S.à.r.l., which directly owns 36.04% of 2i Rete Gas S.p.A share capital);

- **Ardian**, an independent international investment company that manages investments of approximately € 90 billion in the infrastructure industry across Europe, North America and Asia, being the **third main shareholder**, with a 13.62% equity interest (through a 37.8% interest held by Finavias S.à r.l., which directly holds 36.04% of 2i Rete Gas S.p.A. share capital, as mentioned above).

## Shareholding structure of 2i Rete Gas S.p.A. as of 27<sup>th</sup> may 2021



## GOVERNANCE STRUCTURE, DELEGATION SYSTEM AND BODIES

2i Rete Gas S.p.A. adopts a so-called traditional governance and control system in accordance with the applicable regulatory provisions, which includes the:

- Shareholders' Meeting
- Board of Directors
- Board of Statutory Auditors

with the statutory audit of the Group entrusted to independent auditors **PricewaterhouseCoopers S.p.A.** The functions and activities of these corporate bodies are governed by **law and the articles of association of the company**. With specific reference to the Parent Company, the decision-making body is the Shareholders' Meeting, which is responsible for appointing the Board of Directors, the Board of Statutory Auditors and the audit firm.

The **Board of Directors** is responsible for the ordinary and extraordinary management of the Company and has the power to carry out all the actions deemed necessary to implement and achieve the corporate purpose, except for those actions that are reserved for the Shareholders' Meeting by the applicable regulations and the Articles of Association. The current Board of Directors is composed of 8 members, 3 of whom are women.

The Board of Directors was appointed by the Shareholders' Meeting on 22 April 2021 for three financial years, with its term of office expiring on the date of the Shareholders'

Meeting to be convened to approve the financial statements for the year ended 31 December 2023. On 27 May 2021, following among other things the partial reorganisation of the shareholding structure and the resignation of Director Paolo Bugini, the Shareholders' Meeting reduced the composition of the Board of Directors from 9 to 8 members.



Board members include high-profile managers and professionals from the management team of F2i SGR, APG and Ardian, as well as representatives from the decision-making bodies of the sponsors of the infrastructure funds, identified by the Shareholders. Sitting on the Board is also an associate professor from the Department of Finance of Bocconi University, in order to represent an adequate combination of professional expertise and individual skills, while ensuring adequate gender representation.

The Board of Directors holds ordinary meetings at least once a month during each financial year, ensuring, where possible, the unanimous participation of its members. Meetings are run electronically using a modern software interface that makes it possible to view relevant documentation online, doing away with the need to use print. Videoconferencing is also available, thus ensuring the

confidentiality and traceability of all activities.

Upon appointing Directors, 2i Rete Gas S.p.A., whose share capital is not listed on a regulated market, verifies that they meet the necessary requirements of integrity and that there are no conflicts of interest with the Company.

**The Chief Executive Officer of the Parent Company is Michele Enrico De Centi**, a manager with longstanding experience in the energy and infrastructure sector. The Chief Executive Officer periodically provides the Board of Directors with detailed information on the Company operating performance and the exercise of his delegated powers. He also reports on average once a month, on sustainability issues, with special reference to the management of issues pertaining to employee safety and management and keeps abreast of developments in industry regulations that could have an impact on the Group performance. Annually, the Chief Executive Officer submits to the Board of Directors the draft of the Consolidated Non-Financial Disclosure as well as, if applicable, the updated Framework and Sustainability Policy, together with a progress status report and an update on the three-year Plan.

The Board of Directors of 2i Rete Gas S.p.A. also set up a **Tender Executive Committee**, consisting of 4 members of the Board of Directors (3 at present, pending the replacement of Mr. Bugini who left on 27 May 2021) and chaired by the Chief Executive Officer, the purpose of which is to support the Company in evaluating and deciding on its

participation in major calls for tender. The appointment and inclusion of the fourth member of the Committee was postponed for the time being, given the small number of tenders announced so far, the underlying goal being to first consolidate the Board's assessment and decision-making processes and, in general, the shared standard regarding procedures and assessment criteria.

The companies that are directly controlled are wholly owned by the Parent Company and are subject to its management and coordination, with a Sole Director at the top. Cilento Reti Gas S.r.l., a company that manages the concession and the project for the construction of a methane distribution network in the Cilento area, controlled through 2i Rete Gas S.p.A. that holds 60% of the shares while the remaining 40% is owned by the construction company Bonatti S.p.A., is the only one governed by a Board of Directors with directors representing both shareholders. The power attribution and delegation system implemented by the Group consists of a structured system of general powers of attorney and delegation of functions pursuant to Italian Legislative Decree no. 81/2008, Italian Legislative Decree no. 231/2001 and Regulation (EU) 2016/679, aimed at ensuring the operations of the company in terms of effectiveness and efficiency, and the correct allocation of responsibilities in terms of regulations and management.

## BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors monitors compliance with the **law, memorandum of association** and articles of association and discharges **monitoring functions in terms of compliance with the principles of proper administration in the performance of corporate activities**. It also verifies the **adequacy of the organisational, administrative and accounting structure** adopted by the Company and its actual functioning. The Board of Statutory Auditors consists of 3 standing auditors and 2 alternate auditors who may be re-appointed and remain in office for three accounting periods. The current Board of Statutory Auditors was appointed by the Shareholders' Meeting on 22 April 2021 for three financial years, with its term of office expiring on the date of the Shareholders' Meeting to be convened to approve the financial statements for the year ended 31 December 2023. In accordance with the provisions of article 19 of Legislative Decree No. 39/2010 on control bodies in Public Interest Entities, the Board of Statutory Auditors is also qualified as **Internal Control and Audit Committee**. It also oversees the **financial reporting process, the effectiveness of the internal control and risk management systems, independence of the statutory auditor or of the independent auditors**, in particular as regards the provision of non-audit services to the body whose accounts must be audited.

## SUPERVISORY BODY

The Supervisory Body **monitors the functioning of and compliance with the Company Organisation, Management and Control Model and makes sure that it is updated**. 2i Rete Gas S.p.A. and the companies of the Group have appointed a Supervisory Body in accordance with Legislative Decree No. 231/2001. With regard to the Parent Company, the current Supervisory Body, which was appointed by the Board of Directors and whose term of office will expire in conjunction with the latter's, consists of the following 3 members, who were, among other things, appointed both in pursuance of law requirements as well as with the aim of relying on the combination of diverse professional skills and experiences: Daniela Mainini, a criminal lawyer with proven experience also in the field of liability under Italian Legislative Decree No. 231/2001, acting as Chairman; the Chairman of the Board of Statutory Auditors, Giovanna Conca, acting as a full member; and Maria Cristina Fortunati, Head of Legal and Corporate Affairs, acting as a full member. Such a composition ensures ongoing exchanges also with the Board of Statutory Auditors and a link with the Company Legal and Corporate Affairs unit, which is responsible for overseeing the Company activities from a legal perspective.

## Board of Directors of 2i Rete Gas S.p.A.

**Ugo De Carolis** - 1965

Chairman  
of the Board of Directors

**Carlo Michelini** - 1968

Deputy Chairman and Member  
of the Tender Executive Committee

**Michele Enrico De Censi** - 1966

Director  
Chief Executive Officer  
and Managing Director Chairman  
of the Tender Executive Committee

**Marion Calcine** - 1984

Director and Member  
of the Tender Executive  
Committee

**Rosaria Calabrese** - 1978

Director

**Carlo Maddalena** - 1987

Director

**Prof. Stefano Gatti** - 1967

Director

**Alessandra Polerà** - 1978

Director

## Board of Statutory Auditors of 2i Rete Gas S.p.A.

**Giovanna Conca** - 1958

Chairman

**Marco Giuliani** - 1959

Standing auditor

**Giovanni Cappa** - 1959

Standing auditor

**Walter Bonardi** - 1946

Alternate auditor

**Ercole Fano** - 1986

Alternate auditor

# RESPONSIBLE BUSINESS MANAGEMENT

*The Group operates in the natural gas supply chain and carries out its business in compliance with the regulations issued by the Regulatory Authority for Energy, Networks and Environment (ARERA), which sets out the terms and procedures for accessing infrastructure capabilities and delivering gas distribution and measurement services, as well as tariffs for the remuneration of activities carried out under a public concession system.*

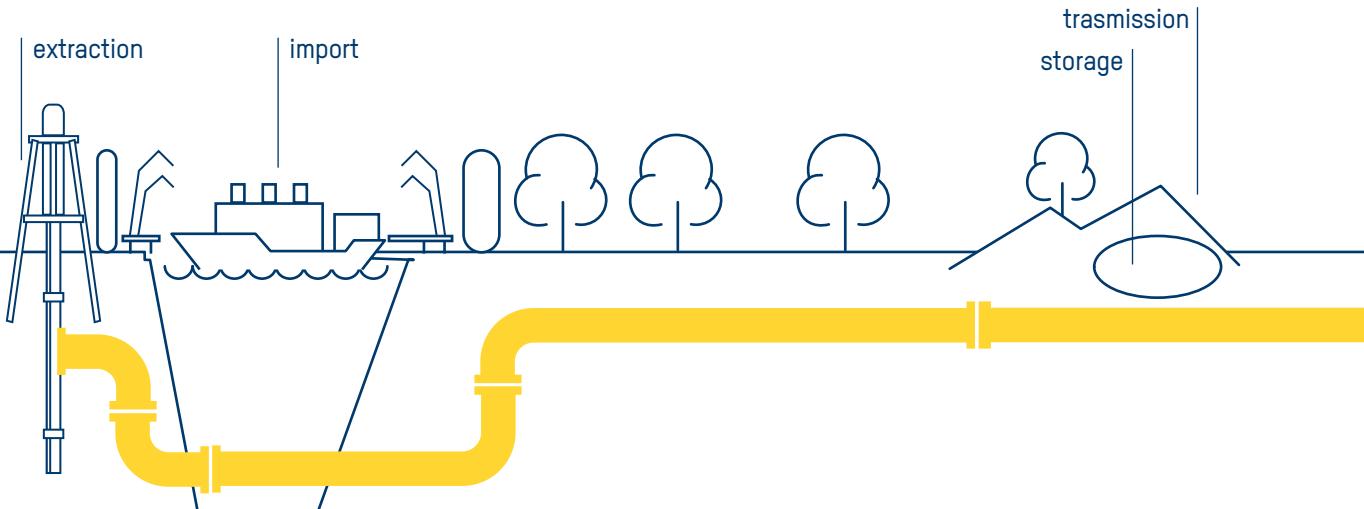
Indeed, gas distribution is the activity that, through an **infrastructure integrated system** (withdrawal stations, pressure reduction units, distribution

networks, redelivery points and meters) ensures the withdrawal of gas from the national transmission network to be redelivered to the network end clients (domestic or industrial) on behalf of the sales companies authorised to market the supply.

Aware of its role, the Group carries out its activities by pursuing **operational excellence**, applying methods of continuous **improvement** and compliance with criteria of **efficiency and economic management**, offering high levels of performance and striving to ensure a sustainable evolution of the gas distribution infrastructure in the medium to long term. This in the full conviction

that the conduct of its core business goes beyond the supervision of the infrastructure under management and the service provided, because distributing methane means making available the most flexible and cleanest energy resource among traditional fuels and thus guaranteeing significant benefits in terms of safety and environmental protection, such as continuity of supply, flexibility of use, reduced environmental impact and integration with the electricity produced from renewable sources, thus contributing to improving the quality of life of the communities in which it operates and accompanying the development of the areas served.

## Natural gas supply chain



# Mission and Values

*Consistent with the foregoing, the Group mission is to manage, develop and enhance gas distribution networks and infrastructure, with the aim of continuous improvement and operational excellence and to pursue technological innovations for a new energy model that reduces environmental impact and continues to efficiently meet the Country energy needs.*

Moreover, the following are the guiding principles which lay at the foun-

dation of its identity as a Group and guide its strategic choices and its daily operations.

- **COLLABORATION AND SHARING**
- **KNOW-HOW AND EXCELLENCE**
- **INNOVATION AND CHANGE**
- **RESPONSIBILITY AND RESPECT**

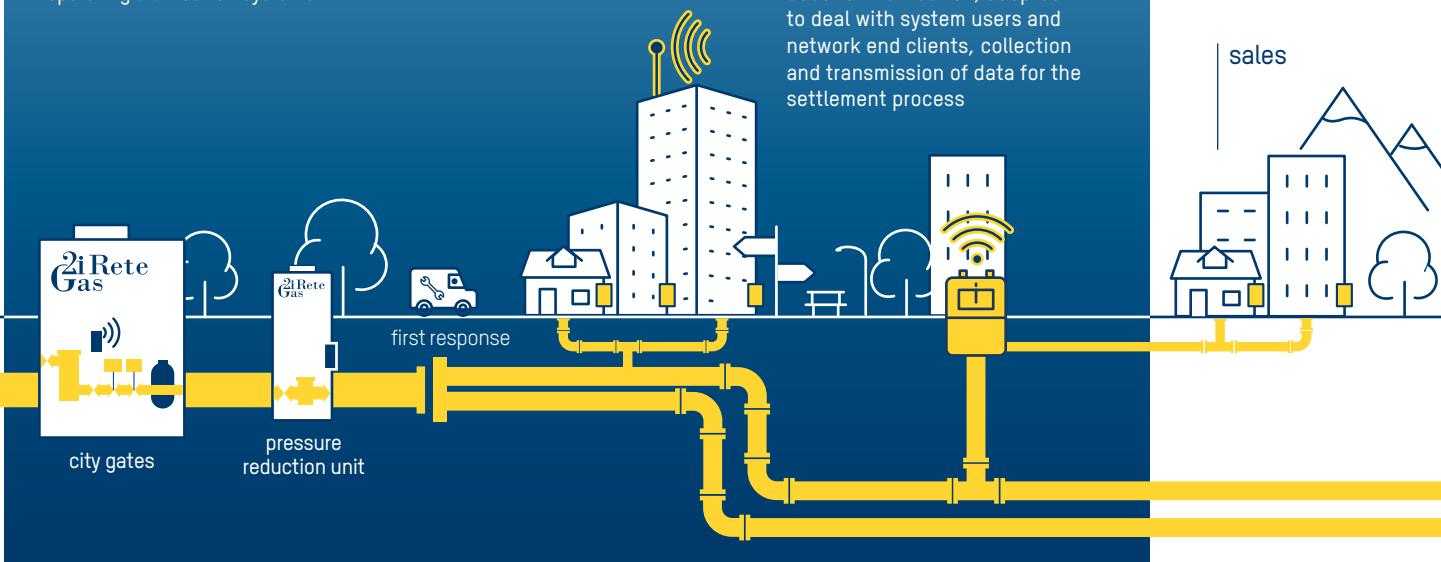
As set out in the Charter of Values, these values, taken as a whole and in line with the principles established by the Code of Ethics, the

Organisational and Management Model pursuant to Legislative Decree 231/01 and other policy documents adopted, constitute the guide on which the Group bases the conduct that 2i Rete Gas, through its staff, concretely implements inside and outside the organisation, therefore also towards the stakeholders with whom it relates and whom it considers key interlocutors to maintain its leadership as a solid, reliable, and responsible Group.

## DISTRIBUTION

The distribution service entails managing the following activities:

- > ordinary and extraordinary operation and maintenance of operating distribution systems
- > metering of consumption data
- > First Response
- > delivery of ancillary and optional services set out in the Network Code for Distribution, adopted to deal with system users and network end clients, collection and transmission of data for the settlement process



# Approach to sustainability and integration of ESG elements

By developing the above-mentioned identity values and pursuing a balanced evolution in the medium and long term, 2i Rete Gas sets out to play an active role in the transition towards a more sustainable economy from an environmental, social and governance perspective. As a result, in 2021 the Group continued to develop the process, started in previous years, with the aim of consolidating the progressive **integration of ESG factors into its corporate governance** and thus strengthening the supervision of its approach to sustainability within its strategy and operations.

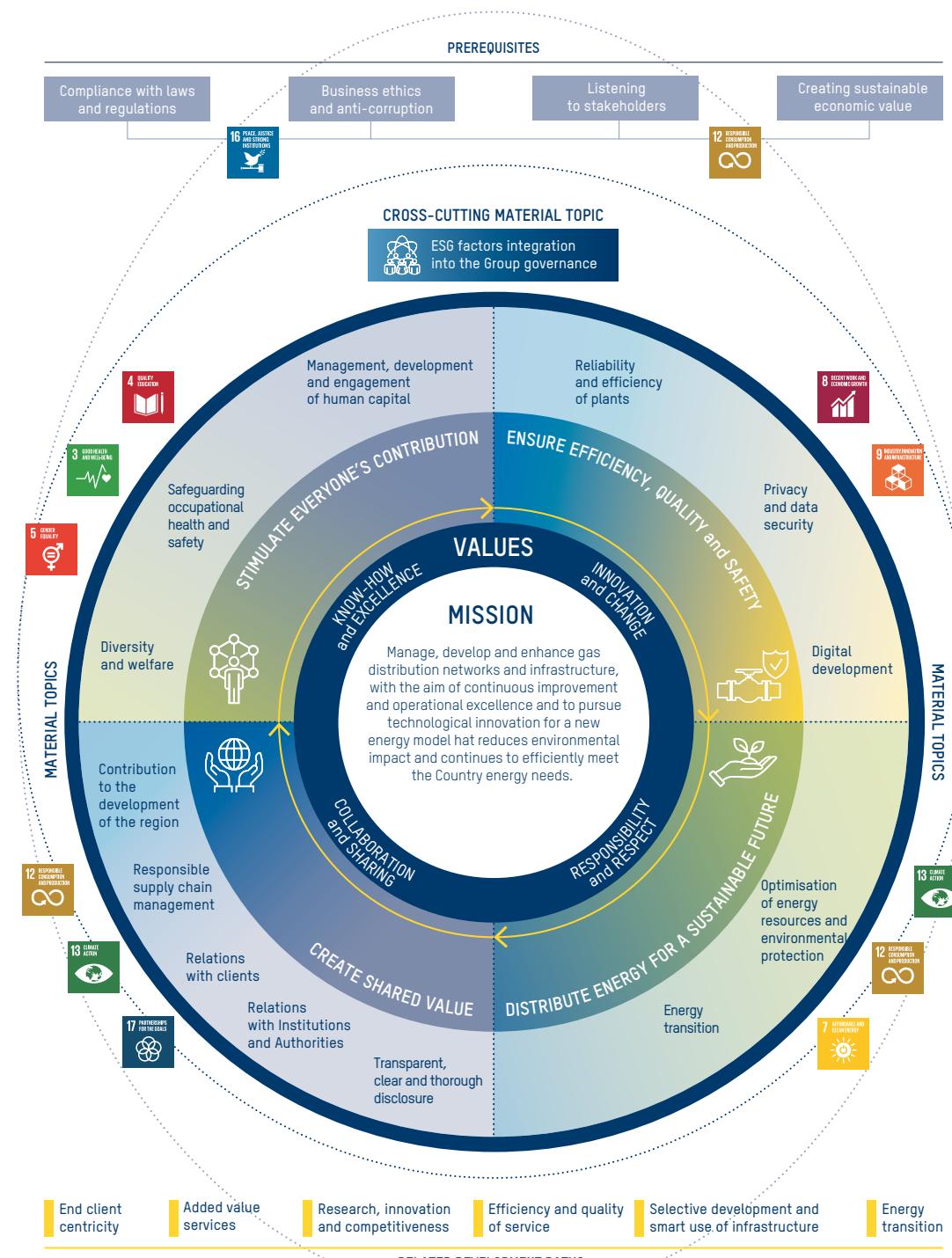
## FRAMEWORK

The approach that 2i Rete Gas has defined and intends to develop from an environmental, social and management perspective is reflected in the Sustainability Framework, which was first defined at the outset of the path referred to above. Consistent with the Mission, corporate values, material topics and reference SDGs, it:

- first, highlights the **prerequisites**, i.e., the aspects considered as essential to ensure responsible management of company activities, as well as, the creation of sustainable and lasting value over time: Compliance with laws and regulations; Business ethics and anti-corruption; Listening to stakeholders and Creating sustainable economic value;
- illustrates the **four priority lines of action** that 2i Rete Gas, by relying on the most widely accepted standards of responsible business and setting such standards against its own operating backdrop, has identified to contribute to achieving a more sustainable future: Stimulate everyone's contribution; Ensure efficiency, quality and safety; Distribute energy for a sustainable future and Create shared value. The ensuing **commitments** are intended for the **four interconnected ecosystems** with which the Group interacts in conducting its business: People; Assets; Environment and Stakeholders;
- sets out the contribution that, through concrete actions, 2i Rete Gas intends to make to achieve **some of the 17 Sustainable Development Goals (SDGs)** promoted by the United Nations;
- reflects a **circular approach**, because the Sustainability Plan that originated from it allows 2i Rete Gas to monitor and report annually on its ESG performance, with a view to measuring progress achieved from time to time with respect to the established targets while maintaining an active dialogue with its stakeholders, whose interests and expectations are duly taken into account when making corporate decisions and periodically updating the materiality analysis;
- makes reference to the **development guidelines** linked to the Strategic Plan: Research, innovation, and competitiveness; Efficiency and quality of service; Selective development and smart use of infrastructure; Energy transition and End client centricity.

Albeit essentially in line with the contents of the previous edition, the Framework published in this report reflects the results of the latest materiality analysis (see "Process for the definition of topic areas and materiality").

# Sustainability Framework



## PLAN

The Sustainability Plan is a **document** prepared through a joint effort of all Departments and main corporate Functions. It **sets out sustainability goals on a four-yearly basis** and, on the longer term, according to an increasingly synergic integration of ESG aspects into strategic planning. Having its origin on the Framework and related Policy (see Policies and Certifications), it is based on **prerequisites** as well as on **material issues**, updated annually by the Group, and on **reference SDGs**. It sets out **qualitative and quantitative goals** to be achieved in the short, medium, and long term by implementing concrete **actions** measurable through specific **KPIs** and according to specific **targets** established beforehand.



By opting for a gradual rollout of the Sustainability Plan, 2i Rete Gas aims to implement the commitments and implementation principles set out and established in the Sustainability Policy. More specifically, it plans to contribute to the achievement of some SDGs recognized as relevant to the business and consistent with the strategic guidance of the Group. The purpose of the above efforts is to underline the Company determina-

tion to run its business responsibly, by delivering on commitments aimed at creating and distributing value, while considering some **global challenges** as well as aspects that, having a significant impact on the Group financial, social and environmental performance, could, as such, significantly influence the assessments of the relevant **stakeholders**.

The 2020-2023 edition of the Sustainability Plan was formally approved by the Board of Directors of 2i Rete Gas S.p.A. in March 2020.

The Sustainability Plan is **reviewed annually** subject to updating the **materiality analysis** and reporting on the periodic monitoring of the objectives and projects included therein, which are consolidated as of 31 December of the previous year and disclosed in the NFD. This task entails weighting as well as reviewing performance in relation to the results achieved as benchmarked against the established KPIs and in accordance with the guidelines previously implemented. This phase also allows some goals and/or projects to be revisited or additional goals to be included, possibly following the identification of new material topics and further with a view to meeting any new emerging needs. The results arising from the process of setting new goals together with the definition of the initiatives (i.e., lines of action and projects) required to achieve them, are integrated after the publication of the NFD

and are subsequently consolidated in the revision of the Plan for approval by the Board of Directors.

In 2021, the review process was carried out in accordance with the following guidelines:

- **updating**, for most of the planned initiatives, the **reference baseline** taking into account progress made through 31 December 2020;



- **specifying** in certain cases, for monitoring purposes, the KPIs to be taken into account;



- **weighting** with regard to initiatives with annual or longer-term deadlines, quantitatively measurable **interim target** (as of 2021 and 2022), often **set based on an incremental approach** with a view to ensuring better performance monitoring.



In addition to this, following the findings arisen from the update of the materiality analysis carried out in 2020, **2 new goals** were set for the Plan; all initiatives completed in 2020 within the deadline set or completed in advance were discussed to assess any possible **developments** and in **13** cases new **targets** were set to meas-

ure **performance** in the years to come as well. All initiatives with deadlines set in 2021, 2022 and 2023 were discussed to assess their relevance and, in addition, **11 new initiatives** and their respective short, medium, and long-term targets were included in the Plan. The structure of the revised Plan, formally approved by the Board of

Directors of 2i Rete Gas S.p.A. in May 2021 is based on **4 prerequisites**, **13 material topics** and **10 reference SDGs**; includes **42 goals** to be achieved by implementing **71 concrete initiatives** (i.e., action lines and projects) and sets **83 targets for 2021**, **85 targets for 2022** and **88 targets for 2023**.

## Structure of the 2020-2023 Plan as revised in 2021

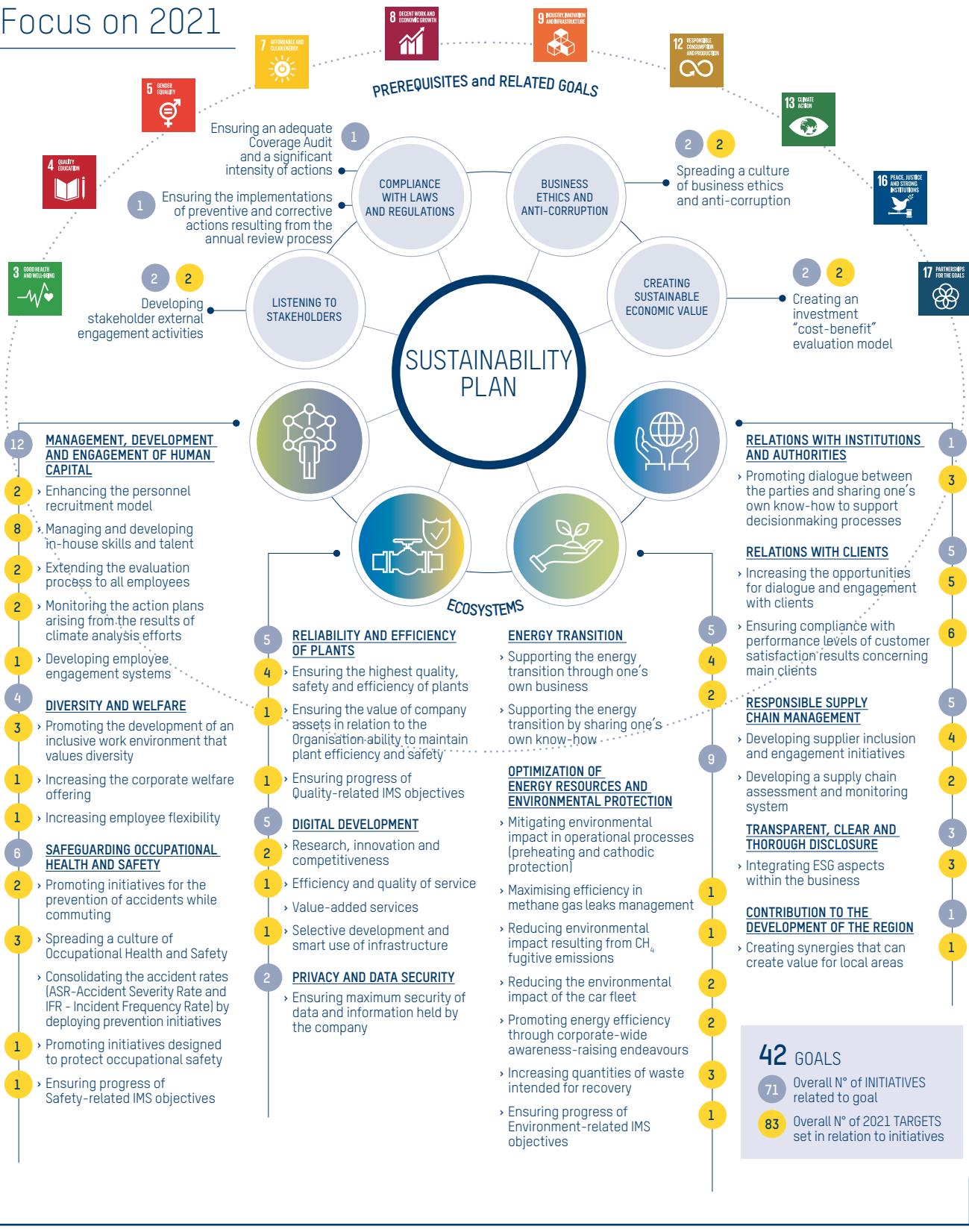


To increase awareness regarding the goals and the benefits expected from their achievement, 2i Rete Gas has

provided a summary of the Sustainability Plan to its own employees via the corporate Intranet, making it further

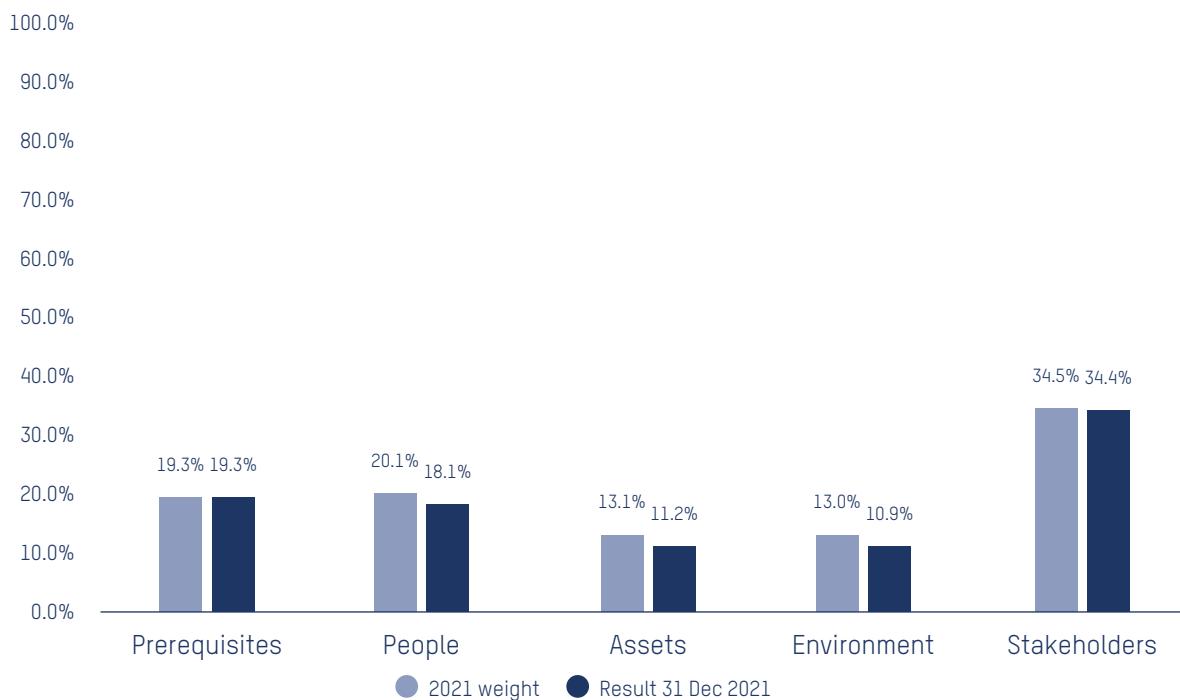
available to interested external stakeholders by publishing it on the Parent Company website.

# Focus on 2021



From a performance perspective, the **overall progress of the Plan over the four-year period** stood at 36% at 31 December 2021, consolidating a **93.80% completion rate regarding 2021 initiatives**.

## Completion rates of targets achieved compared to targets set in the Plan as at 31 December 2021



Percentage value of overall achievement of 2021 prerequisites- and ecosystems-weighted targets.



This "Report" features **insight boxes** covering several initiatives that, consistently with the goals set out in the

Plan, were implemented during the year by achieving the targets set for 2021.

## SUSTAINABILITY GOVERNANCE

In order to transfer the commitments undertaken regarding sustainability to the entire company organisation, and therefore to ensure the maintenance of the provisions stated in the Policy and achieve the goals set out in the Plan, even if specifically dedicated resources are unavailable, 2i Rete Gas has adopted a **widespread management** model considered to be functional. This model entails identifying several profiles to be tasked with supervising, in terms of implementation and monitoring, the Sustainability Plan according to different levels of responsibility.

They include:

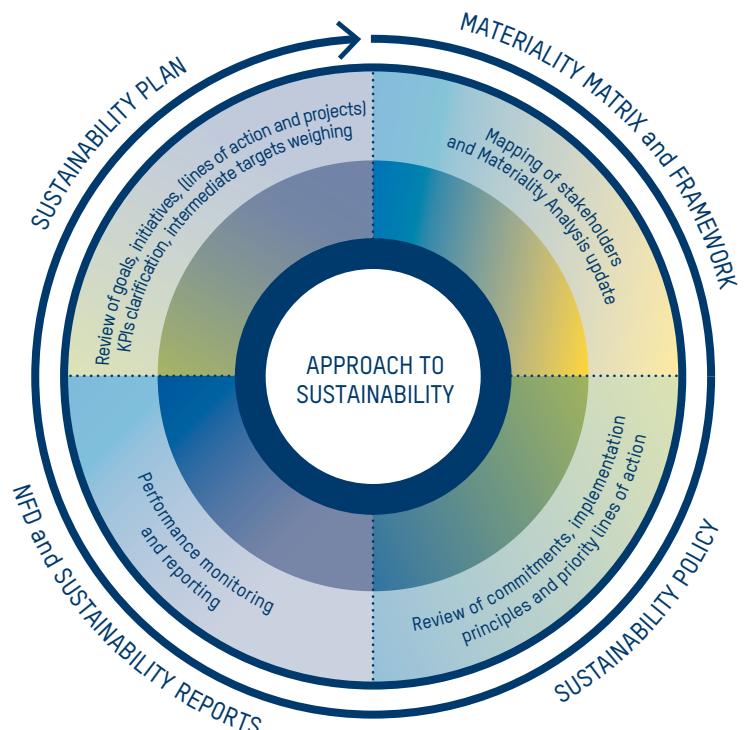
- **Sponsors** entrusted with the coordination of the projects that make up the Plan;
- **Project and Process Owners** responsible for reaching the targets set out in the Plan;
- **Data Providers** monitoring and recording progress of the project activities, providing support to Project and Process Owners.

The tasks assigned to the above profiles, as a whole, complement those pertaining to the **Sustainability and Transparency Working Group** and to the **Steering Committee** who have re-

tained their original composition as defined in 2017 and whose duties include, respectively:

- supporting the Management in matters relating to sustainability by integrating it into the business processes and suggesting a progressive development of the initiatives, assisting Project and Process Owners in reaching the targets set out in the Plan;
- defining updates to the Sustainability Policy and Plan and ensuring the achievement of the objectives formally approved by the Board of Directors.

## Approach to Sustainability



# Policies and certifications

Based on the relevant Framework, the **Sustainability Policy** is a document designed to provide guidance on corporate decisions with a view to sustainability while ensuring responsible business management. It was developed with the aim of encouraging the integration of sustainability issues into the company strategy and operations. The essence of the document is to strengthen and, at the same time, develop all those guiding values on which the Group own identity rests, raise awareness in respect of the **commitments** undertaken in the area of sustainability and set out the **implementation principles** that identify the **priority lines of action** to follow in order to pursue a balanced development in the medium and long term. Furthermore, the Policy highlights, endorses and sets out the Company belief that in order to create a sustainable long-lasting value business growth must be combined with respect for the principles of legality, integrity, impartiality and transparency, on the basis of an integrated strategy, applying at the same time continuous improvement practices as well as operation efficiency and cost-effectiveness criteria.

By providing an overview of the aspects that are relevant to 2i Rete Gas from an environmental, social and management perspective, the Sustainability Policy plays a key role with respect to the company will to

implement the gradual **integration of ESG factors into the Governance** of the Group. Indeed it steers and reflects the commitments that the Group has defined with respect to **prerequisites** and **material topics**, which are in turn set out in the Sustainability Plan.

The Sustainability Policy applies to all the Group companies over which 2i Rete Gas S.p.A. has control, together with: the laws and regulations in force, the guiding and conduct principles set out in the Group Charter of Values and Code of Ethics, the Organisation and Management Model pursuant to Italian Legislative Decree No. 231/2001, and other policy documents adopted by the Group, as pursuant to the provisions, procedures and operating instructions that govern the operations of corporate functions.

The Policy is reviewed annually and, if appropriate, reshaped according to the annual update of the materiality analysis and of the criteria guiding the evolution of the Sustainability Framework on which it is based.

The first edition of the Sustainability Policy was issued in 2020 while the second edition was formally approved by the Board of Directors of 2i Rete Gas S.p.A. on 23 March 2022. An overview of the commitments and implementation principles set out in the Sustainability Policy can be viewed by accessing the chapters making up this "Disclosure".

2i Rete Gas strives to promoting awareness of the commitments it has undertaken in sustainability in order to pursue a balanced evolution in the medium and long term, disseminating the Sustainability Policy in its entirety to employees through its corporate intranet and also making it available to interested external stakeholders by publishing it on the Parent Company website.

The **Policy on Ethics in Business** is a guidance document that harmonises, summarises, and outlines the principles, paradigms and organizational and operational controls already implemented by the Group to promote a corporate culture based on honesty, integrity and fairness. It was formally approved by the Board of Directors of 2i Rete Gas S.p.A. in March 2021 and has since been applied to all Group companies over which 2i Rete Gas S.p.A. has control. To promote awareness of this initiative, it was communicated and disseminated to the entire corporate population via the Intranet and, at the same time, was also made available to interested external stakeholders by publishing it on the Parent Company website. During the year, awareness of the Policy on Ethics in Business was also raised by delivering ad-hoc training (see Development and Training) to part of the corporate population.

With a view to enabling the Company to deliver the "Management and operation

of the natural gas distribution service" regularly, uninterruptedly and safely in compliance with the applicable binding requirements and in accordance with the reference certification standards, 2i Rete Gas S.p.A. relies on an **Integrated Quality, Health, Safety and Environment Management System** (IMS), which has been certified in accordance with the following reference standards: **UNI EN ISO 9001:2015**, **UNI EN ISO 14001:2015**, **UNI ISO 45001:2018**. It reflects the principles stated in the **Integrated Policy for Quality, Health and Safety and En-**

**vironment**, which sets out the relevant issues with respect to the three standards to which it refers. The QSE Management System Policy is **fully consistent** with the contents of the Group Sustainability Policy, on which it is based.

During 2021, audits were carried out by the Certifying Institute for the periodic Renewal of Certifications, with no findings of non-compliance. The new certificates, valid through 3 June 2024, are published on the appropriate page of the Parent Company website.

In addition to the IMS of the Parent Company, in 2021 the Quality Management System of 2i Rete Gas S.r.l. was verified, resulting in the certificate being renewed for a three-year period pursuant to standard **UNI EN ISO 9001:2015**. This certificate is also available on the Parent Company website.

The Group considers its IMS as a fundamental stimulus for staff engagement and for the continuous improvement of its business activities.

## COMPLIANCE WITH LAWS AND REGULATIONS

*Group companies carry on their businesses in compliance with the primary and secondary law provisions applicable from time to time (with special emphasis on the provisions of the Italian Civil Code, Public Contracts Code, Legislative Decree 164/2000, GDPR and the regulations on the protection of personal data, legislation on Transparency and Market Abuse, Legislative Decree*

*231/2001, antitrust regulations, etc.) as well as with the specific provisions issued by the industry authority (ARERA). The company organisation, through dedicated departments, carefully and constantly monitors the compliance of its activities with the primary and secondary regulations applicable to the Group and to the specific natural gas distribution sector.*



FUNCTION	DESCRIPTION
<b>LEGAL AND CORPORATE AFFAIRS</b>	The Legal and Corporate Affairs Function of the General Affairs Department has the task of ensuring compliance of corporate actions with the law provisions. As such, it constantly monitors and identifies the most significant amendments to primary law provisions applicable to the Company business, as well as relevant interpretation developments in case law, reporting them from time to time to the relevant divisions to ensure continuous compliance with such provisions and providing support in updating organisational documents and application procedures or practices in place. If necessary, the aforesaid function delivers training to other company divisions so that the conduct principles to be followed in relations with stakeholders are shared and complied with by all employees for the purpose of ensuring compliance with the law and preventing offences from being committed.
<b>REGULATORY AFFAIRS</b>	The Regulatory Affairs Function of the General Affairs Department ensures constant monitoring of regulatory and institutional issues, supporting the divisions concerned in interpreting significant regulatory provisions and in amending over time the organisational documents accordingly. In particular, a report is published on a monthly basis, outlining the regulatory measures that are relevant to the Company business and to the industry at large.
<b>ADMINISTRATION</b>	The Administration Function of the Administration, Finance and Control Department is responsible for ensuring the Company compliance with and the correct interpretation of all the obligations and purposes laid down by civil regulations and accounting standards regarding financial reporting and disclosure, as well as by the tax system.
<b>ENGINEERING</b>	The Engineering Function of the Operations Department monitors the national and international technical regulatory frameworks for the gas sector to ensure compliance of the gas distribution system with the legal standards and technical provisions issued by the relevant authorities from time to time. To this end, it may also adopt and circulate within the Company – through the corporate intranet – technical guidelines for the design, maintenance and operation of the systems as well as technical specifications for materials, equipment, instruments and system components.

FUNCTION	DESCRIPTION
<b>QUALITY, SAFETY AND ENVIRONMENT</b>	The Quality, Safety and Environment Function of the Operations Department has the task of ensuring that corporate organisational documentation complies with the provisions of Legislative Decree No. 81/2008, Consolidated Safety Act, by constantly updating the Risk Assessment Document and the company organisation for the protection of workers' health and safety.
<b>INDUSTRIAL RELATIONS</b>	The Industrial Relations Function of the Human Resources Department has the task of ensuring the correct interpretation of labour legislation, in conjunction with the Legal and Corporate Affairs, and contractual legislation and related updates, as well as providing regulatory updates to the Department on aspects related to benefits and wage and, in conjunction with the Administration, Finance and Control Department, tax-related matters. The Function is also tasked with ensuring the Company compliance with and correct interpretation of all the obligations and purposes under the tax system. This Function also ensures company compliance with privacy regulations and internal coordination of the Human Resources Department in relation to issues connected with the Organisation, Management and Control Model approved pursuant to Legislative Decree 231/2001.
<b>PROCUREMENT AND SERVICES</b>	The Procurement and Services Function oversees compliance with the applicable law regulations in dealings with the supply chain and in respect of contracts for works, services and supplies pertaining to the core business of 2i Rete Gas, as well as compliance with the specific rules set out in Legislative Decree 50/2016, as amended – with regard to the special sector segment – as well as Regulations governing below-threshold contracts pursuant to Article 36(8) of Legislative Decree 50/2016 applicable to works, services and supplies referring to the activities as under Article 115 of Legislative Decree 50/2016 for amounts below the Community thresholds set. The Function also checks the ethical reliability of the suppliers listed in 2i Rete Gas Register of suppliers (both qualified and to be qualified), in order to monitor and avert the risk of starting and/or maintaining commercial relations with entities belonging to organisations involved in criminal activity or other wrongdoing that may prove of significance, including under Article 80 of Legislative Decree 50/2016 (general requirements), Anti-mafia regulations and Legislative Decree 231/01.

The Group conducts its business entirely in Italy and operates in compliance with the tax system in force, duly fulfilling its duties as a taxpayer, operating in full compliance with all tax laws, regulations and practices and always cooperating with the national tax authorities with full transparency. Tax obligations relating to the Group and all its subsidiaries are managed and fulfilled by the Administration and Tax Function of the Parent Company 2i Rete Gas S.p.A., with the support of leading Italian tax firms. The operating instructions adopted by the Group in the area of taxation cover the correct calculation of direct and indirect taxes and related obligations and are aimed at defining the processes, actions and responsibilities to ensure effective and efficient processing of tax calculations for the annual financial report and all tax returns pertaining to direct and indirect taxes.



The Group tax plan, prepared each year at the same time as the Group budget, is reviewed and approved by the Head of Administration, Finance and Control and the Chief Executive Officer, taking into account the principle of prudence and strict compliance with the relevant regulations.

Operating instructions are in place covering various aspects of tax management, such as:

- preparation of periodic tax returns, including by relying on the support of leading professional firms and on data tracking technologies;
- control and management of outstanding tax liabilities, which are dealt with most expeditiously and the utmost care to ensure the appropriate conduct of the company business;
- management of so called "minor" and local taxes.

Subject to a mapping of risks, including tax-related risks, the internal control system and the Supervisory Body suggest improvements to the above-mentioned procedures and then carry out a two-yearly follow-up on all significant aspects that could lead to errors or omissions when filing tax returns.

All observations arising from the Supervisory Body's audit were implemented or are in the process of being implemented.

In addition, each quarter the Supervisory Body produces a quarterly information report on administrative matters, with special reference to those related to tax compliance.

The Group relies on tax breaks granted only when an actual business action is well matched with a reporting that can meet tax requirements. This is the case with incentives relating to 'super-depreciation' and, more recently, 'hyper-depreciation'.

The issue of taxation is also the subject of a specifically dedicated part of the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter also referred to as the "Model"), which is constantly updated (latest update on 30 November 2021).

Following the inclusion in 2020, under B of the special part of the Organisation Model, of tax offences recently introduced into the legislative landscape by Legislative Decree 74/2000, i.e. fraudulent misrepresentation by producing invoices or other records in respect of non-existent transactions, fraudulent misrepresentation by relying on other artifices, issuing invoices or other records in respect of non-existent transactions, concealing or destroying accounting records, and fraudulent evasion of tax payments, the offence of smuggling was also introduced under N thereof, pursuant to Article 25-sexies-decies of Legislative Decree 231/2001.

The text identifies the processes that are sensitive to these offences, the general principles of conduct and implementation (obligations to "do" or "not do", monitoring and prevention measures), as well as the need to instruct and comply with instructions based on the Model itself, and the review tasks lying with the Supervisory Body.

For information about the internal audit model and organisational controls, reference should be made to the specific section in the Consolidated Financial Statements, where disclosures on quantification of direct taxes reflected in the Group financial statements are also available.

# BUSINESS ETHICS AND ANTI-CORRUPTION

*As an essential prerequisite to guarantee a responsible management of its business, 2i Rete Gas is committed to carrying out its activities according to ethical principles and endeavours to promote a corporate culture based on honesty, integrity and fairness, as well as on compliance with the rules of law, impartiality and transparency principles, the laws in force, industry regulations and the institutions with which it deals.*

## TOOLS

The Group prevents the risks of active and passive corruption by implementing and applying its own first-level guidance documents, the **Charter of Values, Model of Organisation, Management and Control** pursuant to Legislative Decree No. 231/2001, **Code of Ethics, Sustainability Policy, Policy on Ethics in Business and Integrated Policy for Quality, Safety and the Environment**, whose structure, values and principles are detailed in specific organisation-related documents (provisions, procedures, operating instructions, quality manual) governing the activities of corporate functions and by updating and/or delivering training on anti-corruption regulations and policies and on responsibility as under Legislative Decree 231.

The **Policy on Ethics in Business** is a policy document that harmonises, summarises and outlines the principles,

paradigms and organisational and operational controls already implemented by the Group for an ongoing commitment to promoting a corporate culture based on honesty, integrity and fairness (see Policies and certifications; Development and training).

The **Organisation, Management and Control Model** currently adopted by 2i Rete Gas S.p.A., approved in 2011 and subject to continuous updating, aims at tracking sensitive or risky corporate processes and the related organisational, precautionary and control measures in place, with the purpose of eliminating the so-called "risk of crime" and the administrative liability for the Group pursuant to Italian Legislative Decree 231/01. The Model aims to ensure that the management of the Group is carried out in compliance with the principles of legality, correctness, transparency and traceability, in line with efficient work practices and in compliance with the provisions of the law. The current version of the Model was updated by the Parent Company on 18 November 2021 and was subsequently adopted by all the companies in the Group.

The **Code of Ethics**, which is part of the Model, defines in detail the ethical and behavioural principles which 2i Rete Gas S.p.A. and its subsidiaries and their respective employees and collaborators (as well as all other addressees of the Code of Ethics, such as members of cor-

porate boards, suppliers and consultants) are required to observe and comply in the discharge of their duties, including the principle of legality, fairness, impartiality, and personal integrity. The Code of Ethics also sets out these principles as part of the Company relations with its main stakeholders, including employees, shareholders, clients, public administrations, etc., providing precise criteria of conduct to be followed by the Company in such relations right from outset. In particular, the **Model and the Code of Ethics are published on the Group Internet and Intranet sites**.

The Model is also the subject of periodic training for employees. Such training was last delivered in 2021 within the training provided on the Policy on Ethics in Business, of which the Model is an essential part (see "Development and training"). In 2021, the online course on Model 231 was once again delivered to new hires, thus continuing the process for the spreading of regulatory notions and principles that in 2019 involved all employees, who were required to complete it within the deadlines as set by the Human Resources Department.

In the 2018-2020 three-year period, the Company employees also received extensive information and training on the specific issue of crimes related to corruption between private individuals and on whistleblowing procedures. This activity, which was organised by the Hu-

man Resources Department and carried out by the Legal and Corporate Affairs unit of the General Affairs Department, was extended to both local office as well as head-office staff.

The Model is also the subject of periodic training for the members of the Board of Directors. Every year, the Board of Directors receives a report on the activities carried out by the Supervisory Body and approves such amendments to the Model as may from time to time be necessary in order to comply with regulatory changes. In its meeting held on 19 February 2021, the Supervisory Body also provided the Board of Directors with specific training on the subject of the liability of entities for administrative wrongdoing resulting from a crime pursuant to Legislative Decree 231/2001, with special emphasis on the purposes of the regulations and its scope, the strategic significance of approving and implementing the Organisation, Management and Control Model, the role of the Supervisory Body and the information flows to the latter, with a focus also on Law No. 179 of 30 November 2017,

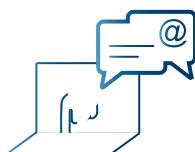
which introduced a system of protection for workers who report crimes or irregularities of which they become aware in the course of their work.

The Model includes a special section where the activities at greater risk are identified in respect of each type of crime set forth in Legislative Decree 231/2001 as a possible source of administrative liability to which the Company may be exposed. Notably, given its dual nature - being on the one hand a private entity and, on the other hand, acting as a public utility service provider in the conduct of its core business - the Company is subject to both the laws governing corruption under the Criminal Code as applicable to entities to whom public utility services are entrusted, as well as Civil Code provisions governing corruption between private individuals. According to the Model, therefore, the activities identified as involving a higher risk of corruption include both those involving relations with public institutions and bodies (e.g. granting authorities, public authorities responsible for managing methane supply project funding,

public authorities owning works that interfere with natural gas plants and distribution network, industry authorities, etc.) and those involving dealings with banks, suppliers (including selection), customers, as well as preliminary staff hiring activities.

## CONCERN AND REPORTING

As required by the Code of Ethics, the Parent Company and its subsidiaries provide stakeholders, including their own employees, with **specific communication tools** (including two certified email accounts) where they can directly report to the Supervisory Bodies of the individual companies any violations or alleged violations of the Code of Ethics and the Model. In this regard, the Company promptly arranged for its Model to comply with the rules on whistleblowing, establishing, among other things, sanctions against managers, directors and statutory auditors who infringe the privacy of the individuals raising concerns or who take discriminatory or harmful actions against such individuals because of the concerns they raised.



The companies of the Group have a dedicated mailbox for submitting reports

Supervisory Body	Code of Ethics
2i Rete Gas S.p.A.	OdV231@2iretegas.it
2i Rete Gas S.r.l.	OdV231@2iretegas.it
Cilento Reti Gas S.r.l.	CilentoRetiGasOdV@2iretegas.it

In addition, during 2021, the certified email (PEC) addresses where to submit reports was more prominently displayed on the Parent Company website and Intranet to make access easier.

Whenever a report is submitted, including upon recommendation of the Internal Audit Function or the directors, the Supervisory Body collects, reviews and stores all the information received and evaluates them carefully and impartially, establishing their truthfulness and validity and ensuring anonymity with regard to the name of the person submitting the report. To this end, it adopts appropriate measures to ensure the confidentiality of the identity of the person submitting the report and, consequently, to avoid any form of reprisal or discrimination. In 2021, no anonymous reports were received, as in previous years, whilst three non-anonymous reports were received, including two relating to complaints about alleged inefficiencies. They were forwarded to the relevant Company functions. The third report was dealt with by the Supervisory Body by providing a specific answer to the reporting party. Based on its findings, no liability was identified against the Company and its representatives.

In addition, each corporate department provides the Supervisory Body with a four-monthly report, in which they illustrate, with reference to the four-month period, the main activities carried out with regard to internal supervision measures and controls performed in compliance with the Model, as well as any concerns raised in respect of events that may have occurred as part of potentially relevant company activities with a view to Legislative Decree 231/2001.

The Supervisory Body reviews the individual reports, asks for clarifications and additions as appropriate and, unless specific reports need to be filed, provides an overview of the information collected, which is then shared with the directors of the company concerned.

With reference to the internal concerns raised through the periodic reports, the Parent Company took, from time to time, the necessary measures, such as audits and in-depth investigations conducted by the Internal Audit department; infliction of disciplinary measures; fulfilment of requests for information received by the Company from law enforcement agencies; audits on contractors. These measures were reported to the Supervisory Body. None of the information contained in these reports is relevant for the purposes of any administrative liability of the Company pursuant to Legislative Decree 231/2001.

The Model states that in case of infringement of the provisions set out in Model itself (and, therefore, of the corporate procedures that form an integral part thereof) committed by any employee, 2i Rete Gas S.p.A. will adopt the sanctioning measures set forth in the Model, with reference being made in this respect to the Disciplinary Code (as defined in the national collective bargaining agreement applicable to the Gas and Water industry). During the course of 2021, three disciplinary sanctions were inflicted (one of which of a non-conservative nature) against employees whose conduct was found to be contrary to the Code of Ethics.

## FURTHER ACTIONS

As part of the policies aimed at fighting corruption, and in general of the

policies for the compliance of company conduct with law provisions, with the principles of company ethics and with the rules of conduct set out in the Company Code of Ethics, in 2021 efforts continued regarding the **update of the mapping of conflicts of interest, whether potential or otherwise, declared by the employees**. Consistent with the procedure started in 2019, the process was implemented within an IT platform that allowed a complete report to be drafted in compliance with current privacy provisions and be updated in real time on a regular basis, thus being instrumental in preparing an action plan with a view to handling and monitoring sensitive cases.

The final reports and relevant measures adopted by the Company with a specific action plan were shared with the Chief Executive Officer. Investigation is scheduled to take place every two years. Last but not least, it should be noted that in order to ensure that the Company meets the essential requirements for participation in public tenders, audits are conducted on a **regular and ongoing basis regarding criminal proceedings pending or previous convictions against all natural persons working for the Company**, whether as directors, members of the Board of Statutory Auditors and of the Supervisory Body or acting as mere attorneys. These audits ensure that the Company operates by relying on natural persons who have not committed crimes of such nature and extent as to affect the Company status as a dependable public utility service provider (crimes under Article 80 of Italian Legislative Decree No. 50/2016, also with reference to compliance with anti-mafia legislation).

# RISK MANAGEMENT

*The Group internal governance and risk management system consists of the set of tools necessary or useful for directing, managing and monitoring business activities.*

Its purpose is to ensure compliance with laws and corporate procedures; to protect company assets; to manage activities effectively and efficiently; and to provide accurate and complete accounting and financial information.

The Group has implemented an approach to manage all the risks that may affect the conditions underpinning the creation of value by setting up a system for identifying, assessing, managing, and controlling risks. The Group internal control and risk management system is based on an integrated control scheme, with the identification of the tasks of each body and department involved, and with concrete methods of coordination between them.

**THE BOARD OF DIRECTORS**, including by virtue of the powers granted to the Chief Executive Officer, **defines the policy for the internal control and risk management system**, also with the support of the Internal Audit function it also **periodically checks the adequacy and effective functioning of the system**, ensuring that the main corporate risks are identified and managed.

**THE BOARD OF STATUTORY AUDITORS**, acting also as the "Internal Control and Audit Committee", **oversees the effectiveness of the system**.

**THE AUDIT FIRM** carries out the legal audit, expressing an opinion on the separate and consolidated financial statements and presenting the results of the statutory audit in a special report; during the financial year, it also **carries out audits on how the company accounts are kept as required and on the correct recording of the corporate activities in the books**.

**THE SUPERVISORY BODY**, in turn, **carries out periodic checks and specific audits** on relevant corporate processes in order to determine compliance with the Model and the Code of Ethics.

**THE INTERNAL AUDIT FUNCTION** (which also acts as Compliance Officer) is the body that verifies the functioning and adequacy of the internal control system, in compliance with **Code of Ethics, Organisational, Management and Control Model pursuant to Legislative Decree 231/01 and the Charter of Values**.

As a matter of fact, by focusing on issues that are particularly significant for the Group business and compliance, the Internal Audit function plays a role firstly in raising the organisation awareness and perception of the corporate risks that lie ahead, and secondly, in empowering the various dotted-line and regional representatives urging them to draft appropriate preventive and corrective action plans to mitigate such risks.

The Internal Audit function, once completed its activities, reports to the Board of Directors on an annual basis – when

the consolidated financial statements is presented for approval – on the activities carried out, the results achieved and the audit strategies included in the plan drawn up for the following three years. On this occasion, it also submits an annual assessment of the reliability of the company control system to the Board of Directors and the corporate control bodies, in accordance with the criteria of the Co.SO Report.

More specifically, the following activities are planned for the next 2022-2024 three-year audit plan:

- drafting the annual risk analysis, setting forth the related methodological guidelines (according to ERM - Enterprise Risk Management and CRSA - Control Risk Self-Assessment, international best practices), checking the adequacy of the assessments made on general business risks and legislative and regulatory compliance risks;
- carrying out merit assessments on process and compliance controls in place, making reference to the audit tasks performed up to that point and planned for the following three years;
- performing an intensive "audit coverage", whereby, with reference to the 2014-2024 period, audit activities will cover all processes and all regional company areas several times;
- monitoring the complete and effective implementation of the preventive or corrective action plans

required during audits in previous years, the implementation of which has been entrusted to the various functions and regional areas;

- continuing extensive reliance on follow-ups on key corporate processes, checking the actual improvement made to the internal control system, as required under the above-mentioned action plans carried out by the various company functions concerned;
- relying on ‘continuous monitoring’ feedback to support corporate functions in their efforts to improve their independent control system.

**THE DATA PROTECTION OFFICER (DPO)**, appointed in 2018, is responsible for **informing and advising the Data Controller and Processors** (and employees that process personal data) **on the obligations arising from EU legislation (notably Regulation (EU) 2016/679) and Italian legislation and for monitoring compliance**. When required, they must give their opinion on the possibly data protection impact assessment, as well as monitor the process in accordance with Article 35 of the Regulation. They must also **cooperate with the Data Protection Authority and act as a point of contact** on matters relating to the processing of personal data.

With specific reference to the monitoring of the obligations deriving from Regulation EU 2016/679 (GDPR), in addition to appointing the DPO the Company:

- formalised and disclosed the Record of processing activities [Ar-

ticle 30 of GDPR], as a reference basis for proper planning and verification of security measures and the related Operational Instruction for its management;

- appointed and empowered internal data Processors (Article 28) and external data Processors (contractors and service providers of 2i Rete Gas) (Article 28), defining the contractual clauses to be included in the formal relationships with external Processors;
- drafted operating instructions intended for authorised persons;
- prepared disclosures to be provided to various parties concerned (clients, personnel, contractors, suppliers, third parties), in relation to each processing carried out within the scope of the company activities, collecting their consent whether necessary (Article 6);
- delivered training to employees (Article 29);
- implemented and monitored security measures for electronic and paper-based processing (Article 32);
- conducted a Risk Analysis and impact assessment (DPIA - Data Privacy Impact Assessment) (Articles 35 and 36), which are designed to identify in advance, in relation to each processing operation, the appropriate countermeasures to ensure adequate security by adopting appropriate technical and organ-

isational measures, significantly reducing the impact and likelihood of personal data breaches, while monitoring the effective implementation of such assessments and measures;

- prepared and provided employees with a Handbook including the rules of conduct and security measures implemented and set out in the new Regulation EU.

**THE QUALITY, SAFETY AND ENVIRONMENT FUNCTION**, with a view to ensuring compliance with the standards mentioned above, **carries out internal audits extended also to ensuring compliance with respect to the Consolidated Law on Safety (Italian Legislative Decree no. 81/2008), the Consolidated Law on Environment (Italian Legislative Decree no. 152/2006 and Part I of the Consolidated Law on the regulation of quality and tariffs of gas distribution and metering services for the regulatory period 2020-2025** (Resolution No. 569/19 of ARERA).



The Risk Management Model is described in section 14 of the 2021 Annual Financial Report, and for risks related to climate change reference must be made to the “Progressive alignment with TCFD Recommendations” insight box.

# Major risks regarding key topics

TOPIC AREA	ASSOCIATED RISKS	STAKEHOLDERS INVOLVED	RISK MANAGEMENT METHODS
<b>MANAGEMENT OF ENVIRONMENTAL TOPIC</b>	Dispersion and inefficiency of the gas distribution network	Environment and communities	Extensive monitoring of the network with equipment to search for leaks Planned verifications Odorization level checks Scheduling network upgrade work
	Non-optimal consumption	Environment and communities	Implementation of energy saving projects concerning the gas used for preheating Upgrading car fleet with lower environmental impact vehicles Actions to improve energy efficiency of buildings
	Enhancing odorization management of low-usage networks	Environment and communities	Extending projects for automatic adjustment of odorization levels, network digitisation
	Failure to manage the energy transition process	Environment and communities, Shareholders and lenders	Participation in panel discussions on decarbonisation Projects for alternative use of distribution networks through a process of digitisation of such networks
	Failure to promote capacity building	People and the unions	Individual performance assessment plan Training projects
	Failure to provide adequate and timely technical training on distribution network management	People and the unions	Continuous refresher training endeavours, timely release of procedures
<b>MANAGEMENT OF HUMAN RESOURCES</b>	Health and safety	People and the unions	Health monitoring, extra-professional accident insurance, life insurance policy, COVID-19 insurance policy Training and raising awareness endeavours
	Failure to strike up an adequate dialogue with People and Unions	People and Unions	Communication and Management training Frequent company meetings with the Unions
	Non-transparency in the management of relations with Local Authorities	Municipalities and Local Authorities People	231 Model and Code of Ethics Charter of Values Procedures containing rules of engagement and ongoing reporting to Supervisory Body
<b>MANAGEMENT OF TOPICS RELATED TO ACTIVE AND PASSIVE CORRUPTION</b>	Selection of suppliers that are non-compliant with the legal requirements	Suppliers and contractors	Register of suppliers, selection process, purchasing portal 231 Model Code of Ethics
	Inadequate supervision of financial reporting procedures	Shareholders and lenders, Communities	Internal Audit plans, Continuous monitoring, Certification by independent bodies, constant updating of procedures

TOPIC AREA	ASSOCIATED RISKS	STAKEHOLDERS INVOLVED	RISK MANAGEMENT METHODS
MANAGEMENT OF SOCIAL TOPICS AND RESPECT OF HUMAN RIGHTS	Service interruption	Municipalities and Local Authorities Communities People	Intervention within the standard required by the regulation  Informing the competent authorities of the reasons for the gas incident and of the measures taken
	Delayed handling of requests from contracting authorities	Municipalities and Local Authorities Communities People	Programme to handle document requests Monitoring of responses within the set deadlines Reporting to licensing bodies
	Unsatisfactory quality of service	Sales companies and End clients	Performance monitoring, call centre, customer satisfaction survey, meetings with sales companies, conciliation protocol
	Use of suppliers that do not meet the minimum selection requirements of the Group	Suppliers and contractors	Register of suppliers, selection process, purchasing portal  Code of Ethics
	Failure to provide precise and on-time control over corporate governance issues	Shareholders and lenders	Governance model, timely reporting to the Board of Directors, creation of ad-hoc Working Groups
	Health and safety	Municipalities and Local Authorities Environment and communities Suppliers and contractors Network end clients	Inspection of the distribution network and attention paid to the quality of service Supply chain management in the selection phase On-site inspection visits by external safety coordinators
	Ineffective participation in the sector decision-making	Public Institutions and Authorities	Submission of opinions and documents Regular participation in institutional meetings Conventions and workshops Collaboration projects with Authorities and research centres
	Protection of personal data	People Network end clients Municipalities and Local Authorities Environment and communities Suppliers and contractors	Information initiatives on the activities carried out in compliance with the relevant legislation, including:  Nominating the Data Protection Officer and the Data Processors, Establishment of a data processing register Amendment of contractual clauses and disclosures  Implementation of IT infrastructure security tools, with special reference to the security of data exchanged by the smart meter network

## TCFD

# Progressive alignment with TCFD recommendations

In 2021, 2i Rete Gas began a process of progressive alignment with the Recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) with a view to gaining a deeper understanding of the risks and opportunities related to climate change and its impact on business operations.

The survey process included the involvement of the Sustainability and Transparency Working Group to have as cross-sectional a view as possible on the various business operations and thus structure an alignment path that could cover all four areas required by the TCFD Recommendations.

## GOVERNANCE OF RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

The supervision of risks and opportunities related to climate change, albeit not formally structured, is entrusted to the Working Group which, by performing a constant monitoring of sustainability issues, can monitor indicators related to climate change issues on a regular basis. The information collected in this way is then submitted to the Board of Directors through the annual review and approval of the **Consolidated Non-Financial Disclosure** (NFD) and the **Sustainability Plan**. Indeed, NFD provides insights into different trends and makes it possible to monitor, relying on specific KPIs, the performance of energy consumption and emissions into the atmosphere. The Sustainability Plan, on the other hand, allows the Board of Directors to monitor, through a specific multi-year initiative (identification, evaluation, management of and reporting on risks and opportunities related to climate

change based on the Recommendations defined by the TCFD), the implementation of the actions that have been and will be taken to gain a detailed view of the key risks and best opportunities. Moreover, two additional tools provide oversight on these issues, i.e. the **Business Plan** and the **Budget**, which by relying on cash flow qualification, also provide a thorough view on specific investments related to the reduction of the company footprint, such as the use of alternative carriers.

## COMPANY STRATEGY ON RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

The first step taken as part of the process whereby climate-related risks and opportunities were defined was to identify the timeframes on which to base the climate-related impact analyses:

- Short term = 0-5 years
- Medium term = 5-10 years
- Long-term = 10-20 years

Regarding the short-medium term, the events that were identified refer mainly to the intensification and propagation, on new geographical areas, of hydrogeological instability (chronic risk) and the increase of acute meteorological events such as rainfall of exceptional magnitude (also known as "water bombs"). On the other hand, regarding the longer time horizon, i.e. medium to long term, the greatest risks refer to the increase in average temperatures with consequent impact on energy consumption (chronic risk) and amendment of





policies and regulations regarding the transport and distribution of climate-changing energy carriers (transition risk).

In an attempt to mitigate the impact of such events on the company business, 2i Rete Gas has started, on the one hand, a constant monitoring of hydrogeological instability and large-scale meteorological events and, on the other hand, an in-depth assessment to intensify energy supply both in terms of replacement of climate-changing energy carriers and of green energy distribution (mixtures of CH<sub>4</sub> and hydrogen, feeding biogas or synthetic gas into networks). With a view to extending its commitment and dealing more efficiently with the issues related to risks due to climate change, the Group considers it essential, in the future, to base its planning and investment decisions on predictive models that take these risks into account by identifying and monitoring geographic

areas according to the likelihood of a given event occurring.

## CLIMATE CHANGE-RELATED RISK AND OPPORTUNITY IDENTIFICATION PROCESS

To correctly assess the risks and opportunities arising from climate change, 2i Rete Gas first carried out an analysis of the external context, identifying the most relevant trends in its sector and carrying out benchmark analyses on Peers, and then engaged the managers of the areas most relevant to the issues that had emerged.

This allowed a preliminary overview to be outlined, in line with the requests of the Task Force on Climate-Related Financial Disclosure, highlighting those risks that could represent real threats and those opportunities that, if seized, could on the contrary bring numerous advantages.

Below are the risks thus identified:

Type	Risk	Description	Likelihood	Timeframe
ACUTE PHYSICAL RISKS	Damage from extreme weather events	Damage to facilities, loss of production and/or disruption of energy supplies (gas/electricity).	Possible	Short term
	Increased frequency and severity of fires	Damage to impacts and risk of increased frequency of fires at city gates, units and meters with possible damage to Third Parties.	Unlikely	Long term
CHRONIC PHYSICAL RISKS	Impacts from rising temperatures	Decline in demand for natural gas for heating (residential and commercial).	Unlikely	Long term
	Impacts from changes in precipitation patterns and extreme variability in weather patterns	Flooding resulting in landslides and mudslides.	Possible	Short term





TYPE	RISK	DESCRIPTION	LIKELIHOOD	TIMEFRAME
<b>TRANSITION: POLICY AND REGULATIONS</b>	Regulatory changes in energy and climate policies to mitigate climate change	More challenging GHG emission reduction pathways. Accelerated transition to decarbonisation. Changes in coal markets. Changes in environmental taxation. Electrification at the expense of natural gas.	Possible	Long term
<b>TRANSITION: TECHNOLOGICAL</b>	Technological disruption in the energy transition	Technological improvements, cost reductions, or innovations that support the transition to a more efficient, low-emission economic system.	Possible	Medium term
<b>TRANSITION: MARKET</b>	Incentives for circular economy	Expansion of recycling activities to switch from a linear to a circular business model.	Unlikely	Long term
	Changes in traditional energy business models	Demand for new low-carbon products and services. Funding difficulties for projects not consistent with GHG emission reductions. Loss in asset valuation (stranded assets).	Possible	Long term
	Technological enhancement and plant efficiency			
	"Green Finance" Framework	Advantageous financial conditions when subscribing financing instruments, in relation to the achievement of sustainability goals. Reputational advantage, in particular, with institutional investors, investment funds, shareholders, etc.	Unlikely	Long term
<b>TRANSITION: REPUTATION</b>	Increased stakeholder demand for transparency and climate action	Loss of relevance in sustainability and climate change indices due to failure to meet expected climate change management standards or reputational damage resulting from climate change impacts that may adversely affect the valuation of intangible assets by stakeholders (shareholders, clients or employees).	Possible	Medium term





On the other hand, the opportunities that emerged from internal work included:

Type	Opportunity	Description	Likelihood	Timeframe
RESOURCE EFFICIENCY	Renewal and efficiency of the company vehicle fleet with more fuel-efficient vehicles	Choosing new-generation vehicles with higher efficiency class to reduce fuel consumption, monitoring of mileage to reduce waste.	Possible	Medium term
	Efficiencies on preheating plants	Reduction of preheat consumption of city gates (REMI) with the introduction of advanced preheat fluid temperature control systems.	Likely	Short term
	Cathodic protection system efficiencies	Reducing consumption by identifying and monitoring plants with critical consumption.	Likely	Short term
	Construction choices on the network favouring the laying of polyethylene pipelines	Construction and replacement of the distribution network with polyethylene pipelines that do not require cathodic protection systems for their protection.	Likely	Medium term
	Energy efficiency of buildings	Identifying opportunities to capture timely savings on corporate offices.	Possible	Medium term
PRODUCTS AND SERVICES	Diversification of supply through energy efficiency processes using public finance projects	Establishment of an ESCo company to provide energy efficiency services, mainly to Public Administration.	Likely	Short term
	Service offering through one's own network infrastructure	Establishment of a company to provide data collection and communication services through the RF 169 MZ remote gas metering infrastructure.	Possible	Medium term
MARKET	Developing experiences on alternative fuels to traditional carbo-impacting energy carriers	Increased competitiveness in calls for tenders.	Possible	Short term
RESILIENCE	Designing and testing technologies for the use of renewable gases (biomethane, green hydrogen or Syn Gas)	Endeavours and pilot projects underway.	Possible	Long term





In order to prevent and manage in the best way possible the above-mentioned issues, 2i Rete Gas is committed to several initiatives. Among these, the main ones include:

- preventive actions through which to assess hydrogeological risk areas in each project phase;
- developing specific plans for the management of network emergencies and activation of all the necessary actions to secure facilities considered to be at risk;
- remote monitoring of facilities using remote alarm systems and implementing effective procedures to take timely action on emergency services;
- participating in pilot projects / studies / workshops for the introduction of new technologies on the infrastructure for transporting low-carbon gas (biomethane with reverse flow - green hydrogen - synthetic methane) or replacing energy carriers that cause greater polluting and climate-changing impact;

- constant participation in regulatory and technical panels to help driving choices;
- modernisation and digitalisation of the network infrastructure and containment of consumption energy (Scopes 1 and 2) with special attention also to fugitive emissions of CH<sub>4</sub>.

## METRICS

The main metrics used for the constant monitoring of issues related to climate change can be ascribed to the macro-categories of KPIs reflected in the Global Reporting Initiative. As a result, they refer primarily to Scope 1 and Scope 2 emissions.

During 2021, an additional effort got underway with a view to preparing an initial reporting of Scope 3 emissions, i.e. emissions deriving from 2i Rete Gas value chain and, more specifically, from employee travel and operations of a selected number of suppliers (see Emissions into the atmosphere).

# CREATING SUSTAINABLE ECONOMIC VALUE

*In 2021, the 2i Rete Gas Group further expanded following the acquisition of a major gas distribution company. As in the previous year, the acquisition was followed by a merger designed to streamline the Group structure as quickly as possible, thereby avoiding costs due to corporate split-off and enabling all business synergies to be leveraged in the shortest possible time.*

During the year, the Group operating figures (i.e., number of concessions managed, active redelivery points, kilometres of network managed) improved compared with the previous year. This was due to both the above-mentioned acquisition as well as a general resumption of activities following the most acute phase of the pandemic.

Volumes delivered showed an uptick as a result of both of the above effects, while in economic terms the Financial

Report shows growth in revenues driven by a tariff adjustment, as well as rise in EBITDA in the region of € 13.4 million.

Financial expense rose marginally due to the new bond issue launched in early 2021 and maturing in 2031 to support, among other things, the aforesaid acquisition.

Therefore, net profit stood at 211.2 million euro, partly due to adjustment of higher tax values, which made it possible to allocate the related advance taxes. On the other hand, net financial position, which changed during the year due to both the aforesaid acquisition and routine company needs, increased by approximately 165 million euro.

For the 2i Rete Gas Group, the creation of sustainable economic value, as set out in its Sustainability Policy, relates not only to shareholders and bondholders but also to the generation of positive impacts inside and outside

the organisation and therefore for all stakeholders. As such, it is viewed as a key enabler in ensuring business continuity over the long term.

In this connection, effective 2021, the Group also reports its consolidated results according to the **economic value directly generated and distributed** criterion, disclosing the relevant stakeholders to whom flows were distributed. A total amount of 1,076 million euro was generated during the year, 72.5% of which was distributed to the various stakeholders, while 27.5% was retained. Around 46% of the distributed amount was used to pay suppliers of goods and services, while a similar percentage was shared between employees, shareholders and public administration entities. The latter figure includes both government duties and taxes and the fees the Group pays directly to the municipalities in accordance with the concession agreements entered into.

**527.8**  
million €

EBITDA AT THE END OF 2021

**211.2**  
million €

NET PROFIT OF THE YEAR AT THE END OF 2021

**1,147.7**  
million €

SHAREHOLDERS' EQUITY

## Economic performance

### MAIN ECONOMIC AND EQUITY INDICATORS OF THE GROUP

	2019	2020	million euro 2021
REVENUE	1,057.1	1,038.8	<b>1076.8</b>
EBITDA	531.1	514.4	<b>527.8</b>
EBIT	326.8	313.8	<b>318.3</b>
NET PROFIT	206.5	183.8	<b>211.2</b>
NET FINANCIAL POSITION	2,677.8	2,650.2	<b>2,843.7</b>
SHAREHOLDERS' EQUITY	934.6	1,040.8	<b>1,147.7</b>
NET INVESTED CAPITAL	3,609.5	3,691.0	<b>3,982.2</b>
TOTAL NET FIXED ASSETS	3,560.8	3,630.0	<b>3,917.7</b>

### Directly economic value generated and distributed in 2021

	Value	%
Operating revenue	1,040,106.75	
Other revenue	35,139.99	
Financial income and interest	390.89	
<b>Economic value generated</b>	<b>1,075,637.64</b>	
Economic value to suppliers (Operating costs reclassified)	360,805.26	46.3%
Economic value to employees	122,609.54	15.7%
Economic value to public administration entities	114,482.02	14.7%
Economic value to shareholders	124,955.48	16.0%
Economic value to lenders	57,086.74	7.3%
Economic value to the community	-	-%*
<b>Economic value distributed</b>	<b>779,939.03</b>	<b>72.5%</b>
Amortisation, depreciation, write-downs and adjustments	209,463.86	
Net income allocated to reserves	86,234.75	
<b>Economic value retained</b>	<b>295,698.61</b>	<b>27.5%</b>

\* The economic value distributed to the community lies in the cost efficiency process that leads to a tariff reduction.

### MARKET SHARE

The Group market share, in terms of both re-delivery points and number

of kilometres of managed network, increased marginally during the year,

partly thanks to the acquisition deal completed during the year.

# Common classification system for sustainable economic activities of the European Union

An important objective of the European Union (EU) Action Plan on Sustainable Finance is to steer cash flows towards investments that can be considered environmentally sustainable. In this context, the EU Taxonomy Regulation 2020/852, which came into force in mid-2020, is intended to serve as a standardised and mandatory classification system for determining which economic activities are considered environmentally sustainable in the EU and to define specific disclosure requirements that companies must meet on an annual basis.

The EU has currently published a list of activities considered sustainable ("EU Catalogue") for two of the six environmental objectives: **climate change mitigation and adaptation**. The Delegated Regulations determine which economic activities can generally be considered within the scope of these environmental objectives.

For reporting year 2021, in accordance with a less stringent disclosure requirement granted by the EU, only those portions of economic activities that are eligible for Taxonomy in terms of revenues, income and costs need to be reported.

Pursuant to Article 8 of Regulation EU 2020/852, the Group is required to apply the rules of the Taxonomy Regulation. The values relied upon to calculate revenues, investments and costs are therefore based on the data shown in the consolidated financial statements. All consolidated Group companies are included in this analysis

with respect to revenues, investments and expenses.

All KPIs were calculated considering whether the reported values were generated with activities considered as eligible for Taxonomy according to Annex I (Substantial contribution to climate change mitigation) and Annex II (Substantial contribution to climate change adaptation) of Delegated Regulation (EU) 2020/852.

The numerator consists of the sum of revenues, investments, and non-capitalised direct costs, respectively, related to Taxonomy-eligible economic activities for fiscal year 2021.

The denominator, on the other hand, consists, respectively, of all of the Group revenues as reported in the 2021 financial statements, investments made during the year (excluding goodwill generated), and those costs that reflect direct non-capitalised costs for research and development, building renovations, short-term leases, maintenance and repair expenses, and any other direct expenses related to the routine maintenance of property, plant and equipment.

In this first year of disclosure, the economic activities of the 2i Rete Gas Group considered as eligible for Taxonomy included, in particular, those listed under section 4.14 Renewable and Low-Carbon Gas Transportation and Distribution Networks. More specifically, mapped activities consist of the **construction or operation of new transportation and distribution networks dedicated to hydrogen or**





**other low-carbon gases and the re-fitting of gas transportation and distribution networks to enable the integration of hydrogen and other low-carbon gases into the network** and include leak detection and repair of existing pipelines and other network elements to reduce methane leaks.

Considering that the network infrastructure in its current configuration can be used for the distribution of both natural gas and biomethane, the Group believes that the majority of its investments may be considered eligible for the purposes of Activity 4.14.

The percentages shown below were calculated on the basis of the best current interpretation of the EU Taxonomy, also in light of the "Draft Commission notice on the interpretation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of eligible economic activities and assets" published on 2 February 2022. Should this interpretation change, these percentages must be amended accordingly: 94% of investments, compared to 89% of revenue and 95% of operating costs, as defined by the EU Taxonomy, on their respective totals.

## Next steps

From 2022, even more in-depth analyses will be required to verify, in relation to the activities identified, not only the eligibility criteria but also compliance with more stringent alignment criteria ("Alignment"). This will include, in addition to

an assessment of compliance with these criteria, an assessment of the significant contribution of the mapped activities to one or more environmental objectives set out in the Taxonomy Regulation.



## PEOPLE COMMITMENT

2i Rete Gas is committed to putting **people** at the heart of its business, encouraging their respect, engagement and development in terms of their **ability to contribute** and promoting a culture based on **diversity empowerment, inclusive approaches** and **exchange**, so that everyone can unleash their full potential and continue to enhance their skills, supporting, responsibly and proudly, the improvement of the company performances by:

### IMPLEMENTATION PRINCIPLES

- promoting respect for **personal and inalienable human rights** (in line with the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO) and the relevant applicable conventions); **recognising equal opportunities** for all employees; **rejecting all forms of discrimination**, with **diversity** being actually viewed as a source of value.
- promoting the **development of skills, experience sharing** and **knowledge exchange** through open discussion, as well as implementing a **merit-related policy** based on the assessment of human resources' conduct, results, skills and commitment.
- **listening, dialogue** and **communication** endeavours with a view to encouraging **participation** and **empowerment**.
- **facilitating** employees' **work-life balance**, by increasing flexibility while reducing conditions of vulnerability.
- protecting the **health and safety** of its employees and collaborators.

# STIMULATE EVERYONE'S CONTRIBUTION



# SIZING

*The Group current positioning results from the continuous evolution of its business, benefitting from an ongoing commitment and a long-standing expertise in the processes of integrating new assets, achieving new and increasingly challenging growth targets, applying a flexible organisational model capable of capturing synergies in terms of market presence, costs and efficiency, empowering People and enhancing their skills, while appreciating their increasingly renewed flexibility in managing and viewing change as an opportunity and their continuous innovation-oriented attitude and focused approach towards sustainability principles.*

This has enabled the Group to take advantage of best practices, improve the professional skills existing within the

organisation and launch more challenging development endeavours for the people who are part of it, encouraging teamwork, sharing of knowledge and know-how and collaboration between different generations, with a view to achieving future goals.

This commitment has also been undertaken with a view to ensuring the continuous consolidation of a positive and proactive climate, as well as being geared towards the improvement of processes according to innovation and streamlining criteria.

At the end of 2021, the Group workforce totalled 2,029 employees, including 72 (figure as at 31 December 2021) colleagues from Infrastrutture Distribuzione Gas S.p.A., who underwent an integration process into the Group following the acquisition and merger deal completed during the year

(see Highlight, history and corporate structure).

Since its establishment, 2i Rete Gas, as part of a project to improve and enhance the expertises that are crucial to the development of the corporate strategy, as well as to generational change, has deployed an important multi-year recruitment plan, which in 2021 led to the recruitment of 80 new resources from the market (75 of whom from external recruitment procedures and 5 from the renewal/conversion of pre-existing employment agreements).

Graduates account for 55% among new hires, and they are on average 33.56 years old.

Over the past eight years (2014-2021), 417 people have been hired without taking account of M&As, including 238 young university gradu-



**2,029**

CURRENT STAFF



**1,989**

PERMANENT CONTRACTS



**1,946**

FULL-TIME STAFF



**417**

PEOPLE HIRED  
IN THE PAST 8 YEARS



ates (accounting for approximately 57.1% of new hires).

**In 2021, 138 people left the Group,** of whom 99 due to retirement and 10 due to termination by mutual consent regarding people close to retirement. They included high school graduates (50%) and university graduates (13%), with women accounting for 15.12% on

total terminations. The average age of employees terminated in the period was 58.31 years.

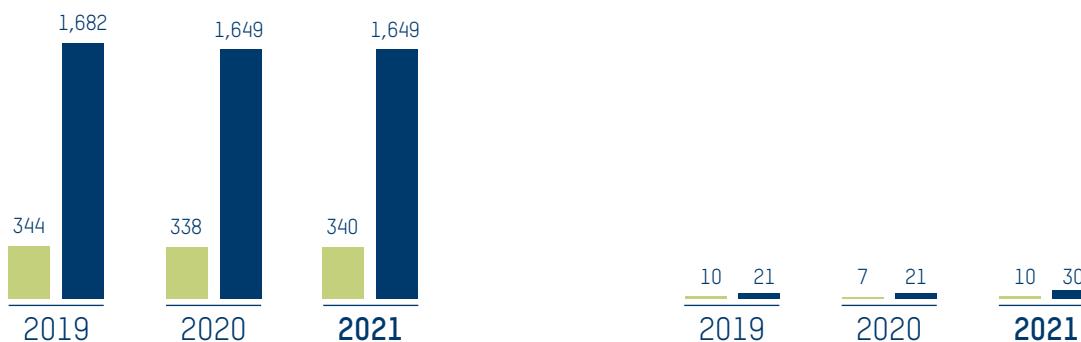
The Group continues to consider it strategic to rely on in-house skills that cannot be delegated, recruiting also experts in the technical-operational area to replace staff leaving due to retirement age.

At 31 December 2021, permanent contracts accounted approximately for 98% of total contracts.

In 2021, preference was once again given to direct employment with the company, with negligible access to staff leasing; 49% of new employment contracts were permanent and 51% fixed-term.

## Type of contract

### Permanent

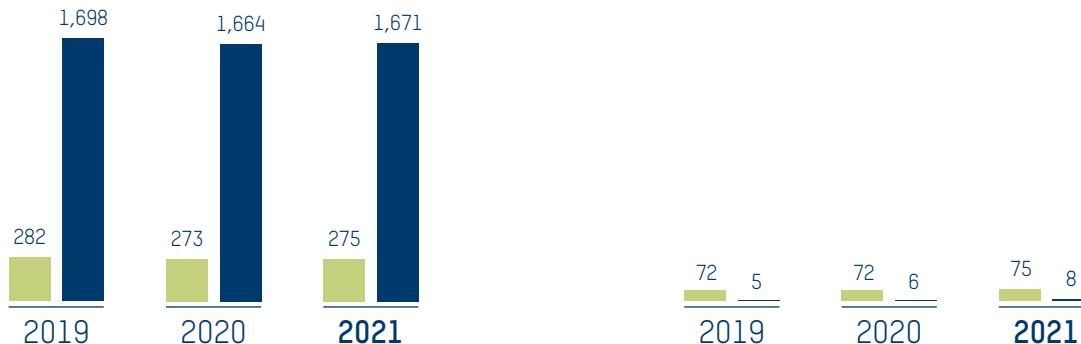


### Fixed-term



10	21
7	21
10	30

### Full-time



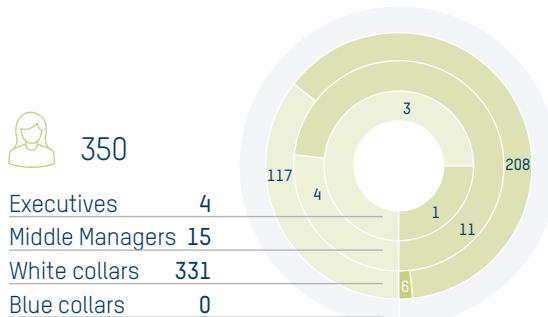
### Part-time

72	5
72	6
75	8

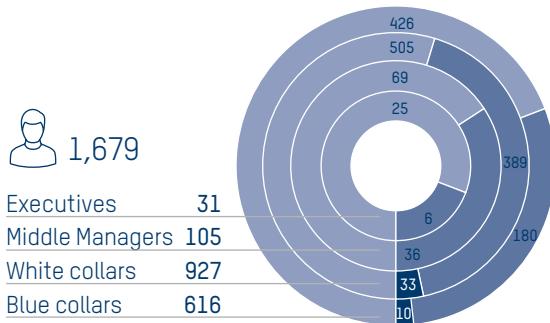
## Current staff

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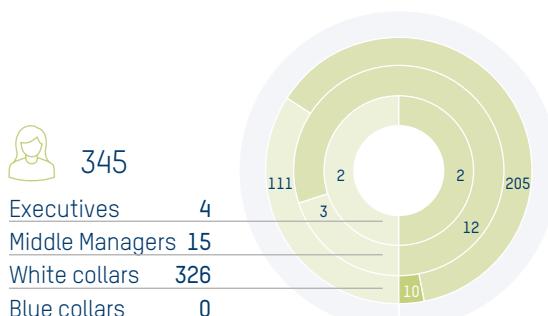
**2021**



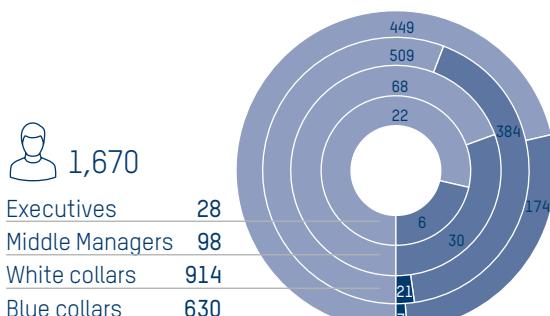
**Total 2,029**



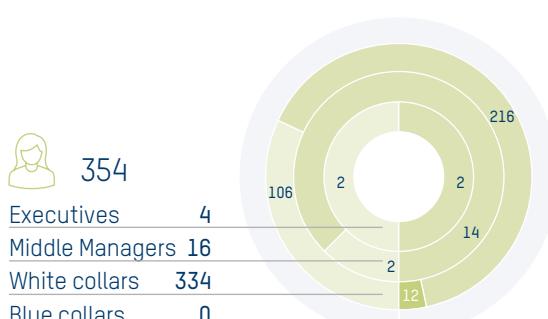
**2020**



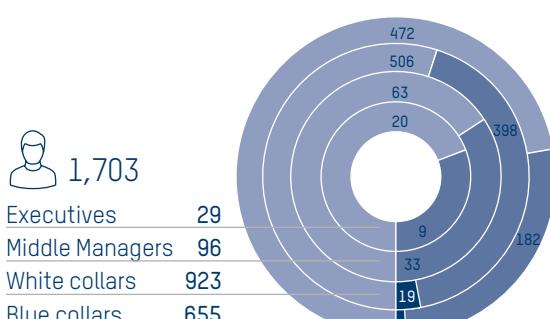
**Total 2,015**



**2019**



**Total 2,057**



● < 30 years   ● 30 - 50 years   ● > 50 years

● < 30 years   ● 30 - 50 years   ● > 50 years



## Average age by gender

2019



45.09



51.10

2020



45.45



51.05

2021

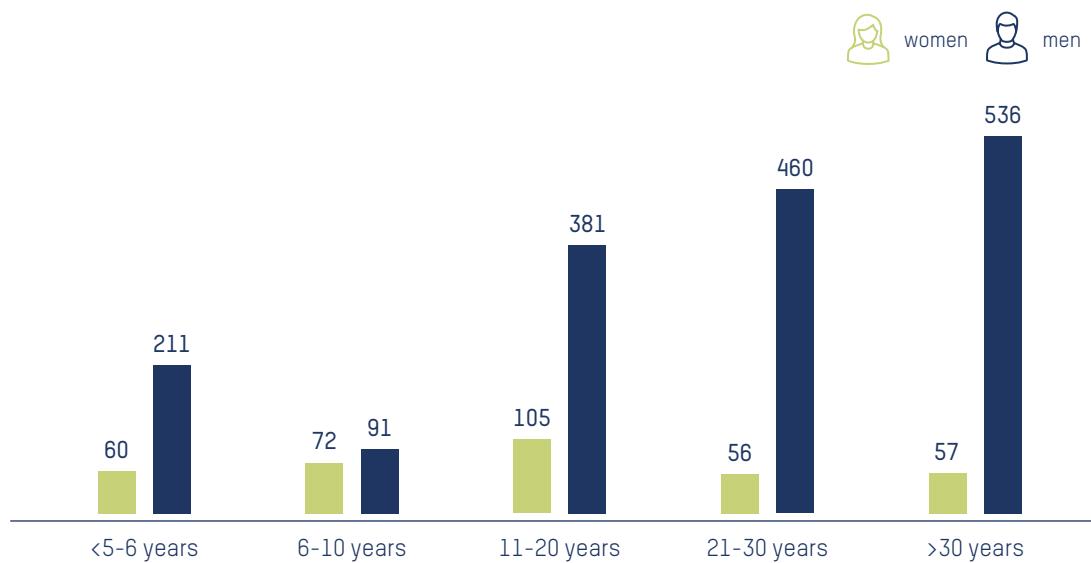


45.62

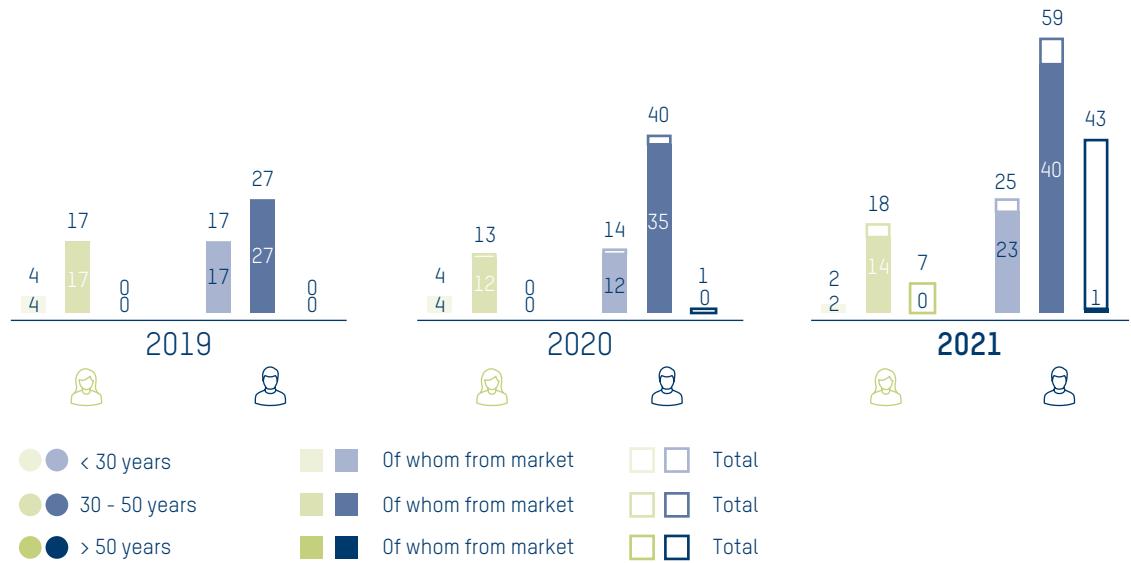


50.83

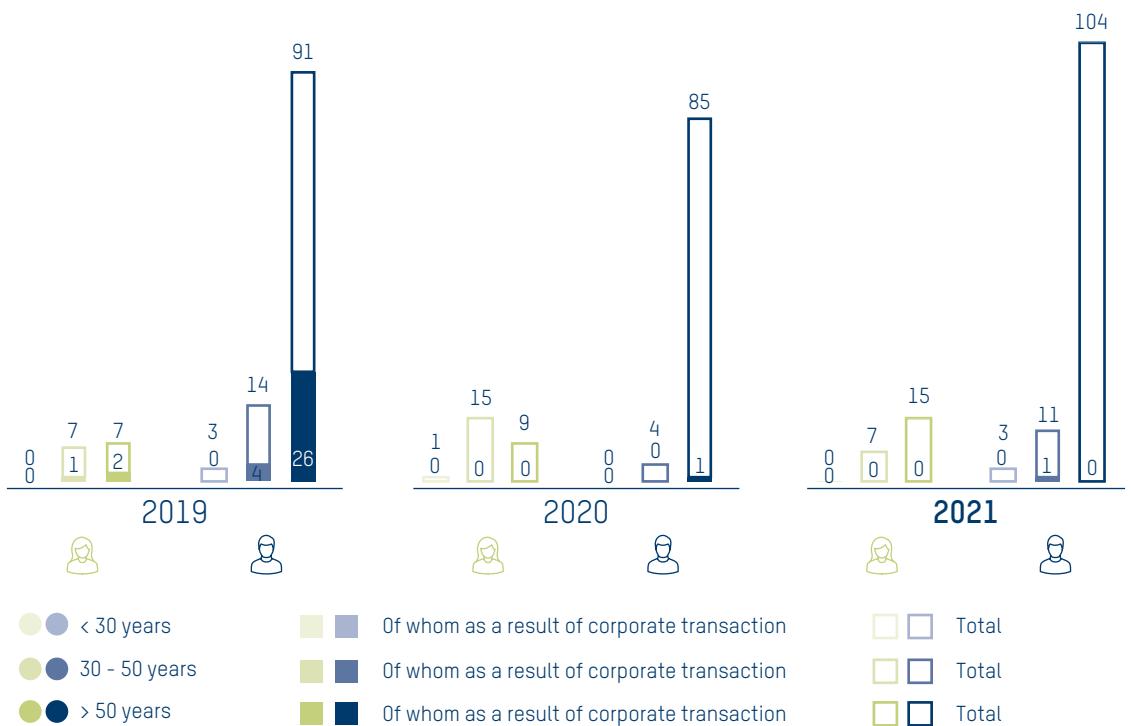
## Employees by gender and seniority



## Incoming



## Outgoing





## Incoming-outgoing turnover

**2021**

	women	men
< 30 years	30-50 years	> 50 years
 +33.3%	+6.5%	0%
-0%	-2.7%	-12.1%
 +54.8%	+6.8%	0.1%
-4.7%	-1.6%	-10.1%

**2020**

	women	men
< 30 years	30-50 years	> 50 years
 +40.0%	+5.5%	0%
-10.0%	-6.8%	-7.8%
 +42.9%	+5.9%	0%
-0%	-0.7%	-8.0%

**2019**

	women	men
< 30 years	30-50 years	> 50 years
 +25.0%	+7.5%	0%
-0%	-2.6%	-4.5%
 +50.0%	+4.4%	0%
-15.0%	-1.6%	-6.1%

Regarding the percentage values relating to rates, the effects of extraordinary corporate transactions on both entries and terminations are excluded.

# MANAGEMENT, DEVELOPMENT AND ENGAGEMENT OF HUMAN CAPITAL

*2i Rete Gas considers People to be a key strategic asset and promotes a corporate culture based on listening, open dialogue, participation, excellence, and diversity and sustainability empowerment. It therefore strives to promote initiatives increasingly focused on increasing mutual trust, the sense of belonging, an inclusive approach, the sense of responsibility and the professional skills of each Resource, who thereby become agents and sponsors of the corporate continuous improvement endeavours. The Group promotes human capital development, talent empowerment, knowledge sharing and exchange, the dissemination of lifelong learning, combining technical specialisation, flexible approach and management skills, with the increasingly full awareness that the drive for innovation and the guidance of the principles of sustainability are crucial factors for a responsible competitiveness and for unleashing new as well as virtuous potential of the internal and external set of Human Resources that work for the Group.*

*By relying on its first-level control measures (i.e., Code of Ethics; Organisation, Management and Control Model pursuant to Legislative Decree 231; Charter of Values; Sustainability Policy and Integrated Policy for Quality, Safety and the Environment), 2i Rete Gas, ensures that personnel management and development processes are carried out in compliance with the ethical principles that the Group is committed to upholding, starting from the respect for Human Rights .*

The development of distinctive, specialist, operational and managerial skills is driven by the definition of targeted training paths and deployment of job rotation and succession plans. The Group organises experience sharing and listening opportunities and recognises individual merits as related to conduct, results, skills and commitment while respecting People and ensuring compliance with equal opportunity standards, without any discrimination whatsoever. Efforts are made to promote a conduct culture based

on open and meaningful feedback as well as on exchange where managers support their direct reports in their growth path. Learning and improvement are supported and encouraged by:

- a performance evaluation process that can raise awareness and self-empowerment;
- targeted training paths, including with a view to ensuring expertise continuity in relation to a path of turnover of resources in the same position;
- development plans that ensure the transfer of skills between senior resources and junior resources;
- remuneration and incentive schemes that guarantee transparency and impartiality, based on merit, performance measurement and conduct assessment.





## RECRUITMENT

In line with the foregoing, 2i Rete Gas relies on a recruitment and selection process that is mindful of **Human Rights** and based on **transparency, dignity of the individual and impartiality**. It provides **equal opportunities** to any individual irrespective of their gender, religion, belief, ethnic origin, disability, age, sexual or political orientation, and avoids any form of discrimination.

The entire recruitment process is governed by a **specific procedure**, the purpose of which is to ensure that roles, responsibilities and operating procedures are in full compliance with the relevant legislation, guaranteeing at the same time full **transparency, non-discrimination, diversity management, sense of responsibility** for all stakeholders involved in the process.

Underpinning **impartiality** and **objectivity** of such recruiting and selection pro-

cesses is also the widespread use of SAP Success Factors as a management tool. Almost all processes are managed within the platform, resulting in a precise and prompt **traceability** of all the related relevant phases. The timing and the different steps of validation and evaluation are also certified. It should be stressed that, again with a view to guaranteeing a full **transparent** process, a special section is included in the application form in order that any situations of conflict of interest or violation of the provisions of the Organisation, Management and Control Model pursuant to Legislative Decree 231/01 may be reported immediately. Finally, this tool allows applications to be managed by relying on one single channel, which also serves as a database, collecting an ever-increasing number of resumes.

In 2021, as the situation arisen from the COVID-19 emergency continued,

causing virtually all staff members of the Human Resources Department to work remotely, almost all selection processes were completed, without slowing down operations, by relying on videoconferencing platforms for the various steps of the candidate interviewing process.

In the course of the year, a total of **75 recruiting processes deriving from external research** were completed.

The new selections were dictated, in most cases, by the need to replace staff due to normal turnover resulting from retirement, change of position following job posting or maternity leave. The recruiting plan mainly met the need to strengthen local technical and operational functions following replacements and successions and, to a lesser extent, to reinforce Headquarters functions such as Engineering, Procurement and Services, and Administration, Finance and Control.

# Initiatives related to the Sustainability Plan

In relation to the goal set out in the Plan to **enhance the personnel selection model**, 2i Rete Gas continues to support **job posting and job rotation**, not only as tools to meet organisational needs, but also as an effective method to create opportunities for exchanging skills and knowledge, to strengthen the network of collaboration between the various corporate departments and functions, while encouraging generational change within the Group.

To increase opportunities for professional development of resources and talents within the Company, **27 internal searches** were activated in 2021.

The **percentage of positions** for which job posting or job rotation tools were relied upon as the main search channel was **50%** for both Head Office and regional offices, **exceeding by far the targets** set in the Plan with respect to the year under review.

In 2021, 50% of vacant staff positions were filled with female staff. On the other hand, with regard to regional vacancies referring to profiles with industry-related technical, operational and engineering skills, applications were submitted mainly from male candidates. As a result, it was not possible to further improve, compared with previous years, the percentage of female personnel joining the Company, such percentage remaining at any rate consistent with the general Italian landscape of female graduates in STEM (Science, Technology, Engineering, Maths) subjects.

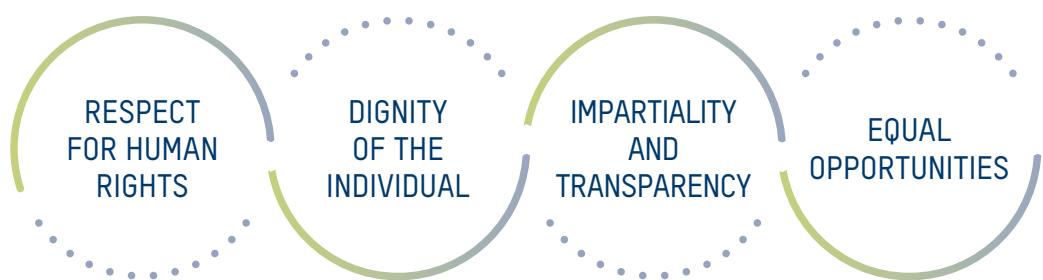
## DEVELOPMENT AND TRAINING

The Group firmly believes that to increase the quality and efficiency of its performance and ensure that its choices and actions prove successful, investing in the **professional growth** and **motivation** of its own People is crucial, encouraging new experiences, providing tools to support the development of soft skills, increasing awareness in each of them through exchange, sharing, open and continuous feedback.

For this reason, 2i Rete Gas continued the path for extending the performance evaluation process whereby

managers not only evaluate results but also individual behaviours, encouraging those that are most in keeping with the corporate values. The evaluation process is indeed set up in such a way as to achieve an increasingly stronger and shared awareness of corporate objectives, performance levels and expected results, and to identify the scope for development of the individual's skills, further training needs and job rotation opportunities, including cross-sectoral ones.

## Driving recruitment principles





## Initiatives related to the Sustainability Plan

In relation to the goal of **managing and developing in-house skills and talent**, in 2021 the **Job Evaluation project**, initially launched for the local and departmental organisation, reached full completion. In line with the **target** set in the Plan for the year under review, completion required the central organisation to be assessed in relation to both business and staffing units, including an analysis of distinctive skills for each role. This will ensure the ongoing development and enhancement of the performance assessment system implemented in

2015, making it even more target-oriented and capable of identifying the quality standards of performance based on both macro roles and individual jobs while laying the foundations of the technical and management skills required of individual positions. As part of the performance assessment, the level and degree of competence of the individual resource being assessed is evaluated with reference to the position held, also with a view to define a customized and suitable training and development plan.

## Initiatives related to the Sustainability Plan

Still in relation to the goal of **managing and developing in-house skills and talent**, 2021 saw the completion of the **project linked to the definition of a corporate training catalogue covering both technical and management skills**. The catalogue contains the programmes, including modular ones, to be correlated to the individual company roles and to the respective distinctive skills. The catalogue was submitted to the managers to enable them to draft the training plan for the individual resources.

As to regional roles, with the support of the representatives of the most relevant departmental and business processes (Plant Development, Programming, Technical Monitoring and Commercial Quality), it was possible to match the individual course included in the corporate training

catalogue to the detailed job task skill as tracked in the Job Evaluation system. An ad hoc training catalogue has been defined for the staffing and business profiles of the headquarters, the content of which can be ratified and developed thanks to the analysis of the distinctive skills completed for this scope as well.

In line with the **target** set in the Plan for the year under review, the foundations were therefore laid to proceed with a detailed **Skill Gap Analysis** and with the consequent definition of structured individual development plans, thanks also to the gradual evolution of a system that is capable of integrating job evaluation processes; training paths by role; and an analysis of the training needs for individual resources.

Information Technology development has allowed tools and methods to be implemented into the system in

order to measure training satisfaction and effectiveness, thus making it possible to analyse the actual

improvement of skills achieved with respect to the role covered following ad-hoc training.

## Initiatives related to the Sustainability Plan

Still in relation to the goal of **managing and developing in-house skills and talent**, in 2021 the **extent of people involved in the performance assessment process was further expanded**. Initially launched only for specialist and coordination of functional and technical processes roles, over the years the project has been extended to all the staff at Headquarters and departmental structures, to Area technical staff with a grade higher than 6, to Works Control Officers, Works Execution Coordinators, Branch Office Representatives and Smart Meter Representatives. Starting from 2020, new criteria have been identified in relation to skill development, to involve also operations staff and non-executive Area technical staff. Therefore, in line with the **target** set for the year under review, **approximately 220 colleagues were included in the 2021 assessment plan**, including operations staff, who attended a meaningful training course that enabled them to move from **general-purpose worker to skilled worker**, as well as Title I and IV-certified technicians according to Uni PDR standards and/or who obtained APCE certification.

The new phase also required a system update effort, with new assessment cards being implemented on the portal where stronger emphasis was placed on the tech-

nical and operational aspects of the distribution business. As part of this endeavour, a new resource evaluator profile was introduced, i.e. the **intermediate local manager**. Upon completing ad hoc training and further with the support of the Area and Department manager, he was able to share his opinion on those resources that constantly interact in the management of daily problems, completing the assessment card and entering it into the system and eventually holding an interview with the individual being assessed.

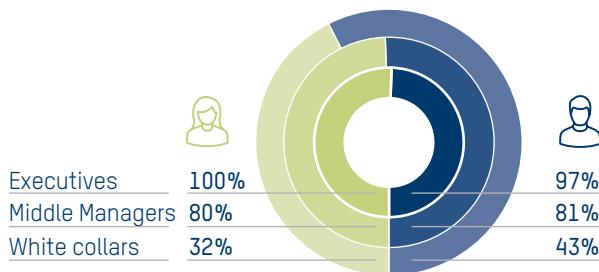
In addition, the scope of colleagues under routine performance assessment was further expanded, with the inclusion of **80 Area employees covering Administrative Support roles**. This step highlights and stimulates professional growth in the management of employees and makes it possible to simplify the evaluation process and make it even more consistent and effective, providing an opportunity for mutual exchange and awareness.

Therefore, since the Performance Assessment was implemented in the system, **61.25% of personnel were involved in the assessment process (2017-2021)**, in addition to personnel included in incentive plans related to specific business objectives, which require a more comprehensive qualitative assessment.

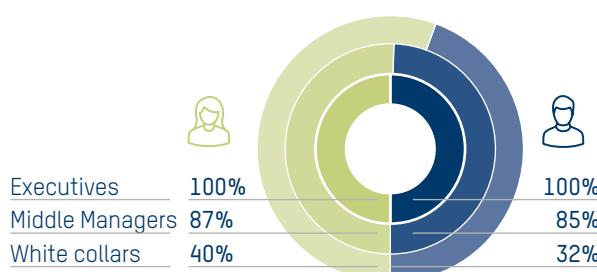


## Employees that underwent an annual assessment

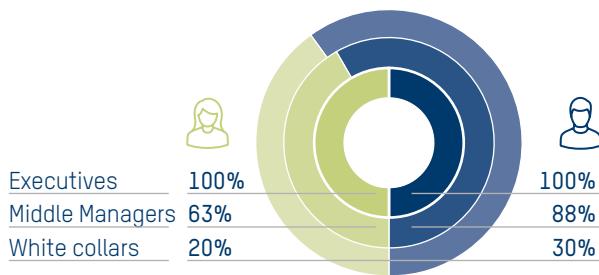
**2021**



**2020**



**2019**



Percentage figures refer to personnel assessed by gender and professional category and included in other incentive plans. Since the assessment of employees not included in other incentive systems is held on a two-yearly basis, the trend is obtained by comparing 2021 data to 2019 data.

Executives and Middle Managers 2021 figures are affected by the fact that the performances of people who have joined the Group following the acquisition of Infrastrutture Distribuzione Gas S.p.A., albeit merged during the year and thus considered in the whole calculation, shall be assessed by 2i Rete Gas by next year and so will be included in the regular evaluation process in 2022.

**Training is a key driver for the Group and plays a crucial role as a development and value enabler.** It is an integrated system of differentiated paths, methods and innovative approaches designed to develop and improve the skills and abilities of each employee. It relies on a variety of training tools and content built on market best practices and the experiences of people who are already part of the Group.

Beginning in 2019, a multi-year training plan was established. It is revisited on an annual basis and consists of 6 areas of expertise:

- **Management:** aimed at developing soft skills and improving specific individual skills of the People involved in role and/or organisational growth;



- **Technical/operational:** aimed at developing technical/operational skills. It is delivered by attending external courses and internal courses developed by highly qualified company staff to share distinctive skills and encourage contamination of ideas. It includes tools and methodologies geared towards operational improvement, technological and IT

updating and constant regulatory compliance;



- **Specialist/IT/Linguistics:** aimed at gaining, maintaining, and developing specialist, information technology and language skills within the employees' own job family and business area;



- **Quality and Safety:** it includes courses developed both in compli-

ance with Decree 81/08 and is intended to raise awareness among staff members on this issue.



As a result of the COVID-19 emergency, beginning in March 2020, an inevitable and radical change to the course delivery method was made, resulting in 90% of courses being delivered online. In 2021, upon acknowledging the importance of face-to-face contacts, albeit in-person training activities resumed, where necessary, for around 27.17% of training hours delivered. Resumption of such activities was however subject to the necessary precautions, which were constantly monitored by and shared with the Quality, Safety and Environment function.

Online training was in any case further enhanced and efforts continued to develop the tools and systems supporting such a delivery method. New operating manuals and videos were integrated into the SAP Success Factors system for training modules, which can be accessed by both internal and external staff working within contracting firms.

This approach was guided by **principles of inclusiveness**, achieving significant skill migration objectives as well as operational excellence while overcoming the limitations arising from distances and complexities related to the local organisation, as the latter also relies on external staff who thus benefitted from appropriate training.

In 2021, despite a longer-than-planned schedule due to the ongoing pandemic situation, **the Training Plan was completed successfully**.

## Personnel involved in training | including employees exited in the period

**2,065**

as of 31 Dec 2019



345



1,720

**1,896**

as of 31 Dec 2020



283



1,613

**1,786**

as of 31 Dec 2021



257



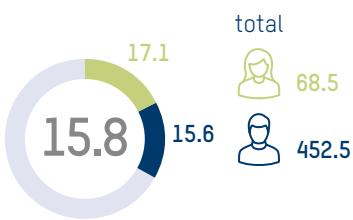
1,529



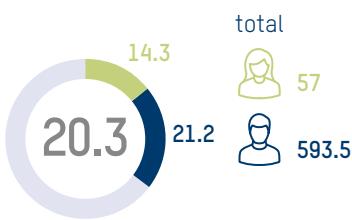
## Average and total hours of training by professional category

figures referring to headcount

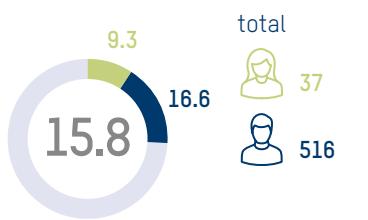
2019



2020



2021



Executives 521 total

total 270.5 Executives 650.5 total

total 157 Executives 553 total

total 2,631.5 Middle managers 3,156.5 total

total 23,680 Middle managers 2,788.5 total

total 3,252.5 Middle managers 2,3695 total

White collars 26,116.5 total

total 0 White collars 28,010.3 total

total 0 Blue collars 10,965 total

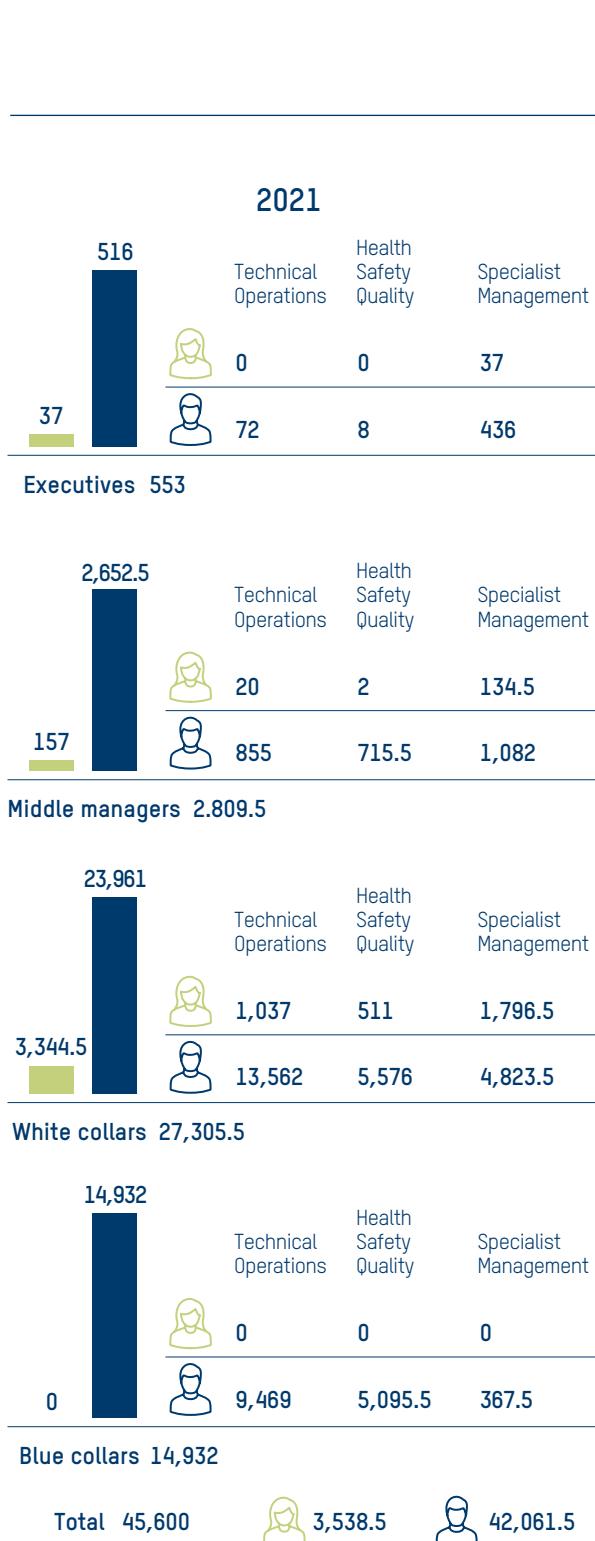
Blue collars 14,840.5 total

women

men

## Total hours of training by gender and professional category

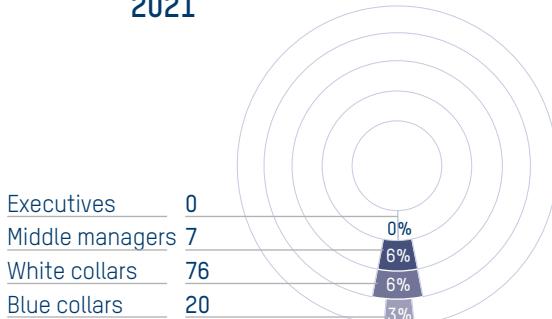




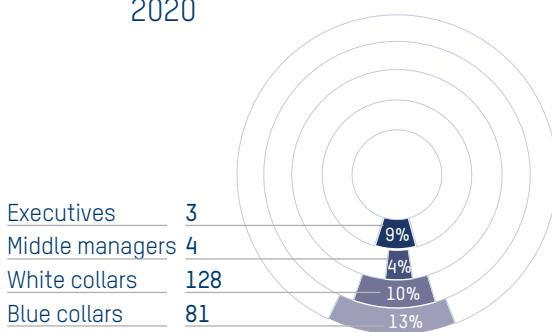
## Employees trained on anti-corruption related issues

figures referring to headcount

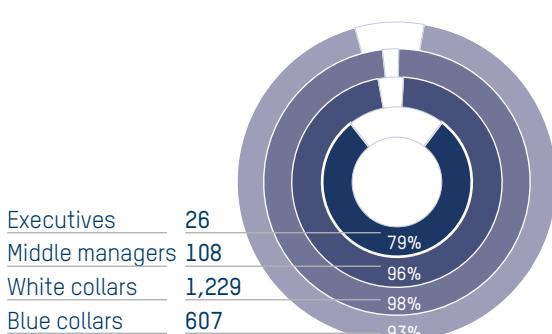
**2021**



**2020**



**2019**



In addition to the Project Management course, the most important courses in the **management** area included training on Team Working “Working together to network” and Problem Solving & Time Management, which involved colleagues in ad hoc training efforts designed to fill the gaps for improvement identified in the analysis of training needs emerging from the 2020 performance assessments.



In early 2021, the performance assessment process was also completed, supporting the representatives of End-User and Works Management (also known as GUL) and of Plant Operation and Maintenance (also known as CMI) who, as mentioned above, effective this year, have the opportunity to assess, with the support of their own supervisor, some of their team members.

Towards the end of the year, the Key People Training Programme was also held, involving 26 colleagues identified as being part of professional

growth paths and addressing topics such as emotional intelligence, learning agility, leadership style development and effective communication in the current digitalisation period.

Regarding **technical and operational training**, other major projects included those relating to **First Response designed for new recruits** and the completion of training on the introduction of new operational functions in the works area.



With the support of the members of a working group resulting from Network Time, a 2019 initiative that aims to disseminate internal best practices in the areas of innovation and streamlining, a new e-Learning training course on First Response and classification of leaks was implemented. It was and will be delivered with a progressive approach to 515 resources from external companies and 363 colleagues from the Group local areas.

Approximately 230 out of about 1,000 in-house qualified colleagues attended refresher courses on UNI PDR 11632 and 39:2018 standards. This is a 30-hour refresher course to be delivered in the 5 years following qualification that will allow individual resources to renew their qualification upon expiration. Based on the number of in-house qualified individuals, this refresher training is expected to be delivered to approximately 200 colleagues each year.

In addition, the Tester training course was completed. It was created ad hoc by a working group made up of some Department colleagues who identified and transferred best practices regarding the relevant process. This allowed methods and conduct to be harmonised across the Group.

About 14 classroom and remote training sessions were organised involving approximately 90 colleagues on the operation and maintenance of Tar tarini equipment installed on units and city gates.

About 40 new polyethylene welding Supervisors were trained and the expiring qualifications of polyethylene welding Coordinators and steel Welders were renewed.

Around 170 colleagues were trained on the company SIR cartographic application, while approximately 60 colleagues attended training on AUTOCAD software programme (basic and advanced). These courses aim to increase the cartographic skills within Departments and the Areas, such skills being required following the introduction of a specific strand of Assets Management, in particular to handle the increasing requests for plans/charts from external entities.



Regarding **specialist training**, webinar training sessions were held on the new Welfare Plan (see Diversity and Welfare) to enable staff to be fully informed about the benefits offered and the related advantages.

Regarding the issue of **anti-corruption**, only new hires were involved, as training had been delivered in previous years to a large number of employees who were already part of the Group.

In addition, with a view to continuing to deliver training courses dedicated to resources involved in Personnel Administration held in previous years, the following training sessions were also staged in 2021: wage and tax re-

turns; salary-backed loans and foreclosures; tax exemptions. In addition, specific training was delivered to a large number of HR Department staff members to improve their understanding of the payslip.

## Initiatives related to the Sustainability Plan

In relation to the goal of **spreading a culture of ethics and anti-corruption**, a course on the Policy on Ethics in Business was designed in-house in 2021 to be delivered to specific business profiles. Trainers included representatives from the Legal and Corporate Affairs, Procurement and Services and Personnel Management functions.

It was delivered, in a virtual environment, to Headquarters Managers, Department Heads, Area Managers, regional representatives of Relations with Local Authorities and part of the Tariffs staff, exceeding the **target** that had been set for the year under review (i.e., 50% of trainees out of the total number to be trained).

Regarding **courses on IT applications**, MS Excel courses were held, while training continued on the Qlik Sense application that had began in 2020, involving a pool of around 30 colleagues.



Regarding **language training** English language courses continued to be delivered.



Finally, in collaboration with the Environmental Safety Quality and Prevention and Protection functions, all safety-related refresher courses were held, especially on first aid, fire prevention - medium hazard, and road signs in the presence of road traffic, as well as preparatory courses for new qualifications such as Internal Auditors for Quality, Health and Safety Management Systems. In addition, PES/PAV (experienced persons, notified persons) training sessions were provided to colleagues recognised by the employer as suitable to carry out work on connected or temporarily disconnected segments. Regarding the management of access to sites in relation to the pandemic situation, about 180 colleagues were trained as green certificate control officers.

Regarding e-learning training for the entire workforce, **general and specialist courses on Health & Safety and on Legislative Decree 231/01** continued to be delivered also in 2021.

In line with the objectives aimed at continuing knowledge sharing activities within the company, 2021 saw the implementation of a number of training initiatives developed with the collaboration of staff and company managers on the following topics: first response, tariffs, business ethics, local taxes. Knowledge sharing efforts are also intended to provide adequate support to transformation and generational diversity endeavours. In this connection, it should be noted that several generations with different professional seniority and experience coexist within the Group. Focus on the needs and expectations that such generations express is one of the mainstays of 2i Rete Gas strategy in terms of providing on-boarding paths, engagement actions, targeted training and **inclusiveness**.



Internal resources were then identified in terms of key skills, while the skills to be sought on the market to support the Group growth were detected as well. Technical and soft skill training plans were defined

to be implemented over the next 2 years with a view to updating overall internal skills and fill any gaps, ahead of the need for future professional profiles.

Managers were involved to renew the initiative to create a training course dedicated to new recruits. The related material was updated to hold the "Knowing the company and learning more about our business" course also in 2022, with the aim of enabling new staff to gain a comprehensive view of company functions and processes right from the outset. In addition, for colleagues recruited in the local areas, efforts focused on building specific paths for local new entries. As in previous years, local managers and representatives will be involved as trainers in 2022, too.

Within the company staff, based on their experience and expertise a number of senior individuals were identified as suitable for creating an internal pool of qualified teachers for certain processes and tools, with a view to providing support to less experienced and in any case junior employees.

Strong emphasis should also be placed on training and information provided through specific corporate communications and on the corporate Intranet, enabling employees to be constantly prepared and updated on regulatory issues impacting organisational and business processes.



## COMPENSATION SYSTEM

The Group pays attention to the implementation and updating of compensation policies consistent with business strategies, market trends and organisational structures, with a focus on possible related developments and **alternative motivational levers to ensure a modern total reward system.**

Resource management aims to stimulate and guide work performance and is designed to create compensation systems that are **internally fair and market competitive**. At the same time, it enables a communication process that involves managers in the allocation criteria and supports them in

seamlessly conveying to their employees the principles that led to the decisions made.

The corporate approach in defining the compensation system is not limited to aspects of a strictly monetary nature but is developed according to a coordinated vision of **reward systems to ensure staff satisfaction and engagement with both their work and their organisation.**

Again, following a close review of the track record of the individual resources, in relation to the position held and their growth potential, development opportunities are identified in accordance with the internal equity principles.

Merit is recognised in terms of consistent discharge of their duties, level of performance in terms of results achieved and commitment shown with respect to the self-development plan and room for skill improvement due to developments in their current or future position.

As in previous years, the assessment of meritocratic actions focused on the application of **criteria increasingly closely related and attentive to the different types of roles and skills**, with account also being taken of the **cross-functional complexity underlying the position held, the levels of experience and knowledge gained, which is deemed as highly specialised and strategic for the business.**

# Initiatives related to the Sustainability Plan

According to the same rationale, and consistent with the objective of **managing and developing in-house skills and talent also by increasing the population included in individual incentive/development plans and monitoring the development of resources with high potential**, a number of new corporate profiles were also empowered in 2021, with special emphasis on a fair assessment by gender and with a view to retaining young talent in the company. In this connection, a number of initiatives, including alternative or complementary ones, were analysed and gradually implemented. Some coordination responsibilities were better outlined, the

scope of beneficiaries of specialist variable incentive systems was extended, individual multi-year development plans were defined and formalised for the gradual filling of positions that involve a greater level of responsibility and independence; stability agreements were defined, their purpose being to confirm corporate satisfaction with operations and ensure continuity in mutual collaboration.

These initiatives, in line with the **target** set in the Plan, provided additional motivation for the new staff involved and contributed to reducing the gender pay gap (see Diversity and Welfare).



## COMPENSATION SYSTEM

- Definition of salary and staff grading targets by role and responsibility, while the CEO remuneration is defined by the Board of Directors, with reference also being made to the Shareholders' policies.
- Evolution of compensation and classification only in the presence of margins of excellence with respect to targets and in the case of developments/change in position and/or job assignment.



## PERFORMANCE ENHANCEMENT SYSTEM

Recognition of one-off bonuses to enhance the commitment, dedication and sense of responsibility in every action taken, as well as the ability to adapt to change and evolve by learning and accepting new challenges.



## VARIABLE INCENTIVE SYSTEM BY OBJECTIVES

- MBO system designed for the 1st and 2nd levels of the organisation.
- Key people incentive system, aimed at middle management. The objectives can be measured by type of position and/or are cross-departmental, with overall judgment being supplemented by an assessment of qualitative objectives.
- Objective-based incentive system designed to specific specialist skills. In this regard, it is important to note that such an incentive system is becoming increasingly significant as a result of the continuous inclusion of specialist profiles involved. In 2021, involvement was extended to local representatives of Human Resources Department and to specialist representatives of Operation and Commercial Quality as part of the year-end management plan, with a further increase in the extent of beneficiaries also expected in 2022.



## REWARD SYSTEM BASED ON PRODUCTIVITY AND QUALITY OBJECTIVES

A performance bonus is paid annually to all the Group middle management, white-collar and blue-collar staff, whether part-time or full-time. It consists of an amount of money paid to employees by way of reward, which varies depending on the achievement of objectives defined in terms of profitability, productivity, efficiency and operating quality.



## BENEFITS

Benefits are also granted to employees, whether employed under a full-time, part-time or fixed-term employment agreement – such as supplementary welfare packages, health policies, life insurance policies, insurance against occupational and non-occupational accidents, disability/death/invalidity, COVID-19 for employees who have been hospitalised after they tested positive for the virus.

## ENGAGEMENT

2i Rete Gas believes that engaging its own People plays a key role in ensuring a virtuous running of the organisation and reinforcing an increasingly responsible and informed vision of the contributions that each employee can make daily to improve relations and collaboration in the working environment and to support, even personally, the Group development and strategies.

As was the case in the previous year, due to the need to maintain smart working as a countermeasure to the spread of COVID-19, in 2021 it was not possible to organise the usual annual meeting and gathering initiatives staged under the motto "Noi2i facciamo rete" and designed to strengthen corporate identity.

However, reliance on online collaboration tools was encouraged, especially with a view to maintaining constant contact with colleagues, the underlying goal being not only to merely transfer of information useful for the discharge of work duties, but also to enable people to continue to feel part of a team. In addition, a number of virtual meetings were held within individual departments and structures to align trends and Group results with budget objectives.

A **People Survey** was also introduced to address a number of topics. It is a tool for listening to people and giving employees the chance to have their voice heard and provide useful feedback to measure the progress and effectiveness of actions taken, thereby

being able to continue to identify new improvement initiatives.

After months spent working remotely, in July, in collaboration with ADAPT, a non-profit association founded by Marco Biagi in 2000 to promote, from an international and comparative viewpoint, studies and research on work, non-operational staff were asked to fill in a questionnaire aimed at gaining insights into the significant aspects relating to this work method, as well as pointing out any strengths and weaknesses. The initiative scored an overall participation rate of 82% of the target population.

Another major initiative worth mentioning is the planning of a new edition of the survey related to the assessment of work-related stress that was launched in October.

# Initiatives related to the Sustainability Plan

This initiative held in the year under review follows on from the survey conducted in 2018 and, consistent with the **target** set for 2021, is part of the initiatives set out in the Sustainability Plan in relation to the goal of **monitoring the action plans arising from the results of climate analysis efforts**. In this connection, the effectiveness of the actions implemented over the last three years was

verified, assessments were updated, and new solutions were devised to allow work duties to be discharged in a more sustainable fashion, with special reference to the protection of the health of all workers and assurance of continuous improvement of safety conditions.

The initiative was extended to all corporate population and scored an overall participation rate of **85.8%**.

Finally, as part of the preparation of the updated materiality analysis based on a progressively participatory approach, it was decided to extend the listening and engagement activity to the entire corporate population by administering a specific survey, the launch of which was preceded by the implementation of an internal communication plan aimed at summarising the main stages of the sustainability path undertaken by the Group (see Process for the definition of topic areas and materiality).

As in previous periods, 2i Rete Gas continued to strive to coordinate an effective internal network of information flows, not only to make corporate objectives clearer and shared on a larger scale, but also to communicate news and decisions related to the COVID-19 emergency to its employees in a timely manner. In addition to sending timely newsletters containing guidance as it became available, employees were further encouraged to access the **corporate intranet**, where comprehensive information was available concerning the different Decrees issued by the Prime Minister (also known as 'DPCM'), conduct guidelines identified with a view to discharging work duties safely in the context of a pandemic situation, and updates relating to smart working and flexible work time schedules.

The corporate intranet also allows access to: **Back2iMyOffice**, a tool for scheduling return to office premises in compliance with the maximum number of people allowed on site; **Navigate in 2i Rete Gas**, a tool for viewing the organisational structure and areas of activity of company resources; **IT Service Management Portal**, which replaced legacy systems whereby requests for assistance and for new IT equipment used to be submitted; **SAP Success Factors**, which is used for both training and selection and, finally, the **portal dedicated to Corporate Welfare**, where employees can convert their performance bonus into goods/services most relevant to them.

Following up on the "**Network Time**" project, launched in 2019 and aimed at defining working groups and identifying **innovation and streamlining** company champions, in 2021 the 6 appointed groups continued their efforts geared towards gaining more insights into some specific company processes, identifying and suggesting innovative solutions aimed at improving the efficiency of core business processes and improving aspects linked to knowledge sharing, the distribution of proxies and powers and the delivery of technical training to both internal and external staff (see Safeguarding occupational health and safety; Identification and mitigation of supply chain risks).

As in the previous year, a number of meetings were organised in 2021 using virtual rooms, during which many people participated proactively in the proceedings of committees for the management of health emergencies and took part in projects for the sharing and harmonisation of operating methods and for increasing the efficiency of and streamlining working processes and practices. The working groups created for this purpose established fruitful interpersonal relationships, as they grew aware and felt pride of being part of the same professional network, where the **exchange of management experiences and knowledge** can be empowered.

Finally, another new development in 2021 is to be found in the launch of a **project to revamp the FOUR portals** (the Network Sole Front Office system), which will undergo major developments in 2022. In this regard, during the year, the Commercial Network Services, Communication, Personnel Management and Development and Legal and Corporate Affairs departments defined the actions to engage employees personally, according to a participatory and inclusive approach. This led to the launch, in January 2022, of a prize competition involving all company staff who, via a dedicated platform (Service Now) will be able to submit naming proposals for the new portal. Technology prizes were raffled off for the winners.



# DIVERSITY AND WELFARE

*The Group is committed to extending the same conditions of respect and equal dignity to all members of the organisation, rejecting all forms of discrimination, while strongly pursuing the physical, psychological and social well-being of its People and promoting work/life balance.*

At 2i Rete Gas, in compliance with the Code of Ethics and the Sustainability Policy, the Group acts with absolute

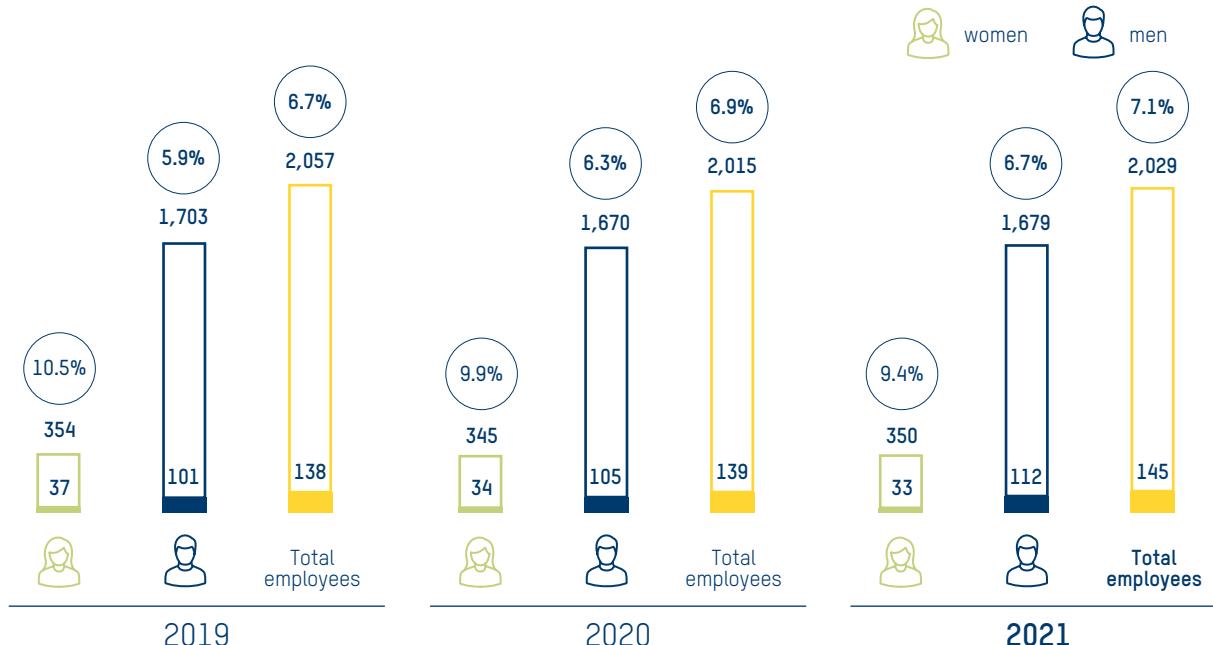
and inviolable respect for the dignity of the individual and recognises the importance of diversity as added value for the development of the organisation and the achievement of results.

Over the years, tools and solutions have been implemented with a view to increasingly supporting inclusive approaches and empowering diversity, which must be regarded as a unique contribution of each resource; agreements with Provincial Authorities

have been considered and, in accordance with the regulations in force, a multi-year plan for the onboarding of staff belonging to protected categories has been implemented. The Group allocates these Resources to specialist positions and key roles, where possible.

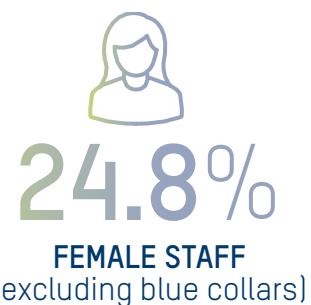
As of 31 December 2021, 2i Rete Gas employees belonging to protected categories totalled 145, including 112 men and 33 women.

## Protected categories



Finally, 2i Rete Gas strives to build an inclusive working environment that values diversity. To this end, specific performance targets have been assigned to certain company profiles as part of the incentive systems, to promote gender equality in the research and development phase. Regarding gender equality, 2i Rete Gas endeavours to increase the number of women employed with the Group, including in positions of responsibility, and is committed to encouraging the professional growth of women.

The female staff of the Group accounts for 24.8% of all the employees (excluding blue collars).



Over the past 8 years, the total number of women hired stands at 134 (32.1%) out of 417 hires. The presence of women is significant, especially in central staff functions (where they account for more than 42% of the entire population), while in the Departments, where most of the activities carried out include operational tasks entailing a high degree of manual skill – i.e. related to plant engineering and mechanical technology – the number

of women is naturally lower, as these jobs are less appealing to female staff.

At present, the percentage of women having more specialist skills, i.e. women with technical qualifications, has also proved to be significant in filling specialist positions.

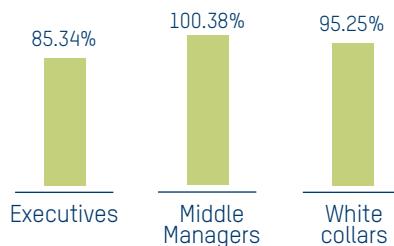
Indeed, recruitments completed during the past eight years include 93 young female graduates (out of 238 graduates), including in technical and engineering fields (39.1% of graduates hired). In 2021, this situation was even more evident as most recruitments resulted from the need to rely on technical and operational profiles. This is partly since the technical/engineering faculty is attended by a higher percentage of male students.

Currently, women holding leading, management and executive and/or coordination positions account for 11.5% (11 out of 96 profiles) of the total boundary. In 2021, the Group confirmed its commitment to increasing the percentage of women holding leading positions, together with salary rise actions.

The percentage difference between wage levels in men and women is to be considered as normal, it resulting from a lower average length of service for women as well as lower technical specialisation. Indeed, within the group of staff aged below 30, the average pay of women is in line with that of men.

## Equal pay between men and women

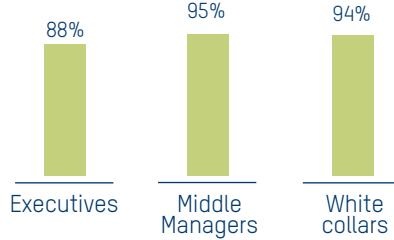
### 2021



### 2020



### 2019





# Initiatives related to the Sustainability Plan

In accordance with the goal of **promoting the development of an inclusive working environment that values diversity**, including by performing an **analysis of pay levels based on professional category and gender** in order to

**improve the percentage of any pay gaps**, in 2021, initiatives were carried out with a view to determining a reduction in the gender pay gap in line with the **target** set in the Plan for the year under review.

Regarding **parental leaves**, family-oriented initiatives, with special emphasis on working mothers, include endeavours designed to support maternity. In particular, during

the period of compulsory maternity leave, 2i Rete Gas guarantees **maternity benefits to the extent of 100%** of salary instead of 80% required by law; in addition, company benefits

are maintained throughout the leave period. In principle, company benefits are maintained throughout the entire period of leave.

## Rate of return after parental leave | seen as compulsory + optional maternity leave

	31 Dec 2019			31 Dec 2020			31 Dec 2021*		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
Number of employees that took parental leave	50	7	57	42	5	47	34	3	37
Number of employees that returned to work after parental leave ended	35	7	42	38	5	43	29	3	32
Number of employees that were still on parental leave during the year	15	-	15	5	-	5	5	-	5
Number of employees on parental leave in the previous year that returned to work in the reference period	14	-	14	16	-	16	5	-	5
Number of employees retained 12 months after returning to work following a period of parental leave	29	3	32	29	7	36	38	5	43
Return to work rate after parental leave	70%	100%	74%	90%	100%	91%	100%	100%	100%
Retention rate after parental leave	97%	100%	97%	83%	100%	86%	100%	100%	100%

\* The indicator calculation methodology was, regarding 2021, better aligned with GRI standards to more accurately reflect specific disclosures. As to 2019 and 2020, the indicator considers, as a denominator, the total number of users rather than the total number of employees who would have been required to return to work after taking parental leave.

In principle, almost all employees requesting a parental leave return to work and retain their job even after one year from the end of the leave, resuming their previous activities or being assigned to tasks having a similar professional content.

Return to work can also be facilitated by extending part-time contracts for a one-year term, the renewal of which can be subsequently re-evaluated on the basis of the employees' needs, if compatible with those of the Company.

In addition to regular maternity and parental leave, SARS CoV-2 parental leave was available in 2021 for parents with children under 14 years of age who were affected by SARS CoV-2 or were placed in quarantine due to contact, as teaching/educational activities were suspended and/or day care facilities were closed.

Regardless of the global pandemic situation, the Group is willing and determined to continue to consider the introduction of **new forms of flexible working schedules**, with special reference to people having greater difficulties in managing family life and personal problems, as also confirmed by the conduct of a solidarity-based time bank analysis.

In 2021, due to the continuation of the COVID-19 epidemiological emergency, several **actions designed to protect the welfare and health of workers** continued, including the new, more flexible time schedule model for those who were required to work in person.

In 2020, flexibility had indeed been extended to all staff (full-time and part-time). This continued to make it possible to:

- ensure better employees' inflows to and outflows from the offices, preventing gatherings in common corporate areas (e.g. badging devices, thermal screening devices, lifts, etc.);
- facilitate a different travel planning, allowing crowding at peak times to be reduced, so as to avoid social gatherings when commuting using public transport;
- cope with and organise family routines in the best possible way at a time when school, sports and recreational facilities were not always available.

In 2020, a **specific insurance policy was taken out** in relation to COVID-19. It provided coverage for employees who were hospitalised after testing positive for the virus. This policy was also confirmed in 2021.

In 2021, nearly one-third of the hours worked related to smart working due to the continuing effects of the pandemic situation. There was an increase in the number of hours worked (up 4.5% in terms of hours worked compared with the previous year) due to a reduction in absences due to illness and social security provisions, chiefly as a result of the new remote working method; vacation entitlement was lower than in 2020 (during which a widespread use of untaken holidays was made in the first few months of lockdown period), albeit in line with earlier years. The other three types of absence and the number of hours of overtime and on-call time remained stable compared to the previous year.

A **corporate welfare system** has been in place at 2i Rete Gas since 2018 to meet the diverse needs of employees, in the belief that it has now become an essential tool to be included among the initiatives designed to support welfare and work-life balance.

In 2021, a new Welfare plan was devised, expanded and renewed, with the aim of providing even more concrete benefits, with additional initiatives also playing a part to this end. Starting this year, people have indeed been able to access Welfare services through a mixed credit deriving not only from the conversion of up to 100% of their performance bonus and an additional 15% covered by the Company, but also by benefitting from the new initiative called '**2insieme a Te'**, which consists of 4 types of services and credit that can be combined with each other, relating to education, health, assistance and welfare. These services are available in the period from 15 July 2021 to 30 June 2022. Beneficiaries include all employees (even those who have not subscribed to the welfare plan), except executives. With reference to any family needs, further innovations were introduced. Staff will be able to access forms of microcredit capable of supporting the family/individual financial budget, with the possibility therefore of deferring certain expenses linked



to child education, family assistance services and medical expenses. A telemedicine service was introduced and an extensive network of special agreements was consolidated, ensuring discounted prices on a whole range of services and goods. Finally, a new project called "**On the road**" was launched with the aim of supporting

employees' children in choosing their best educational and working career path. The project is aimed on the one hand at young people, to guide them in the process of self-knowledge and knowing their attitudes and abilities and, on the other, at parents to better support children in making the right choices for their future.

**In 2021, 288 employees subscribed to the plan.** The most popular services included payments to supplementary pension schemes and reimbursements for education, training and vouchers.

2i Rete Gas points out that during the year no such discrimination incidents occurred as to require corrective measures to be adopted.

## RELATIONS WITH THE UNIONS

*In line with previous years, the Group is committed to achieve the objective of promoting profitable and fair industrial relations at all levels while respecting the role of each party. To this end, it endeavours to establish a transparent and meaningful dialogue with, and ensure the involvement of, social organisations.*

In 2021, in connection with the acquisition of Infrastrutture Distribuzione Gas S.p.A. (see Highlights, history and corporate structure), all operations to merge the acquired company got underway immediately, such merging taking place in November as part of the overall integration process within parent company 2i Rete Gas S.p.A. The involvement of social parties, both in the consultation and negotiation phase, gave rise to a constructive debate for the efficient integration of the total 72 resources (figure as of 31 December 2021).

As the state of emergency persisted throughout the year, **monthly meetings of local committees to manage measures linked to the COVID-19 health emergency** continued, in accordance with the MoUs of 14 March and 24 April 2020 and 6 April 2021 entered into between the Government and Social Parties. These meetings involved individual Departments and the Head Office, with mixed composition, with trade unions (Workers' Safety Representative (also known as RLS)/ Works Council (also known as RSU)) and Company (Employer, Head of Prevention and Protection Service (also known as RSPP), Human Resources). The aforementioned committees agreed on a number of common lines that confirmed the measures already adopted, such as flexible working time bands (clock in/out), alternating in-person working days with smart working days, monitoring of tools designed to combat health emergencies

and application of related provisions, including for example producing the new green certificate when accessing workplaces.

The **results relating to indicators for the 2020 performance bonus** were finalised in a report signed by the parties concerned. The bonus benefited from de-taxation criteria, and employees were given the opportunity to elect to convert the monetary component into benefits/services listed in the new Welfare plan deployed in 2021 (see Diversity and Welfare).

A specific **trade union agreement** was also signed for the **overall closure of head-offices on holiday eves** (24 and 31 December) **and during two weeks in August** (from 9 to 20). Consistent with the corporate long-standing plan to have employees use holidays and leaves accrued. An **agreement was reached with trade unions for the assignment of leaves**, which aims to

introduce, for the purposes of solidarity, the institution of transferring days off and holidays. Discussions with trade unions are still underway to reach – on an experimental basis – an agreement on smart working as a tool for organisational flexibility and the promotion of work-life balance.

Negotiations have also begun with social parties, with a view to regulating, within a framework agreement,

measures intended to reorganise and improve workplace logistics as compared to provisions set out in collective labour agreements.

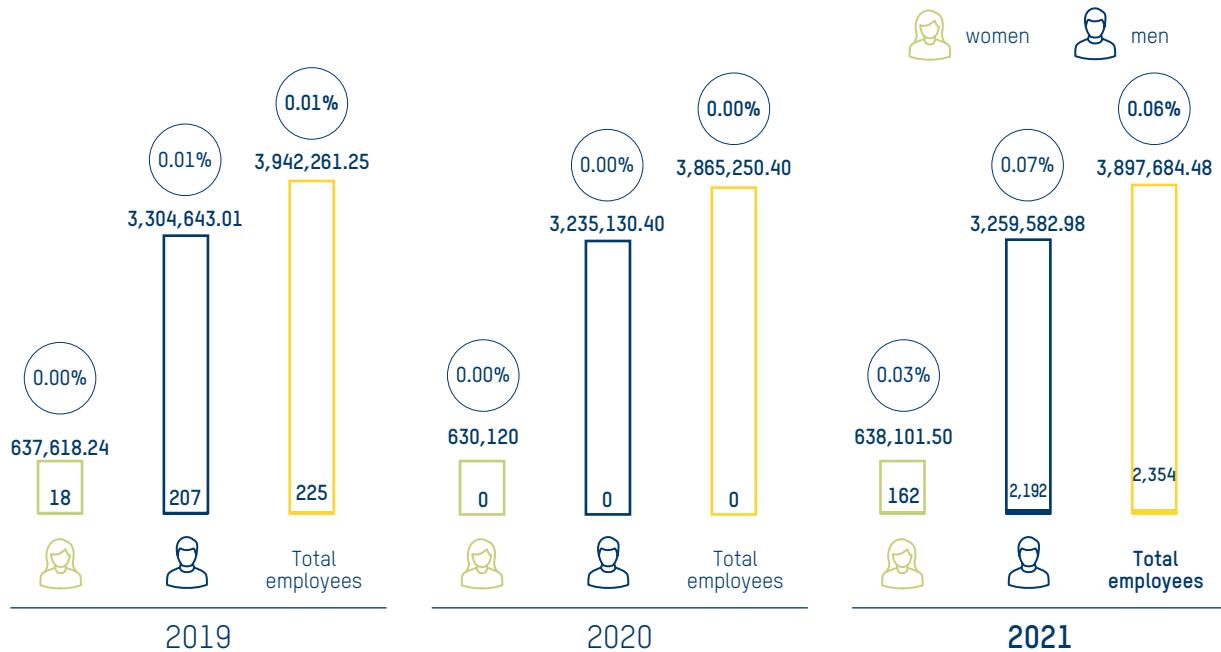
Following up on the scheme previously launched, local negotiations also continued in order to redefine some branch offices as a means of improving and increasing workspace efficiency.

In the final part of the year, the elections of company Work Councils (also

known as RSU) and Workers' Safety Representatives (also known as RLS) were held and completed, in accordance with the Industrial Relations Protocol signed in 2019.

As part of the procedure to renew the National Collective Labour Contract, formal termination of the collective agreement was received, pending the start of negotiations with employer and union representatives.

## Hours of strike on workable hours





# SAFEGUARDING OCCUPATIONAL HEALTH AND SAFETY

*In line with its Sustainability Policy, the Group is committed to protecting the health and safety of its employees and the employees of contractors, providing a healthy and safe working environment and promoting initiatives aimed at increasing awareness and opportunities for dialogue to facilitate participation of employees and stakeholders alike, the underlying purpose being to share solutions that ensure better risk management and promote the prevention and reduction of possible injuries and accidents.*

To this end, since 2014 2i Rete Gas has voluntarily adopted a **Health and Safety Management System** (also known as SGSL) in accordance with the most widespread reference standards (OHSAS 18001:2007, now replaced by UNI ISO 45001:2018). Over the past few years, it has contributed to building a collective conscience on Health and Safety issues by basing its cornerstones on preventive risk and context analysis, dialogue with workers and involvement of top management. This approach, which is applied across the organisation and to the entire infrastructure under management, aims to maximise the reduction of accidents and injuries. Moreover, it responsibly nurtures a culture of safety within and outside the organisation,

setting out standards that are even higher than those required under relevant national legislation. For this reason, in addition to pursuing improvement of health and safety in the workplace with regard to in-house staff, the Group invests in the safety of the community and the environment in which it operates, sharing this commitment also with its collaborators and external contractors. All Group companies ensure safety by deploying a specific organisational structure, within which the persons involved are vested with the powers granted according to proxies. Operationally, it is supported by the **Prevention and Protection Service** (also known as SPP), consisting of a Head of Prevention and Protection Service (also known as RSPP) identified by the Employers responsible for H&S (also known as DL).

The **safety organisation model** of the aforesaid structure is made up of production units, in respect of each of which an Employer responsible for H&S has been identified who, in turn, establishes an adequate number of delegated individuals (Safety Managers) vested with powers and holding qualifications as appropriate. More specifically, with regard to the Parent Company the 8 production units rely on the support of 12 Prevention and Protection Service employees who are appointed by the individual Employers responsible for H&S.

Top Management and the Employers responsible for H&S actively participate in ensuring compliance with the principles set out in the Integrated Policy for Quality, Occupational Health and Safety and the Environment adopted by 2i Rete Gas, contributing to the Health and Safety Management System, ensuring compliance with the applicable binding requirements, monitoring the updating of the **risk assessment** document and performing such activities as deemed to be instrumental in analysing, preventing and mitigating the risks related to the 2i Rete Gas business.

The Health and Safety Management System covers all the company processes, accurately assesses risks and opportunities, and involves the entire organisation on a daily basis by planning various types of controls, as summarised below, scheduled on sensitive processes. The relevant findings will form the database for the analysis and the progressive implementation of the improvement actions from which the monitoring plans are derived.

## • Security checks (VISORV)

Checks designed to ensure the appropriate discharge of activities conducted on personnel employed by entities responsible for control. (Objective 2021: control of 60% of

the headcount as of 31 December of the year prior to the reference year;

- **Safety checks while works are underway** (also known as RV)

Controls designed to ensure the appropriate discharge of tasks entrusted to third-party suppliers in places where the organisation conducts its business. Activity monitored by Operational Control Officers (also known as ACO);

- **Worksite safety checks**

Checks lying with the Safety Coordinators in the Execution Phase (also known as CSE) to protect health and safety at worksites. They are carried out by internal and external staff qualified to act as CSE in accordance with the provisions of Title IV of Legislative Decree 81/08.

In addition to implementing the control actions that are decided upon, planned and measured on a yearly basis according to the goal to be reached, the Occupational Safety Management System keeps the following indicators under control:

- **evolution of workplace injuries**

Monthly report reflecting a review and development of accident-related events shared across the safety organisation (Employers responsible for H&S (also known as DL), Employer' delegates (also known as DdL), Prevention and Protection Service staff (also known as ASPP), Workers' safety representatives (also known as RLS) and workers). The situation in terms of accidents is constantly monitored

and notified to top management in real time, while members of the safety organisation are constantly informed through the aforesaid reporting reflecting changes in terms of quantity and accident indices. More specifically, the Workers' Safety Representatives (also known as RLS) are informed and involved to ensure increasing participation for the purpose of promoting a safety culture;

- **collection of near misses**

Monthly report reflecting a review, development and actions taken for their solution/mitigation, shared across the safety organisation (Employers responsible for H&S (also known as DL), Employer' delegates (also known as DdL), Prevention and Protection Service staff (also known as ASPP), Workers' safety representatives (also known as RLS) and workers). Similarly, the Group also monitors the accident situation of its suppliers on a quarterly basis in relation to the activities carried out and worksites managed for the Group; the trend in the number of near-miss incidents/accidents is also monitored.

- **development of workplace injuries at contractors'**

Monthly report reflecting a review and development of accidents suffered by contractors' personnel on worksites of 2i Rete Gas, shared across the safety organization (Employers responsible for H&S (also known as DL), Employer' delegates (also known as DdL), Prevention and

Protection Service staff (also known as ASPP), Workers' safety representatives (also known as RLS) and workers);

- **supervision of health surveillance and subsequent issuance of assessments certifying fitness for duty.**

Health supervision is provided by the designated physicians with the support of the Prevention and Protection Service (also known as SPP). The results of fitness or unfitness for duty are promptly made available to those responsible for the management of temporary, partial or total disabilities, thus updating protection measures for employees. Situations that can result in **occupational diseases** are also monitored.



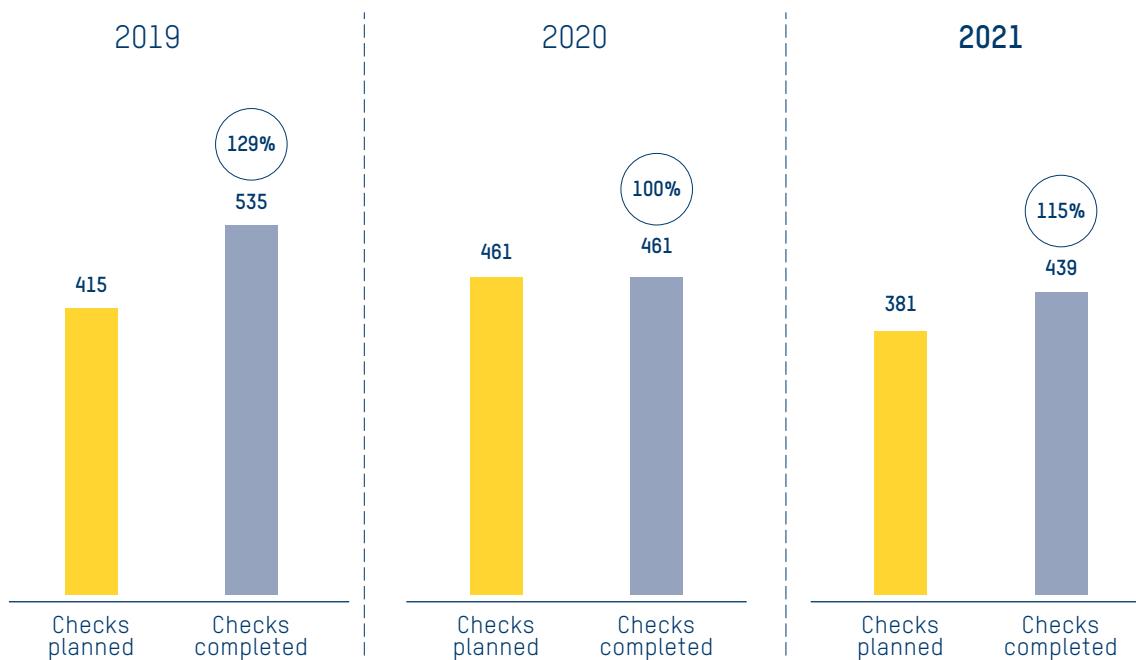
The above indicators, which were monitored in 2021 as was the case in previous years and consistent with the lines of action set out in the Sustainability Plan, are consolidated with the results described below.

As mentioned earlier, in order to limit accidents, the Group internally verifies occupational health and safety at local structures and carries out checks during works at open sites run by contractors. Consequently, it constantly analyses the results of controls and defines actions and measures to improve health and safety performance.



## Number of VISORV surveillance checks

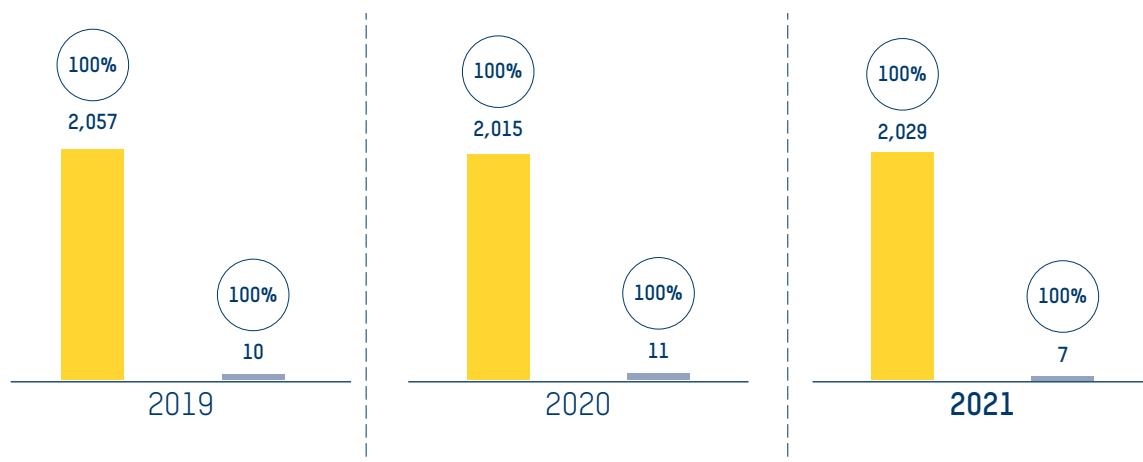
% refers to checks completed vs. checks planned



## Workers covered by an occupational health and safety management system

● Employees

● Contractors whose work and/or workplace is controlled by the organisation



The Group monitors the control of health and safety issues in order to ensure prevention, including by relying on an inclusive approach and, therefore, with reference to the activities carried out by providers of works and services. As a result, the Group commitment to raising its suppliers' awareness regarding compliance with high health and safety standards continued. To this end, continuous monitoring of the sites is carried out by in-house staff to ensure that such suppliers adopt appropriate working practices.

Starting in 2019, this activity was also extended to subsidiary Cilento Reti Gas S.r.l., in relation to which control procedures applicable to construction sites subject to Title IV of Italian Legislative Decree 81/2008 are guaranteed by the Safety Coordinators retained by the construction partner and are, as is the case with the Parent Company, performed on a daily basis on contractors and their subcontractors.

The results of the controls and the issues found are made known by sending two-monthly reports to all the parties in the worksite safety chain: Contractors and Project Supervisors.

In 2021, 5,656 inspection visits were conducted (5,147 in 2020), totalling 6,105 reports (6,029 in 2020) by Safety Coordinators in the Execution Phase (also known as CSE). During the inspections, they focused on ensuring that the provisions designed to protect the health of workers in relation to the pandemic emergency were complied with on

worksites. In addition, 4,919 (4,571 in 2020) in-process inspection visits were conducted by Operational Control Officers (also known as ACO), together with 609 (606 in 2020) technical tests.

The constant monitoring and analysis of control findings fed into an ongoing dialogue with Project Supervisors and Safety Coordinators in the Execution Phase (also known as CSE), resulting in scheduled meetings and the issue of updated documentation. Suppliers were timely engaged in meetings designed to gain insights into and manage critical issues arisen during the inspections. The outcome of this process fed into training endeavours aimed at increasing the focus on safety aspects at the worksite and on the impacted community.

In line with the implementation principles set out in the Sustainability Policy, the Group protects the health and safety of its contractors as well as of its employees. More specifically, it **monitors the accident situation of its suppliers**, keeping track of the incidents/accidents involving their employees at worksites managed for 2i Rete Gas. During the year, the system-enabled document defining the responsibilities and methods that the organisation has in place to investigate accidents involving suppliers' personnel was revised; the numbers on file showed such events to stand at 15 (10 in 2020).

Furthermore, the Group monitors accidents with a view to identifying any risks that might call for the adoption of mitigation or containment meas-

ures and seizing possible opportunities to weight events involving contractor employees by comparing them with those involving the Group employees. (See Identification and mitigation of supply chain risks).

In 2021, accidents involving Group employees totalled 14 (8 in 2020), resulting in 482 lost working days (264 in 2020). The overall total of lost working days was increased following 2 accidents that occurred during 2020, one of which continued beyond the end of the year, while the second was reopened in 2021, resulting in an additional 92 lost days of work. In 2021, only 3 accidents totalled more than 60 days of lost working days (with production of multiple consecutive certificates) compared to the only one recorded in 2020.

Compared to 2020, which was marked by a significant reduction in the accident rates of the year due to the significant decrease in work activities during lockdown periods, 2021 shows a year-over-year decrease in accident rates compared to 2019, which should be taken as a benchmark year insofar as it is representative and is not affected by the pandemic events of 2020: IFR 4.13 and ASR 0.14 (ref. 2019 IFR 5.68 and ASR 0.14). These rates are even lower if commuting accidents are excluded: IFR 3.02 and ASR 0.12 (ref. 2019 IFR 4.78 and ASR 0.12).

In 2021, as in previous years, there were no accidents with serious consequences that resulted in the death or permanent disability of employees.



## Total number of work-related injuries suffered by employees

	31 Dec 2019			31 Dec 2020			31 Dec 2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>Total number of work-related injuries</b>	1	18	<b>19</b>	-	6	<b>6</b>	-	14	<b>14</b>
In the workplace	1	15	<b>16</b>	-	5	<b>5</b>	-	10	<b>10</b>
Travelling to/from work*	-	3	<b>3</b>	-	1	<b>1</b>	-	4	<b>4</b>
<b>Hours worked</b>	509,668	2,834,409	<b>3,344,077</b>	502,985	2,661,060	<b>3,164,045</b>	542,633	2,844,721	<b>3,387,353</b>
<b>Employee accident rates</b>									
Rate of recordable occupational accidents	1.96	6.35	<b>5.68</b>	-	2.25	<b>1.90</b>	-	4.92	<b>4.13</b>
Rate of Severity recordable occupational accidents**	0.01	0.16	<b>0.14</b>	-	0.07	<b>0.06</b>	-	0.17	<b>0.14</b>
Days lost due to employee injury	5	458	<b>463</b>	-	182	<b>182</b>	-	482	<b>482</b>

\* In 2019 and 2020, injuries related to commuting incidents were again calculated according to GRI 403 standard: Occupational Health and Safety 2018. As a result, reference was made only to injuries occurred while travelling to/from work using transportation means provided by the Company.

\*\* ASR calculated - number of days lost over hours worked x 10<sup>3</sup>.

To improving monitoring and analysis of health and safety performance, the Group resolved to rely on three indicators, the first two being normally used for statistical purposes also by the NHS (also known as SNN) and being covered under Standard UNI 7249.

The indicators being used to assess effectiveness in achieving the objective result in improvement in performance as compared to the past, such improvement being measured by relying on IFRs and ASRs and, as a preventive measure, the assessment of near-miss accidents recorded during the year.

In order to consider a more stable IFR value in the medium term in relation to changes in accidents events while

mitigating the effects arising from limited operations due to the 2020 pandemic, in respect of which no assumptions can be made at present regarding the end of its impact, the value is set by weighting the achievement of the IFR to 2023 with a target confirmed at 4.80 (such value being calculated on the IFR on a three-year rolling basis).

Similarly, with the aim of monitoring the seriousness of accidents and adopting all the preventive measures, the Group monitors the ASR (calculated as the number of lost work days due to a non-commuting accident as benchmarked against the number of hours worked). Consistent with the criterion of evaluating a medium-term

target, the value is confirmed at 0.15 (Value calculated on the ASR on a three year rolling basis).

In addition, the three-year accident rates voluntarily forecast and reflected by the Group in its Sustainability Plan and recorded in 2021 showed the following values:

- **IFR:** 2.97 compared to the 2023 target of 4.80 set in the Sustainability Plan;
- **ASR:** 0.09 compared to the 2023 target of 0.15 set in the Sustainability Plan.

These figures are, however, influenced by the 2020 results due to the restrictions imposed by pandemic management.

Another measure designed to protect workers' health and safety pertains to **Health Surveillance** activities. These activities are entrusted, at Group level, to two qualified external suppliers who, on the basis of a North-Centre-South geographical allocation, provide occupational health services, ensuring health surveillance for all Group employees and for all work environments.

The Service consists of 2 Coordinating Designated Physicians and 30 Designated Physicians covering the staff and sites of the 8 Production Units of which the Group is composed.

Constant interaction is ensured between the Health Surveillance Service, Employers and Prevention and Protection Function, the underlying goal being to guarantee the application of the Health Protocol, supervision of the workers' fitness for duty and training on occupational health and safety.

In 2021, 1,123 medical examinations were carried out to confirm fitness for duty. At the end of the year, pending Health Surveillance operations were completed on all permanent and operational staff. In addition, 108 specialist examinations and targeted tests were carried out to establish the existence of specific pathologies reported by workers and, as a result, identify the application of limitations or preclusions to performing work duties.

Situations that can cause occupational diseases are also monitored. As

was the case in 2020, no cases of recognised occupational diseases were identified in 2021. During the year, 3 requests were received from National Institute for Insurance against Accidents at Work (also known as INAIL). Following investigations by the relevant body, they were rejected, resulting in no case of occupational illness being confirmed.

The situation of workers subject to prescriptions or limitations is constantly monitored with a view to paying the utmost attention to workers. During 2021, in order to prevent such workers from performing job tasks they are not allowed to perform, an alert was introduced in the Work Force Management programme, warning that a task has been assigned to a worker deemed unfit for duty as a result of a scheduling error.

Subject to correlation with risk assessment, the analysis and ongoing assessment of the findings resulting from Health Surveillance and carried out by the Prevention and Protection Service and the Employers confirmed the health protocol in force also for 2022, established the absence of any cases of recognised occupational disease also for 2021, and suggested a scenario where improvement plans should focus on gaining further insights into, and inclusion in the Risk Assessment Report of, the following topics:

- risk weighting, including in relation to the average age of employees,

which is deemed to be significant in terms of the composition of the company population and relevant in relation to weighing the potential impact/harm on the worker in the discharge of work duties;

- extension of scenarios for assessing 'risk of aggression', which is already included in the Risk Assessment Report, albeit limited to the risk of physical aggression. On the other hand, the aim is to develop an assessment that takes into account cases of aggression, including verbal and behavioural aggression;
- launch of a process for evaluating prevention campaigns on specific topics to be extended to all employees.



Still about health and prevention, 2021, like 2020, proved challenging due to the management of the SARS-CoV-2 pandemic emergency. The containment measures adopted and adjusted in accordance with the regulatory measures that followed after the first order issued by the Lombardy Regional Authorities in agreement with the Ministry of Health on 23 February 2020, and then consistent with the Prime Minister's Decrees that have been is-



sued from time to time since March 2020, have been adopted in line with the updates provided by the Ministry of Health and the Technical and Scientific Committee.

The development of the pandemic situation impacted and influenced most of the operational choices in the Group activities throughout the year. Fortunately, the organisational measures implemented right from the early stages of the emergency allowed all activities to continue, ensuring service continuity in compliance with health and safety standards for workers and the community.

The evolution of the national epidemic curve during 2021 matches the situation of contagions recorded in relation to the Group internal staff. Indeed, of the 243 reports concerning situations of suspected contagion or established positive findings as detected through the reporting box set up for all employees, 121 showed infection by SARS CoV-2 (accounting for 6% of the entire company population), with workers however recovering in all such cases. To maintain a strong focus on the situation and prevent possible cases of contagion, all staff were readmitted to work only after the readmission examination conducted by the designated physician. In addition, for about one hundred situations, telephone triage was also relied upon for the purpose of providing guidance to and informing the worker in the best possible way as well as from a health perspective.

The continuous monitoring of health surveillance supported the employers in identifying organisational solutions in agreement with the Prevention and Protection Function and the Human Resources Department. These solutions were designed to ensure work continuity for workers who qualified as vulnerable, allowing them to work remotely or temporarily change their job.

Supervisory activities continued, including as a result of the gradual return of workers to perform work duties in-person since June 2021. Controls increased and internal procedures were set up to verify the requirements for access to workplaces in relation to the regulatory provision that in October 2021 made it mandatory to hold and produce a COVID-19 green Certificate (also known as Certificato verde COVID-19 or green pass) for workers in the private sector and at the same time introduced the obligation of supervision and control by the employer.

As in 2020, supervisory activities also continued to be carried out with respect to suppliers who, as part of their own activities, were operating at sites where responsibility for places or worksites lied with the 2i Rete Gas organisation.

The analyses carried out on the different types of accidents that led to the injuries suffered by employees and non-employee workers whose work and/or workplace was however under the control of the organisation,

highlighted that most of the events recorded in the reporting period were not directly related to activities performed following work assignments. Indeed, the events that gave rise to the accident situation occurred mainly at times before or after work.

A limited number of cases, in relation to which it can however be assumed that direct action by the employer (e.g. training addressing a review of processes or the introduction of and/or changes to equipment or tools) could contribute to preventing such events from occurring again, can be related to the following lines of action already implemented by the Group:



- safe driving course for operator and technicians, including group sessions and vehicle-specific driving coaching sessions to be delivered to about 900 employees by 2023;



- accident or near-miss detection campaign through a structured schedule of meetings with the cor-

porate safety chain (Employers responsible for H&S (also known as DL), Employer' delegates (also known as DdL), Prevention and Protection Service staff (also known as ASPP), Workers' safety represent-

ative (also known as RLS) and the involvement of workers with a view to learning lessons from emergency or accident situations that may have occurred and increasing the dissemination of best practices

and operational methods that allow such situations to be prevented.

In 2021, there were no incidents that caused financial penalties or warnings to be inflicted.

## Recordable injuries by type of accident

	31 Dec 2019			31 Dec 2020			31 Dec 2021		
	Women	Men	Total	Women	Men	Total	Women	Men	Total
<b>Employees</b>	1	18	<b>19</b>	-	6	<b>6</b>	-	14	<b>14</b>
Animal bite	-	2	<b>2</b>	-	-	-	-	1	<b>1</b>
Awkward efforts/movements	1	3	<b>4</b>	-	3	<b>3</b>	-	3	<b>3</b>
Sliding	-	4	<b>4</b>	-	-	-	-	2	<b>2</b>
Cutting	-	1	<b>1</b>	-	-	-	-	1	<b>1</b>
Car accident while travelling on duty	-	4	<b>4</b>	-	1	<b>1</b>	-	1	<b>1</b>
Impact - Crushing	-	-	-	-	1	<b>1</b>	-	2	<b>2</b>
Aggression	-	1	<b>1</b>	-	-	-	-	-	-
While travelling with company vehicle	-	3	<b>3</b>	-	1	<b>1</b>	-	4	<b>4</b>
<b>Non-employee workers (contractors)</b>	-	-	-	-	-	-	-	-	-
No accident events occurred	-	-	-	-	-	-	-	-	-



In addition to addressing topics of a general nature, training endeavours designed to provide health and safety are also developed based on an approach aimed at covering aspects increasingly relevant to the areas of interest and relevance for the restricted groups of workers for whom they are intended, as they also deal with issues deriving from aspects identified as relevant on the basis of the analysis of the events and statistical data collected.

Consistent with the foregoing, the 2021 training plan addressing pre-

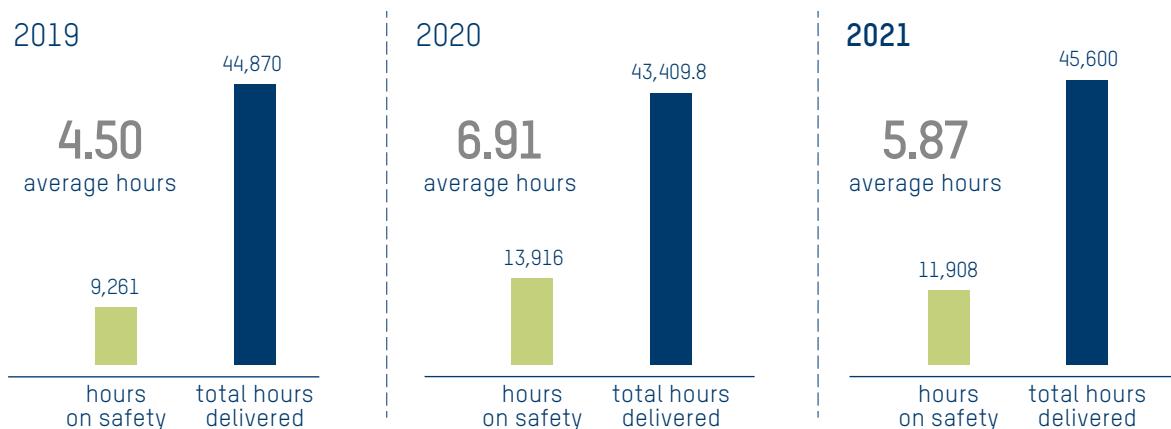
vention and workers' safety was also amended to reflect aspects related to the management of the SARS CoV-2 health emergency. This required the introduction of new behavioural rules to ensure service continuity by 2i Rete Gas employees in compliance with the Prime Minister's Decrees issued from time to time. Regarding the management of access to sites in relation to the pandemic situation, approximately 180 colleagues were trained as green certificate inspectors.

With regard to specialist training to sup-

port the implementation of prevention rules introduced by the organisation to deal with the emergency, practices were updated on a regular basis through more than 100 hours of COVID-19-related training delivered in 2021.

One of the most significant training endeavours entails involving all personnel of contractors who provide the emergency response service in training sessions intended for internal employees who are responsible for the same service (see Identification and mitigation of supply chain risks).

## Average hours of training/employee on safety issues



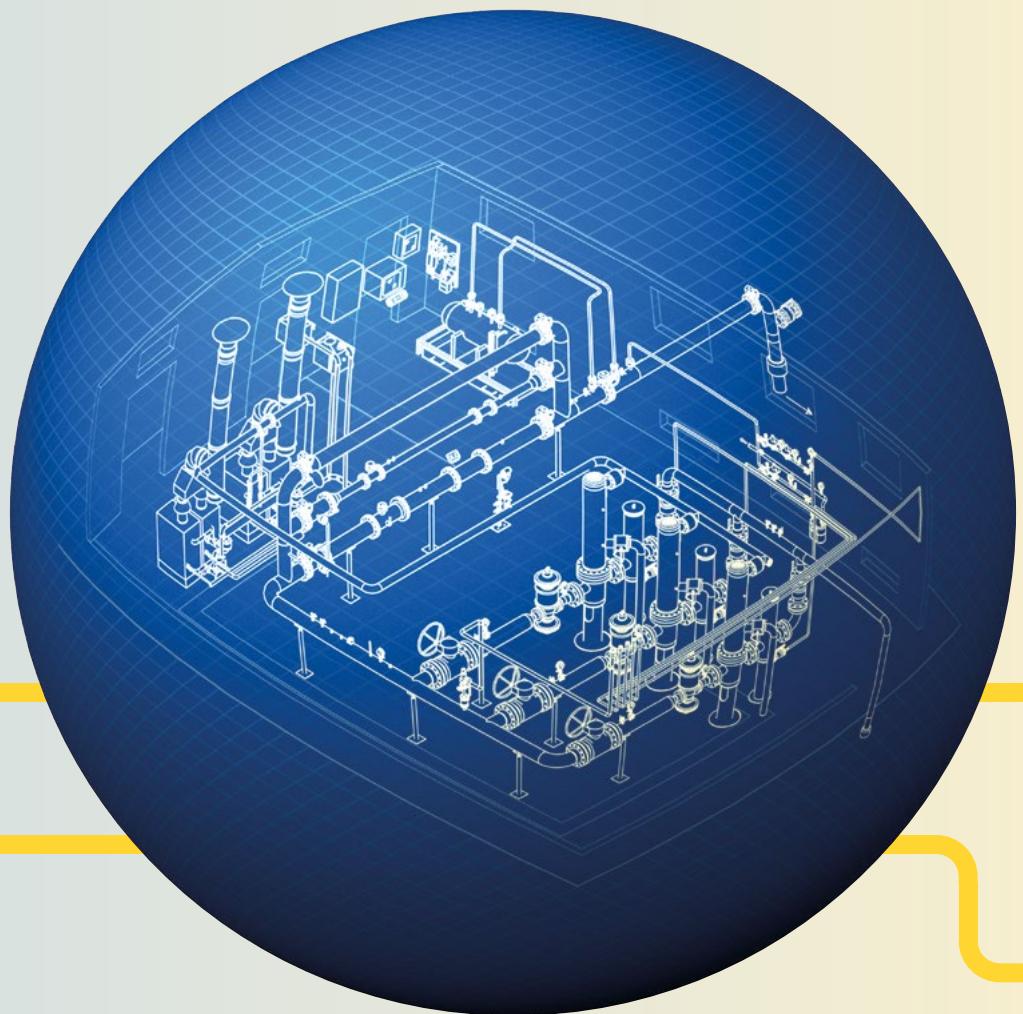


2i Rete Gas is committed to managing its **assets** through daily efforts aimed at guaranteeing the best service to its **clients** by achieving **incremental standards of technical and commercial quality**, while pursuing **operation efficiency and cost-effectiveness** criteria by:

#### IMPLEMENTATION PRINCIPLES

- pursuing ongoing improvement of the supervision on infrastructures and service performances, including by relying on the digital development of networks and processes.
- ensuring proper monitoring of safety conditions and prompt response in potentially dangerous situations.
- strictly monitoring its commercial performance to ensure fully compliance with regulation.
- fostering technological innovation as a key enabler for enhancing the metering service.

# ENSURE EFFICIENCY, QUALITY AND SAFETY



# BUSINESS MODEL

*The business model adopted by 2i Rete Gas is designed to manage efficiently the distribution infrastructure until the next renewal of the concession, ensuring the continuity and quality of the service provided.*

As mentioned earlier under "Policies and certifications", the business model adopted by the Group is based on the IMS implemented by 2i Rete Gas S.p.A. to underpin the Company ability to provide the "Management and Operation of the Natural Gas Distribution Service" on a regular and continuous basis, in compliance with the appli-

cable mandatory requirements and in accordance with the reference certification standards.

The scope of the IMS is "Design, construction and installation of plants and networks for the distribution of methane gas and LPG. Activities related to the distribution of methane gas and LPG (operation, maintenance, and assistance of plants and networks of distribution of methane gas and LPG)". The framework where this scope is identified consists of the activities necessary to ensure the "Management and Operation of the Natural Gas Distribution Service" business process, which

comprises three different time phases (primary process macro-flows):

- **ACQUISITION OF CONCESSIONS**

through calls for tenders intended for the smallest regional areas covered by a single gas distribution network operator (locally known as Ambito Territoriale Minimo - ATEM) and corporate acquisition deals;

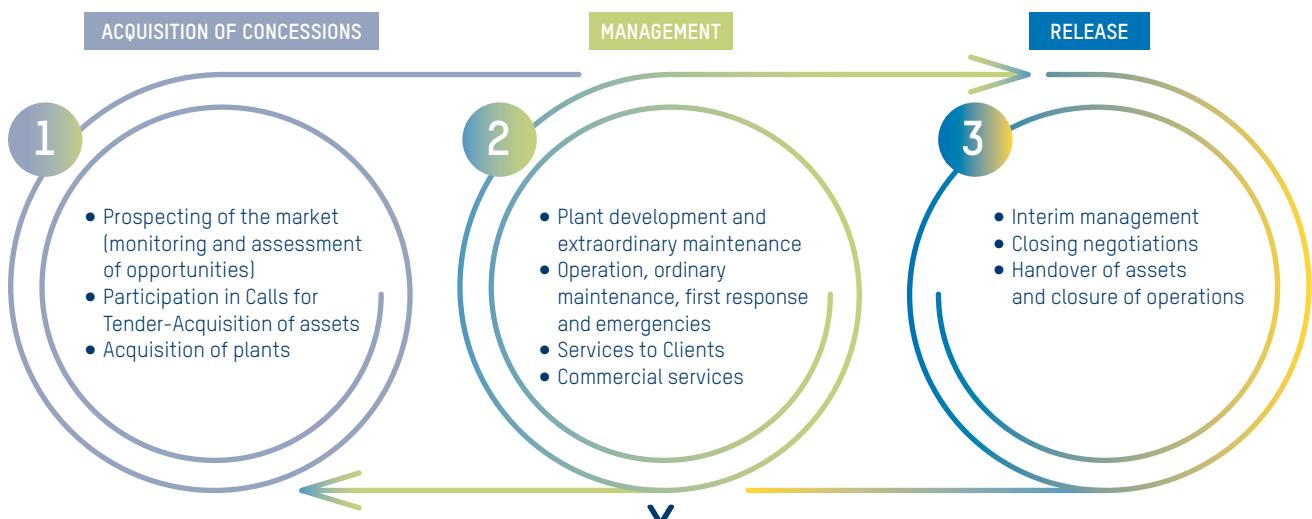
- **SERVICE MANAGEMENT**

(development, operation and maintenance of facilities, services to parties concerned);

- **RELEASE OF FACILITIES**

at the end of the contract.

## How the business model works



This division makes it possible to activate the management system and, for this purpose, to allow the analysis and identification of the Owners of individual activities, risks and opportunities, as well as the analysis of interventions.



# RELIABILITY AND EFFICIENCY OF PLANTS

*The underlying goal of maintaining an IMS is to ensure a regular, reliable and efficient service supply, while respecting the environment and protecting the health and safety of all stakeholders.*

The management of an IMS implies the adoption of a **continuous improvement-oriented system approach** and reliance on **Risk Management** principles through which the most effective control actions of the activities are identified. It includes periodic and scheduled monitoring of the organisation ability to ensure that the natural gas distribution service is run in compliance with the applicable mandatory requirements and, consequently, ensures control over the activities provided by operational staff in relation to the operation and maintenance of the gas network infrastructure and surveillance of service providers and material suppliers. The IMS of 2i Rete Gas keeps in check the effectiveness of the implementation of processes that have an impact on the work environment, on the health and safety of workers, on the environment and on the community, both directly and indirectly; and main business management processes and human resources with **indicators** signifying **qualitative and quantitative improvements**.

The IMS governs the processes and methods of service management while respecting the health and safety of clients, managing risks and opportunities related to the design, purchase (approval, control and certification), use and service (installation, operation and maintenance), disposal, reuse or recycling of products and services.

The scope of the IMS certification according to standards UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and UNI ISO 45001:2018, covers the primary process macro-flows pertaining to the concession acquisition, service management and facility release phases. The way in which business is conducted, in compliance with laws and standards and in the pursuit of improvement objectives in accordance with self-regulatory codes established to control the impact on the Health and Safety of products and services, is governed under specific **IMS documents** (Operational Instructions, Material Technical Specifications, Operational Technical Specifications, Standardisation Technical Specifications, Guidelines).

Documents are prepared by the organisational functions that are directly responsible for the processes dealt with, shared by the associated func-

tions, verified in terms of consistency with the IMS by the Quality, Safety and Environment function, issued and finally stored in a specific section of the corporate Intranet, where they are available for viewing by the entire organisation.



# Initiatives related to the Sustainability Plan

In relation to the goal of **ensuring the value of company assets in relation to the organisation ability to maintain plant efficiency and safety**, some documents of 2i Rete Gas S.p.A. Management System have also been brought into line with the UNI ISO 55001 (Asset Management) standard in respect of processes relating to the operation and maintenance of reduction and metering facilities (locally known as REMI, IRI, GR). Most notably, in line with the target set in the Plan for

the year under review, data management and retention and evidence recording procedures were redrafted and reflected in 10 system-enabled documents (Operating Instructions), the purpose being to improve protection against the risk of experiencing asset management irregularities. The above action should prove helpful in the process of eventually having the Integrated Management System certificated according to the additional standard 55001.

With the aim of continuous innovation and improvement of the safety, reliability and efficiency of the plants, **specific controls and audit programmes** are planned and implemented every year to benchmark IMS-related performance against pre-set indicators. IMS objectives in 2021 were once again planned accordingly to the indicators that have been historically considered for the purpose of monitoring as well as with reference to the principles set out in the **Sustainability Policy** from which the **Integrated Policy for Quality, Health and Safety and Environment** is derived and to the initiatives and KPIs set for the 2020-2023 period under the broader **Sustainability Plan**. Such a harmonisation process, which was submitted to the IMS Certification Institute for its perusal and approval, resulted in a total of **14 indicators** being calculated, based on which monitoring was conducted during the year. These indicators are distributed across the three reference regulatory standards (Quality, Health and Safety

and Environment) which the IMS is required to comply with, as shown in the chart named "Breakdown of IMS/QSE indicators - 2021".

As required by the reference standards, monitoring is ensured by carrying out checks aimed at verifying compliance with various parameters which, when not complied with, could lead to criticalities and inefficiencies in the system. The consistency and effectiveness of the IMS applied are assessed through the Top Management Review Document. Moreover, the data collected throughout the year allow actions for continuous improvement to be planned and implemented. The aforesaid document is made available to the organisation through the corporate Intranet. The annual results measured by the IMS are submitted to the Top Management for its perusal. Top Management, at planned intervals, review performance indicators and objectives to ensure their continued suitability, adequacy and effectiveness, as well as

alignment with the organisation strategic guidelines.

Once indicators and objectives have been established, an annual **Internal Audit programme** is defined to establish the IMS compliance with the requirements of the organisation and with those laid down by certification standards. The purpose of Internal Audits, conducted by personnel holding specific qualifications in line with each of the three reference regulatory frameworks, is to perform checks on the design, operation and maintenance of plants and supervision of works (whether managed internally or outsourced), in relation to the infrastructure and technological buildings managed by Regional Department functions, Local Area functions and secondary offices.

Internal Audits are also scheduled on the main headquarters functions responsible for defining and coordinating service operation and maintenance processes (e.g.: Operations,



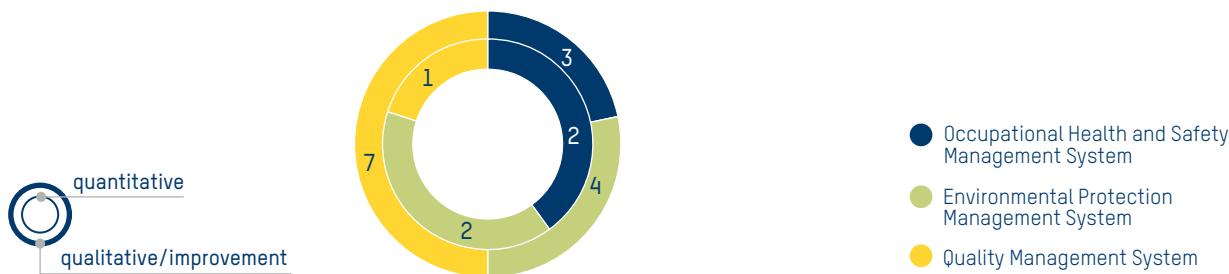
Network Commercial Services, Engineering, Human Resources, Procurement and Services). This allows a significant sampling to be made on corporate processes falling within the scope of the IMS. Any findings, where non-compliance issues have emerged, are managed and solved within the timescales and according to the procedures set out by system rules. Where areas show room for im-

provement, practices are reviewed and/or staff training courses are planned. Internal Audit results will also be evaluated for the purposes of Top Management Review, resulting in Risk Analysis re-validation and confirmation or revision of the related processes, as appropriate.

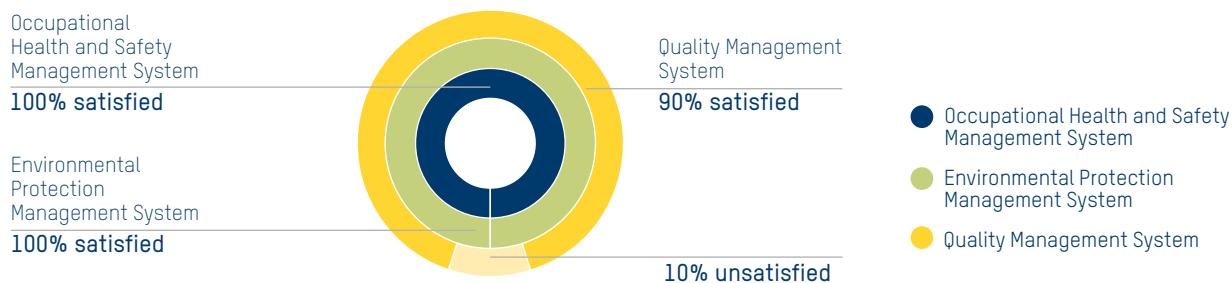
In 2021, based on targets set, all **14 indicators** relating to **quality improve-**

**ments** were monitored and 13 of them were achieved; all **5** indicators relating to **quantitative improvements** were monitored and **achieved**. As shown in the chart named "Results of IMS/QSE indicators - 2021", the percentage of completion of the action plan stood at 90% in relation to the Quality area, and at 100% in relation to Health and Safety area and the Environment area, respectively.

## Breakdown of IMS/QSE indicators - 2021



## Results of IMS/QSE indicators - 2021



Starting in 2021, the “Top Management Review” system-enabled document (being drafted in the first quarter of 2022) will also include the results of the monitoring of the three specific objectives related to the IMS included in the Sustainability Plan, where the progress target to be guaranteed annually in each of the three areas (Quality, Safety and Environment) is set at 90%.

Internal audits will of course also be planned for 2022 with similar objectives, pending the evolution and limitations imposed by the pandemic emergency.

In addition to the Internal Audit process, IMS tasks also include **scheduled audits covering control processes considered as strategic for managing risk on the certified scope** in relation to:

- asset and resource management (VISORV, material testing);
- the service provided to network end clients (audits performed on a test basis on events concerning service safety and continuity and commercial quality performances);

More specifically, trends are monitored in relation to:

- **surveillance visits by internal operations staff (VISORV),**

designed to establish, and where necessary raise awareness in respect of, compliance with the appropriate procedures for carrying out work activities in accordance with the established rules and adopting the required health and

safety precautions, including ensuring the appropriate handling and use of the devices and equipment provided, in accordance with corporate guidance;

The activities, which from 2019 and throughout 2020 was reconsidered and integrated by rolling out a pilot project on two production units (Central Department and South-Eastern Department), was further enhanced during 2021. In this connection, a project designed to make dialogue between controller and controlled subjects more effective was extended to all production units with a view to providing a discussion platform and a channel for collecting proposals or reports which, if used properly, could provide insights and opportunities for improving work organisation.

- **inspections designed to check appropriate performance of material testing operations** carried out by suppliers before the main products that will be used in the construction of gas distribution plants are sent to the warehouses, the purpose being to ensure compliance with the company technical specifications that the supplier accepted to comply with during tender procedures and that were confirmed at the time of contractual approval of the product.

Once again in 2021 the organisation ensured maintenance of the supervision of material testing, relying on its Quality, Safety and Environment Function, by performing audits at its production site to establish the appropriate execution of acceptance

tests together with the systematic control of documentary evidence certifying the tests carried out and maintenance of the quality of the equipment used. The total number of test calls in 2021 was 15% higher than in 2020 (when physical attendance at the testing facility was 7%). The number of products and equipment to be supplied with an extended split delivery increased as a whole, causing a rise in the number of calls.

In 5% of the cases concerning testing reports, company inspectors managed to attend in-person on site, despite the limitations imposed to cope with the SARS CoV-2 health emergency.

Although this activity felt the effect of the aforesaid limitations in 2021 as well, it made it possible to gather, in the appropriate form and consistent with the relevant standards, the documentation certifying product conformity and testing. Audits were performed on a test basis on the documentation provided by suppliers regarding strategic products (pipelines, meters, pressure reduction systems, valves and various components) to establish the reliability of the certified tests, based on the knowledge and availability of procedures, equipment and instruments kept under metrological control. The same activity will also be extended to 2021 regarding all materials purchased directly by 2i Rete Gas S.p.A. and, where required under service agreements, its subsidiaries.

- **audits on a test basis on the methods used to handle and re-**

**cord service safety and continuity events** (first response service, gas emergencies and incidents, gas odorization and network leakage) and **commercial quality performances** (time to quote work to be carried out, turnaround time for the completion of simple and complex work, connection and disconnection turnaround time, punctuality range for appointments with end clients and time to provide a reasoned reply to written complaints or enquiries), **subject to annual disclosure to ARERA**, with the aim of establishing consistency of the documentation with the information recorded in the system and the procedures set forth in the ARERA Regulation document governing the quality of gas distribution and metering services (locally known as 'RQDG'), which covers the different regulatory periods.

In 2021, the Group ensured the conduct of the number of audits set out in the Plan for 569/19 (formerly 574/13) Audits, despite the limitations imposed by mobility restrictions due to the pandemic emergency. The results and the related assessment of the risk of penalties being inflicted as a result of inaccuracies or inconsistencies detected were reflected in specific minutes provided to the Local Area functions that were visited as well as Department and Head-office functions coordinating the processes being reviewed. This allowed specific or process-wide realignment to be achieved in order to seize opportu-

nities for resource training and improvement. The same goal was set again for 2022.

All the activities in the control process described above are regulated by system documents which, for various reasons, identify the responsibility, the operating methods, and the frequency with which they must be repeated over time. All system documents are consistent and in accordance with the applicable and mandatory regulations on the maintenance and operation of the gas network. In December 2021, ARERA started a process across the various sectors and services to implement an update of its methods for verifying commercial quality data for the distribution, metering and sale of electricity and natural gas as well as contractual quality data for the integrated water service. The documents prepared and sent to the various operators for consultation show that the Regulator intentions are highly consistent with the sampling methods already planned by 2i Rete Gas and implemented with the self-assessment checks carried out, which further increases across-the-board effectiveness and readiness in the event of checks by the ARERA Inspection Unit.

For some significant parts of the network operation activities "concerning the safety and continuity of the distribution service", 2i Rete Gas operates in compliance with the rules defined by ARERA (locally known as TUDG). For these activities, every year the Authority is informed of the data relating to the Safety pa-

rameters with reference to the previous year. The monitoring and frequencies are recorded and stored on the computer systems.

With a view to a constant attention to the safety of the plants and network end clients, **campaigns have been carried out to pre-emptively search for leakage and to verify on-site the degree of odorization of the gas distributed**. In this connection, 2i Rete Gas carries out checks on network leakage according to improved standards compared to the national reference legislation. In 2021, based on operating pressure, 70% of the total low-pressure network and 50% of the high-pressure and medium-pressure network was checked. In addition, the state of corrosion of steel pipes (77% of the total network) and cathodic protection systems was monitored.

**Continuous monitoring of safety conditions and a promptly response in potentially dangerous situations** ensure plant reliability and efficiency. To this end, the Group is increasingly focused on aspects related to efficiency and service continuity with the aim of identifying possible criticalities that could require the adoption of mitigation or adjustment measures to improve the service provided to network end clients. To do this, several years ago 2i Rete Gas started a project for the replacement of network sections classified as "old", planning works on the basis of different criteria, such as year of construction, leakage and the number of repairs recorded in the year.

In addition, in accordance with the guidelines of the Italian Gas Committee (locally known as CIG), the organisation is required to activate processes defined by the organisation itself in the event of incidents involving fuel gas distributed through networks. During 2021, there was only one such event attributable to third parties, the handling of which, however, did not require any action to section off the network.

Still on this subject, it is worth mentioning the launch of **a pilot initiative to detect with greater precision leakage events across the distribution network** by adopting a new detection technology that was tested in 2020 and then adopted again in 2021. In the latter year, the technology was implemented in approximately 220 municipalities, accounting for approximately 6% of the total network managed by the Group.

Reliability and efficiency of the service related to commercial quality performances is ensured by **monitoring strict compliance with the regulation of its performances compared to the requests received and the service provided to network end clients**. To this end, the Group is in-

creasingly focusing on aspects related to service efficiency and accuracy with the aim of identifying any non-compliance with the rules laid down by ARERA, considering, where necessary, adopting corrective or adjustment measures to improve service.

On the other hand, as regards the management of new technologies in compliance with the regulatory obligations established by ARERA, installation, commissioning and management of electronic meters continued in accordance with the set investment plan (see Smart meter project), as did installation and commissioning of devices to measure and record pressure values in the low-pressure network.

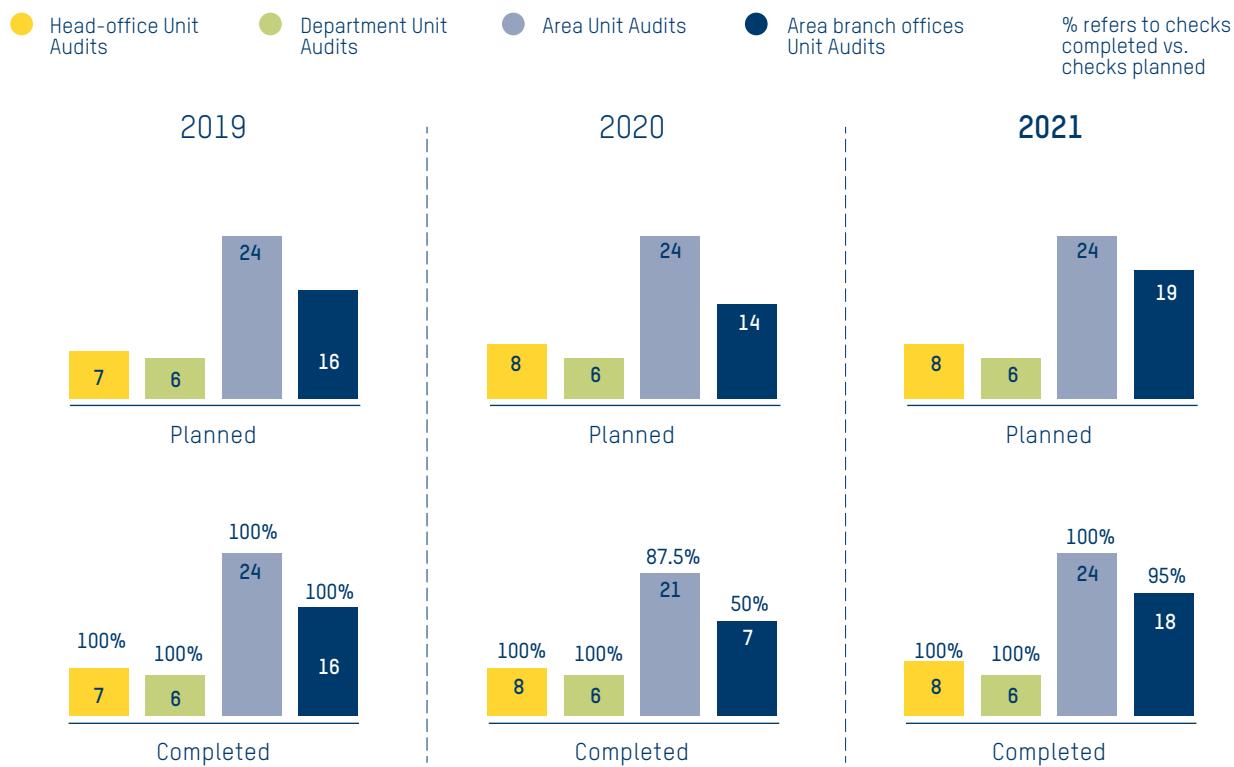
The Group is paying increasing attention to the potential capabilities afforded by technological innovations to allow the monitoring of infrastructure and the services provided to be improved constantly.

Finally, as an incentive to increase energy efficiency, implementation activities continued with regard to regulation of the preheating systems installed at city gates.

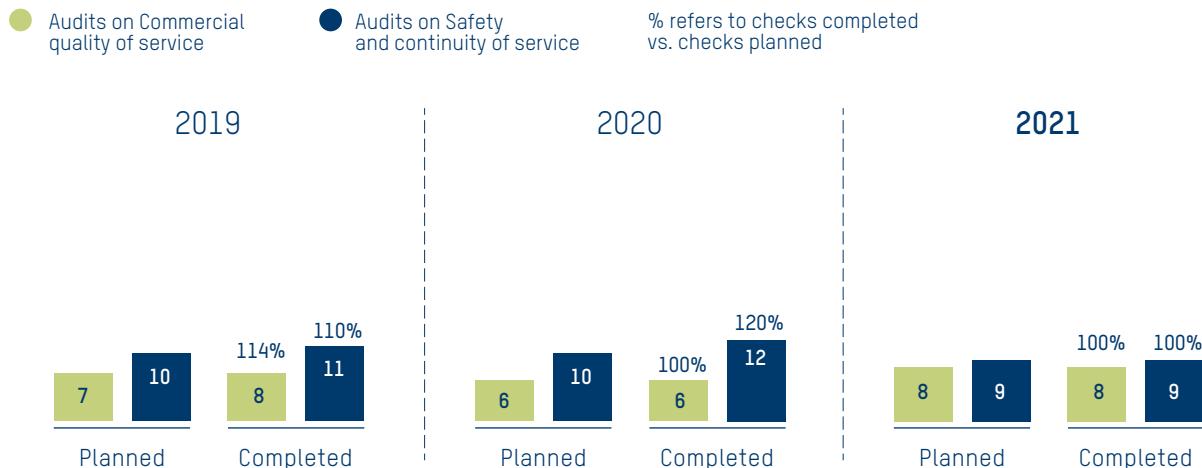
During 2021, as had been the case in the previous two years, there were no instances of non-compliance with regulations and/or self-regulatory codes regarding the health and safety impacts of products and services attributable to established non-compliance ascribable to the organisation.



## Number of internal system audits



## Number of 569/19 (formerly 574/13) audits Safety and continuity and Commercial quality of service



# DIGITAL DEVELOPMENT

*Advanced Analytics technologies, increasingly implemented in both operational and management processes, are an important element for the organisation of 2i Rete Gas in its constant pursuit of improving and making more effective the level of control and monitoring of its managed assets, with a strong focus on achieving higher safety standards in the operation of plants and facilities, together with the search for greater efficiency in network development and maintenance operational processes.*

During the year, specific analyses were implemented to enable effective monitoring of user management processes; detect, in a timely and accurate manner, types of smart meters that show instability in communication with central systems as well as those with consumption rates that are not in line with historical trends; and support the localisation of meters in order to streamline the process for identifying malfunctions in communications on the 2G network by the smart meters themselves. Implementations have indeed become a crucial element in operational and management processes and make it possible to maintain, and

sometimes raise, awareness regarding process performances and related criticalities. At the same time, they allow more target-oriented network investments to be made with a view to quality and safety, in some cases enabling efficient allocation of priorities to maintenance operations.

## Advanced analytics to boost safety and operational efficiency

Advanced Analytics continue to be used to a significant extent in 2i Rete Gas, with special reference to the monitoring and management of IoT devices installed in the field on remote reading and remote management systems.

In this area, specific algorithms were developed during the year.

They made it possible to identify a new type of malfunction affecting smart meters with WM-Bus 169 MHz technology, consisting of an unsolicited change of the radio communication frequency. By correlating communication information from the devices with the data collected during field inspections and checks, it

was possible to identify and tag this behaviour, ensuring a more efficient and conclusive solution of the issue.

The analysis of the data collected and the application of specific Machine Learning algorithms also made it possible to identify some cases regarding smart meters that showed abnormal battery con-



sumption. This allowed replacement operations to be scheduled effectively. In this regard, it should be noted that the application of correlation algorithms of information relating to communications with field equipment and to operating data of field devices was instrumental in making particularly effective the process of identifying and prioritising operations for the replacement or restoration of smart meters and/or concentrators, enabling an efficient recovery of connectivity levels. Retraining and enhancement of the dataset of information relating to the consumption trends of supplies active on the network made it possible to improve further the accuracy and effectiveness of the algorithm implemented to identify any irregularities in the user's consumption history, detect special cases that involved a smart meter-specific problem, and ensuring a prompt replacement of such devices. More generally, the extensive use of Advanced Analytics in this application domain contributed significantly to reaching the objectives set by ARERA as part of the plan for the mass replacement of meters.



During the year, an algorithm for validating and controlling the quality of geographical coordinates of re-delivery points was built based on artificial intelligence and machine learning techniques, with the aim of consolidating the existing database and implementing stricter controls capable of assessing the new coordinates acquired as part of operational processes. The higher accuracy achieved therefore makes it possible to improve the efficiency of the field work planning and execution process, increase the efficiency of automatic algorithms for the identification of smart meters experiencing malfunctions with the communication module, and ensure maximum accuracy in the calculation of the volumetric correction coefficient. The implemented algorithmic framework resulted in Accuracy and Sensitivity values higher than 90%.



Finally, Advanced Analytics tools were adopted to control and monitor systems and processes, especially those relating to commercial network services, with the aim of increasing awareness of compliance with regulatory deadlines, thereby making it possible to identify and act promptly in situations that would not only cause failure to meet deadlines but would also lead to inefficiencies in the process and in the entire system. The initiatives implemented led to the creation of descriptive analysis tools that make it possible to identify both process points to be improved and critical points to be monitored by inserting of alarm probes, enabling automated monitoring of critical points and defining application management procedures for handling technical malfunctions affecting the information systems involved. Again, the adoption of Advanced Analytics made it possible to achieve high levels of quality in the business processes managed while reducing inefficiencies and minimising penalties.



# Remote monitoring of cathodic protection

Supervised algorithms are operational and have been applied to the information detected by the remote monitoring system. They provide a fairly good indication of the problems experienced by remote monitoring devices, distinguishing problems related to power supply and field coverage issues from problems typically related to the device installed in the field.

In 2021 too, the information processed and made available allowed

plans to be devised for a timely and effective scheduling of operations, with reliance being made on Work Force Management systems. The analyses carried out with algorithms that use information retrieved from installed devices, allowed the detection of potential issues, with special reference to those relating to cases for which it is necessary to remotely retrieve full details of daily measurements of a specific point, by interacting automatically with the remote monitoring system

of cathodic protection for remote reprogramming of the equipment involved and supporting validation of the fault by the technical personnel in charge. The information detected and stored in the corporate Data Lake can be further processed together with other information relating to operating data of the plants or relating to maintenance work to identify plant behaviour that can prove useful in budget planning processes.

# Remote alarm system of pressure reduction units and city gates

Algorithms designed to maximise the level of connectivity effectiveness between field equipment and the central system were deployed on a mass scale. The same approach was applied to analysis statistic algorithms which, by correlating communication failures to incidents related to general connectivity and to the operation of the communication system, trigger automatic changes

in query schedules and return mechanisms. The rescheduling mechanism is applied on a regular basis and allowed effectiveness of communication to continue to increase, thus driving an indirect increase in the level of security in the operation of the plant. The information retrieved, correlated with information recorded with reference to other systems that require communication

through a radio mobile network, will make it possible to outline, at a more general level, a mapping of real field coverage as far as GPRS communication is concerned. It will thus help 2i Rete Gas to deal with the most critical situations more effectively or to consider changing communication technology when upgrading field equipment.



# Smart meter project

In 2021 2i Rete Gas continued **smart meter installation and activation efforts**. The meter replacement plan, together with the plan for the rollout and operation of the infrastructure for the collection of consumption measurement data, proved once again to be one of the Group major projects, both from the point of view of innovative and technological content as well as with reference to the terms of investment.

The installation and use of new generation smart meters allow for greater accuracy in metering, prompt recording of the actual consumption, as well as it improves the effectiveness of corporate processes aimed at monitoring and managing the metering system, also thanks to the remote management of equipment.

The implementation of digitised and automated logics has resulted in a

significant improvement in metering system monitoring, ensuring an increasingly efficient service delivered to end clients, with a role being played to this end by the deployment of a state-of-the-art network that makes it possible to detect and process any irregularities relating to the collected data.

The project also allows end clients to become more aware of their consumption while actually reducing CO<sub>2</sub> produced, thus also contributing to Community objectives in terms of reducing emissions. Even without Infrastrutture Distribuzione Gas S.p.A. contribution, with **4.18 million smart meters installed**, accounting for **92% of the Parent Company total meters** (86% in 2020), the activity was carried out in compliance with the requirements established by ARERA resolutions. However, the corporate objective set internally in 4.2 million

meters installed by 2021 was not fully achieved due to limitations to mobility and access to private places related to the management of the pandemic emergency, which did not allow activities to be carried out as originally planned. The corporate objective was postponed to 2022 with a target of 4.4 million meters installed being pursued.

**4.18 million**

**SMART METERS INSTALLED**  
accounting for 92% of the Parent Company total meters



# Infrastructure for the collection of data from smart meters

In addition to the installation of meters using **point-to-point technology** (where data are transmitted via a SIM card across the mobile network), the project includes the deployment

of a concentrator-based data transmission infrastructure in major cities and in highly urbanised areas or areas where telephone network coverage is poor. Such an infrastructure will al-

low signals from smart meters to be collected using a **point-to-multipoint technology**. As of 31 December 2021, concentrators installed by the Group totalled **5,010**.

*Smart meter that transfers data via mobile connection (point-to-point technology)*

**5,010**  
CONCENTRATORS  
INSTALLED

*Concentrator that aggregates the radio signals of multiple counters (point-to-multipoint technology)*





# PRIVACY AND DATA SECURITY

*The increasing threat and degree of sophistication of attacks attempted by cybercriminals also on utility infrastructure results in significant exposure to cybercrime risk, which requires the implementation of technological, process, operational and organizational solutions to effectively defeat any such attacks, protecting the infrastructure and ensuring service continuity.*

During the year, 2i Rete Gas rolled out a number of project endeavours as part of an Information Security Risk Advisory Programme, with the dual intent of improving the extent of compliance with the regulations governing the security of company networks and information systems and, at the same time, increasing the level of maturity of security processes and technologies in order to cope with the new cybersecurity threats caused by changes in the external context. The activities carried out were designed to protect company systems, prevent attacks coming directly from external individuals, avoid threats related to the loss or corruption of data and, finally, increase resilience to threats by using and analysing available data. **Vulnerability Assessments and Penetration Tests** were conducted with greater domain depth and scope, involving all IT/IoT assets and the underlying control systems. Several Penetration Test and Vulnerability

assessment sessions were planned and carried out on different business assets by using automatic tools as well as in-depth manual tests and attacks to establish whether the devices within the perimeter were affected by any vulnerabilities or security flaws. To this end, the reference standards (ISECOM, OWASP and IoT Security Compliance Framework) were adopted. Vulnerabilities were classified and assessed based on the combined criterion of type and likelihood of occurrence. Appropriate mitigation and remediation actions were taken, while efforts were also made to improve technological tools (e.g. WAF - Web Application Firewall, IPS - Intrusion Prevention System, CAS - Cloud App Security) aimed at intercepting and proactively blocking external threats.

To ensure the highest level of business continuity, the **Business Impact Analysis** (BIA) was updated to assess impact on business caused by the disruption or slowdown of processes and/or the unavailability of underlying resources. An action plan was also defined whereby, in line with recovery objectives, actions set out therein are likewise extended to the Disaster Recovery management plan. To this end, and with the aim of preventing loss and theft of strategic information, a model of **Data Classification** and a process for classifying and managing information was defined, identifying the most appropriate se-

curity measures for each information category, enabling monitoring by relying on **Data Loss Prevention** (DLP) solutions.

Special attention was paid to **Security Awareness** issues, with testing activities aimed at checking the level of awareness and preparedness of the corporate population on Social Engineering issues and, more specifically, on fraudulent activities aimed at obtaining corporate information (phishing) by a potential attacker.

As preventing computer attacks is of paramount importance, 2i Rete Gas also deployed project endeavours in the field of **Security Analytics**, with the aim of analysing the security event management model currently in place, defining its hardening as appropriate and identifying new use cases with a view to intercepting new external threats. An assessment was carried out to evaluate the current degree of compliance with regulations (compliance assessment) and cybersecurity maturity, highlighting the adequacy of the measures adopted to ensure compliance with the requirements of the NIS (Network Information System) Directive.

The measures implemented in the area of cybersecurity made it in fact possible to defeat attack attempts, thereby avoiding data breaches, data leaks and in general any form of data theft or loss.



2i Rete Gas is committed to promoting and implementing initiatives to ensure a **sustainable evolution of the gas infrastructure in the medium to long term, as well as principles of environmental protection and safeguarding**, the aim being to provide its support in establishing a new energy paradigm with reduced impact on the environment by:

### IMPLEMENTATION PRINCIPLES

- **advocating and implementing the transition process** through work streams in several areas, such as the **promotion of gas as a transitional resource towards a cleaner future**, the pursuit of **advanced asset uses with a view to green targets**, the expansion of its scope of operations in support of decarbonisation by submitting **energy efficiency proposals**.
- **minimising the impact of its business operations on the surrounding environment.**

# DISTRIBUTE ENERGY FOR A SUSTAINABLE FUTURE



7 AFFORDABLE AND  
CLEAN ENERGY  
☀

13 CLIMATE ACTION  
眼界

12 RESPONSIBLE  
CONSUMPTION AND  
PRODUCTION  
∞

# ENERGY TRANSITION

*2i Rete Gas believes that the establishment of a new energy paradigm for a sustainable future with reduced carbon dioxide emissions and the achievement of the objectives set by the European Union may result in gas playing a key role as the ideal fossil source to structurally accompany renewable sources, also increasing their flexibility of use while guaranteeing the security of the Country energy system.*

Supporting this view is the extensive reach of the existing infrastructure,

which is also primed to respond to other future challenges in new scenarios, **natural gas** use programmability and safety, its reduced environmental impact as it is free of particulate matter and has low CO<sub>2</sub> emissions, its flexibility of use and its full integration with the electricity produced from renewable sources, including as regards the storage and accumulation of energy obtained from such sources (through “power-to-gas” solutions).

Based on these beliefs, the Group launched initiatives on several fronts

with the intention of providing its own contribution to **guaranteeing a sustainable evolution of gas infrastructure in the medium to long term**. To this end, it also plans to enter into agreements with other major industry operators for field testing of technological solutions designed to feed renewable gas into distribution networks to the maximum extent possible. In this regard, 2i Rete Gas is investigating tests to establish up to what mixing percentage **hydrogen** is compatible with the existing infrastructure.

## Promotion of gas as a resource for transition to a cleaner future

The consolidation of the Company commercial development model, which is **geared towards the replacement of more polluting fuels while providing support to gas advocacy initiatives** designed to lend further value to gas as a source to support the development of renewable sources, guaranteeing supply flexibility and safety across the system as well as the possible transport of alternative gas produced through renewable energy sources, are among

the key drivers 2i Rete Gas relies on to provide its contribution to the promotion of gas as a key resource in an evolving energy plan scenario.

### COMMERCIAL DEVELOPMENT MODEL

In 2021, the commercial model introduced in 2018 was further consolidated with the aim of acquiring and activating new redelivery points and, more generally, **spreading a methane gas**

culture to promote its adoption in lieu of **more polluting and less efficient carriers** (e.g. diesel, LPG, coal and pellets). In this connection, 2i Rete Gas is striving to ensure that gas takes on a key role in the energy consumption of households and business alike, as a **tangible contribution to the decarbonisation process**.

To this end, promotional material was prepared to emphasise its sustain-


**HOUSEHOLD USE**

**INDUSTRIAL USE**

**TRANSPORT USE**


ability from both an economical and environmental perspective. Also, advertising and direct marketing campaigns were launched, particularly during the conversion of new local areas to methane or in connection to network extensions, on the occasion of which awareness-raising events with the distribution of information material were organised with the involvement of the granting Authorities. Initiatives were also launched or extended to promote the use of methane gas in areas showing greater potential in terms of unserved users, providing incentives for connection/activation requests through subsidies. These initiatives involved a total of 858 municipalities (of which 9 managed by Cilento Rete Gas) across Italy, where facilitations on contributions tailored to the different situations were introduced. Offers are presented using differ-

ent channels, including the toll-free number of the commercial call center and a section of the website, where users can view all offers currently available (direct channels), as well as thanks to the relevant collaboration with sales companies (pull activities). To this end, periodic meetings extended to all sales companies are staged to illustrate the promotions activated in the different local areas. Due to the continuation of the COVID-19 emergency, four natural gas promotional events, organised using virtual means, were held in 2021. They involved respectively the territorial areas of South-eastern Department (April), South-western and Northern Departments (May) and Central Department (June), with an overall participation of 21 sales companies.

Given the large number of municipalities covered by incentive initiatives,

and with a view to ensuring wider coverage across local areas, an advertising campaign was launched. The first phase took place in the April-June period, while the second phase took place in the September-November period. At present, it has been extended to 200 municipalities, with a strategy of purchasing web space based on a geolocalised programmatic approach.

In the pursuit of retention objectives in some of the municipalities managed by Group companies, in September, subject to agreement with the Granting Authority, information sheets were distributed to clients in the 'pilot' municipality of San Giuliano Milanese who had active connections at the time of the campaign. This material contained information on the advantages of methane gas, especially compared with more polluting and less efficient carriers.

Finally, offers are also extended to end-client by installation firms operating in the areas for the deployment of new connections (push activities). According to the commercial model in place, requests from clients regarding quotations for the deployment of new connections are indeed handled by installation firms operating on behalf of 2i Rete Gas. By acting under a specific agreement, these installation firms search for new potential end clients to whom they can illustrate the **advantages of using natural gas**, propose connection to the network and provide support until supply is actually activated.

In 2021, the Group relied on the support of 75 installation firms.

In addition, 10 briefings on the commercial model were organised. They were chiefly intended for firms that qualified during 2021.

In July, a technical refresher course was delivered to licensed installers operating in the municipalities managed by Cilento Reti Gas, for the purpose of broadening their knowledge and improving their performance.

#### GAS ADVOCACY INITIATIVES

In an effort to disclose to the general public the **benefits accruing from natural gas**, particularly in terms of **reduced environmental impact** (reduction of CO<sub>2</sub> and other emissions of pollutants such as SO<sub>x</sub>, NO<sub>x</sub>, volatile

compounds, fine dust), especially if compared with other fuels (e.g. LPG, diesel, pellets, wood, etc.) and, as such, for the purposes of energy transition and further in conjunction with and in addition to the initiatives mentioned above, the Group, with the help of industry associations, is committed to ensuring continuous communication to all stakeholders in order to **illustrate the reasons that make gas a key resource in order to deal with the energy transition process that the Country sets out to undertake**.

## Pursuit of advanced asset uses with a view to green objectives

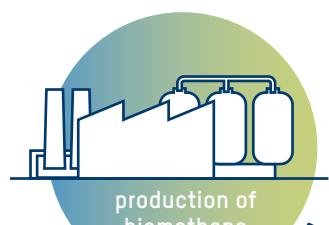
Promoting and implementing initiatives to ensure a sustainable development of gas infrastructure in the medium to long term also means **enabling the future use of distribution assets in a low-carbon scenario**, which also includes the distribution of '**renewable gas**' while providing flexibility to the energy system. Therefore, the increasing **contacts with compa-**

**nies producing biomethane and looking into viable solutions to address technical limitations and encourage experimental endeavours for feeding synthesis gas into the network (power-to-gas)** are other drivers 2i Rete Gas relies on in an attempt to outline the evolutionary role played by the gas infrastructure while enhancing its potential, considering that, although

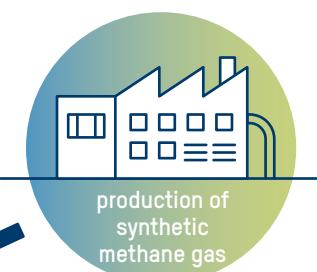
technologies underlying the connection of biomethane plants and the integration of power-to-gas systems are currently available, the level of maturity of solutions designed to integrate distribution networks with renewable and synthetic gas is yet to be consolidated from a business model, regulatory framework and operating process perspective.



## BIOMETHANE



## POWER TO GAS



## BIOMETHANE

Biomethane is a renewable source. It is obtained from anaerobic digestion of agricultural and agro-industrial by-products, as well as from organic waste, and can be used on site or supplied to the existing transmission and distribution networks. Its use makes it possible to meet decarbonisation objectives, promote a significant increase in national gas production and implement a real model of circular economy by integrating the agro-food and the environmental services industries with the energy chain.



However, since biomethane production plants have limited output modulation capacity, the network ability to absorb the gas being produced becomes critical. Indeed, in case of connection to the distribution network, consumption volumes allowing its full absorption by the

network may not be available under certain conditions (e.g. summer period), posing constraints on the technical feasibility of the operation. In such situations, in order to make the operation sustainable and avoid technically burdensome and expensive solutions, the possibility of feeding excess gas into the transmission network (reverse flow) has been identified by relying on ad hoc plant-engineering solutions (bidirectional city gates). While plant-engineering technology has been developed, solution implementations are not yet operational, nor has the reference regulatory framework been regulated yet.

As far as expressions of interest in connections are concerned, starting in 2020 and throughout 2021, the Group continued contacts with biomethane producers interested in considering cost estimates for connection to the methane gas distribution network. With respect to the **109 expressions of interest received since the launch of ARERA regulations** on the subject, the Parent Company conducted a technical feasibility analysis and then prepared **32 quotations, of which 5 were accepted**.

### 2i Rete Gas can act as a facilitator of a 'system' approach by:

- starting experimentations aimed at testing technology (reverse flow) and processes;
- facilitating the finalisation of the regulatory framework to define practices, constraints for operators and return on investment assumptions.

## Initiatives related to the Sustainability Plan

In relation to the goal of **supporting the energy transition through one's own business**, the ability to continue discussions with biomethane producers thanks to a dedicated service led, during the year and further in line with the target set in the Plan for 2021, to the realisation of the first connection to the distribution network managed by the Parent Company.

This connection, deployed in Sicily, is expected to become operational in the first half of 2022, at the end of start-up preliminary activities. With respect to the remaining initiatives that were given greenlight in terms of feasibility and acceptance, they are expected to get underway in the 2022/2023 two-year term.



## POWER TO GAS

The possibility of integrating the gas network with the electricity grid using electrolytic plants capable of converting electricity into hydrogen or synthetic methane (power-to-gas) identifies an innovative solution to accumulate and use excess electricity production from renewable sources and optimize the use of existing networks. Hydrogen, obtained through an electrolysis process, can be injected into the network, in combination with natural gas, or subsequently combined with CO<sub>2</sub>, obtaining synthetic methane. Unused energy produced from non-programmable renewable sources (e.g. wind and photovoltaic plants) is converted into synthesis gas, subtracting CO<sub>2</sub> from the environment and solving the problem of the storage of excess electricity when there is no demand. The gas thus produced (hydrogen and/or synthesis gas) can potentially be used in all sectors: domestic, electricity generation and transport. This avoids the costs of investing in new infrastructure for the transmission, distribution and storage of electricity, while continuing to make full use of functional and efficient infrastructure such as that already in place for the transmission, distribution and storage of natural gas.



In this respect, several system-related benefits are identified:

- immediate use or storage of excess electricity production from non-programmable renewable sources;
- use of the gas transmission, storage and distribution infrastructure in a low-carbon scenario, exploiting its power delivery capacity to cover winter consumption peaks, avoiding large electric infrastructure upgrading investments;
- load balancing of the power grid.

At the same time, power-to-gas solutions involve points of attention:

- technology success prospects:
  - economic viability (process yields, electricity prices);
  - competition with other storage systems (batteries, pumping);
  - competitor technologies for electrolysis and methanation with different levels of efficiency and maturity.

- effective integration with the gas network:
  - defining maximum limits for feeding hydrogen into natural gas transmission and distribution networks;
  - defining the role of the distributor.

Being aware that the process for integrating power-to-gas solutions with the (Italian and European) energy system is still in an experimental phase and that the industry development requires the implementation of pilot projects involving several players (e.g. electricity producers, gas distributors and transporters, technological partners), in conjunction with the finalisation of a regulatory framework, **2i Rete Gas is ready to provide its contribution by encouraging the necessary experimentation.**

# Energy efficiency

Again with a view to supporting the energy transition and by leveraging its relationship with some stakeholders (Municipalities, Sales Companies and Suppliers), 2i Rete Gas engages in the development of value-added services. To this end, it pursues ener-

gy efficiency endeavours designed for public entities (and eventually for the private sector, too), concerning buildings, heating and lighting systems. To this purpose, in 2017 activities related to the "Energy Efficiency" project got underway.

They were geared towards energy efficiency interventions on public facilities (buildings and public lighting systems) and in July 2019 led to the establishment of the company 2i Servizi Energetici S.r.l. (See "Highlights, history and corporate structure").

## Initiatives related to the Sustainability Plan

To date, **final proposals for energy efficiency** through project financing have been submitted in **19 municipalities**, including 2 final proposals for building efficiency and 17 proposals for public lighting systems. 2i Servizi Energetici S.r.l. carries out studies for feasibility and financing of possible interventions; it carries out engineering analyses, energy diagnoses, final and executive projects aimed at assessing the current state of the sites and scope for development and optimisation of their energy performance, including by introducing new innovative technological solutions, where possible. In addition, the economic impact and financing of investments is assessed through the preparation of ad hoc business plan models, as well as the potential direct generation of Energy Efficiency Certificates (also known as TEE).

In addition, a new interim proposal format was established in 2020. It entails preparing, ahead of inspection visits, a macro assessment of possible efforts, including on the basis of benchmark data, so as to identify the project cost effectiveness in advance as well as any extra fee for the PA that could have an impact on the sustainability of the project itself in order to curb design costs. To date, **29 interim proposals** have been developed.

The increase achieved during 2021 in terms of both final energy efficiency proposals and interim proposals exceeded the **target** set in the Plan for the year under review, in relation to the objective of **supporting the energy transition by sharing one's own know-how**.

	2019	2020	2021
Number of energy efficiency final proposals submitted	8	5	<b>6</b>
Number of interim proposals processed	N.A.	9	<b>20</b>

# OPTIMISATION OF ENERGY RESOURCES AND ENVIRONMENTAL PROTECTION

*2i Rete Gas monitors and evaluates the impact arising from the conduct of its business in order to identify significant factors, both direct and indirect, and to implement initiatives and projects in the pursuit of a responsible mitigation of such impact.*

The main **direct impact** that the organisation monitors is: greenhouse gas emissions into the atmosphere, noise emissions from plants and waste production. It also monitors energy consumption related to the

vehicle fleet and technological internal consumption (gas for preheating in decompression systems, electricity for cathodic protection systems). No indicators are given on water consumption as it is not relevant in the gas distribution process.

**Indirect impact**, namely that produced by the activities entrusted to suppliers, is instead identified and governed by contractual obligations and provisions. The Group monitors indirect impact by means of field inspections carried out by local units.

Finally, the Group monitors and controls its internal consumption in terms of primary energy used in buildings.

The Group commitment to promoting the principles of environmental protection and safeguarding led it to pay special attention to aspects related to climate change with a view to identifying any risks that could require the adoption of mitigation or adjustment measures and, at the same time, exploiting possible opportunities.

## MONITORED INDICATORS

(data referring to the perimeter for the entire year 2021)



# Energy consumption

In 2021, the **total amount of energy consumed to ensure the operation of the company vehicle fleet** increased by approximately **7%**.

A comparative analysis of the data reveals a significant increase in total kilometres travelled compared to 2020 of around 20% (from around 24 million to 29 million km), primarily due to the resumption of activities in 2021 and, to a lesser extent, to the change in the scope of consolidation considered (inclusion of Infrastrutture Distribuzione Gas S.p.A. in November

2021). As a result of this increase in kilometres travelled, energy used by the company vehicle fleet also increased, with year-end balance showing a less significant variance as compared to that observed with regard to total kilometres travelled.

The Group intends to assess the extent to which business activities make their processes efficient in terms of energy consumption, thus limiting their impact on consumption and consequently reducing their carbon footprint on the business area. In this

regard, as was the case in previous years, 2i Rete Gas weighted its performance by using an indicator that makes it possible to assess, based on the total value of consumption as benchmarked against kilometres travelled by the company vehicle fleet, whether the trend in consumption per kilometre is maintained. In 2021, this indicator stood at 2.63 MJ/Km and was lower than in 2020 (-10% approximately, i.e. 2.95 MJ/km).

## Direct consumption

### Direct energy consumption within the organisation

Unit of measurement	2019	2020	2021	
TOTAL VEHICLE FLEET CONSUMPTION	GJ	86,579	72,132	77,449
PETROL	t	15	4	62
DIESEL	t	1,957	1,686	1,504
METHANE	t	52	2	241
LPG	t	0.00	0.00	0.15

Conversion Factor Source: UK Government GHG Conversion Factor for Company Reporting 2021.



In 2021, the **amount of energy consumed to ensure the operation of the technological systems at the city gates** (gas preheating in the decompression process) **increased due to a rise in the volume of gas passing through the city gates**. However, **energy performance improved** as specific consumption (the ratio between gas consumed for the operation of the decompression systems and gas passing through these systems) decreased from 0.00103 Sm<sup>3</sup> consumed

/ Sm<sup>3</sup> transited (2020) to 0.00100 Sm<sup>3</sup> consumed / Sm<sup>3</sup> transited (2021).

As in 2020, the reporting of the volumes of gas passed through the systems again in 2021 was further segmented, separating internal consumption pertaining only to the city gates in which the preheating equipment is in operation. As a result of this new segmentation, the energy consumed/gas passed ratio stood at 0.00121, showing an im-

provement in plant performance in the region of 5%.

In line with 2020, 2i Rete Gas S.p.A. measured **consumption of methane gas used for heating office and warehouse buildings** during 2021.

Total consumption stood at 214,349 Sm<sup>3</sup>, showing an increase of approximately 6% over 2020.

## Direct consumption

### Direct energy consumption within the organisation

	2019	2020	2021	
<b>TOTAL ENERGY CONSUMPTION FOR TECHNOLOGICAL INSTALLATIONS AND BUILDINGS</b>	GJ	237,430	217,160	<b>226,670</b>
<b>ENERGY CONSUMED (methane gas)</b>	m <sup>3</sup>	250,139	202,339	<b>214,349</b>
	m <sup>3</sup>	6,623,694	6,084,656	<b>6,347,988</b>

Conversion Factor Source: ENEA.

In 2021 (rolling period December 2020 - November 2021) the **amount of total electricity purchased from the grid** (thus excluding the portion of self-generated consumption, totalling 215,098 kWh in 2021) was **higher** than in 2020 by approximately **1%**. This figure includes **consumption for the operation of buildings and technological systems**. The increase is distributed evenly across the two uses (real estate and technology facilities) and was pri-

marily due to the change in the scope of reporting (integration of Infrastrutture Distribuzione Gas S.p.A.).

Upon following the consumption segmentation criteria adopted since 2019, a report was prepared on energy consumption related to cathodic protection systems, separating **consumption of those plants where only one system is in place for city gates and cathodic protection**. The level of efficiency on the mentioned consumptions stood

at 0.552 GJ per km of steel network (in 2020, 0.547 GJ/Km of steel network).

With regard to the consumption and performance of the buildings, consumption rates recorded in 2021 made it possible to evaluate the plant efficiency in toe/m<sup>2</sup> considering all the surface area occupied by offices and relative appurtenances, including warehouses and storerooms. The indicator for buildings in use as at 31 December 2021 was 0.0106 (0.0107 in 2020).

## Indirect consumption

### Indirect energy consumption within the organisation

		2019	2020	2021	
<b>TOTAL INDIRECT ENERGY CONSUMPTION</b>	GJ	44,788	44,362	45,709	
ELECTRICITY	KWh	12,441,087	12,322,610	12,481,924	<i>from non-renewable sources</i>
	KWh	2,558,782	2,223,000	2,259,074	Technological systems
	KWh	9,882,305	10,099,610	10,222,850	Energy consumption buildings
	KWh	0	0	215,098	<i>from renewable sources</i>

Conversion Factor Source: UK Government GHG Conversion Factor for Company Reporting 2021.

The improvement in performance was driven by a performance and consumption monitoring preparatory to the implementation of energy ef-

ficiency measures. Savings reported for 2021 (estimated figures highlighted below) were due to actions taken during 2020, i.e., the installa-

tion of 12 control systems with PLC (Programmable Logic Controller) for the pre-heating and energy efficiency of a building.

## Initiatives to reduce energy consumption

Energy Carrier	Initiative		Saving 2021
NATURAL GAS	PLC city gates	Smc	41,694
	Increasing buildings energy efficiency	Smc	1,767
ELECTRICITY	Increasing building energy efficiency	kWh	91,731

Additional savings from actions taken during 2021 will be reported in 2022.

2i Rete Gas S.p.A. owns two photovoltaic plants at the Acquaviva delle Fonti (Bari) and Perugia sites, one of which became operational in June

2021. During the period spanning December 2020 to November 2021, total electricity production stood at 338,262 kWh, of which 215,098 kWh

was used directly by the buildings as self-consumption, while the remainder was fed into the electricity grid.



# Noise emissions

With regard to noise emissions deriving from the network facility infrastructure, 2i Rete Gas has defined specific design rules to apply to newly built plants such as, among others, the environmental impact related to the identified design solution and possible alternative solutions. Indeed, the final project includes an environmental impact study and an environmental feasibility study. When selecting the site of regulation and metering plants, account is taken of the possible impact on the surrounding area (with special reference to landscape and noise). All city gates are designed not to exceed the limit of 85 dB (a) at 1 metre from the reducer at

maximum flow rate of the plant and to comply with the noise zoning limits set for the area where the plant is located. Once built, the construction undergoes project and design effectiveness audits and, with regard to city gates, audits on noise emission during operation. Regarding final pressure reduction units, which are to be located near sensitive receiver points (hospitals, clinics, nurseries, areas of particular wildlife interest), preventive soundproofing is provided by placing the equipment inside sound-absorbing insulation cabinets that have been specifically approved through strict efficiency tests with respect to critical emission conditions.

**2i Rete Gas monitors the emission values of its operating plants by deploying targeted measurement campaigns.** The data collected make it possible to ensure conformity of emission values in compliance with the relevant acoustic zoning set for each individual plant. If values are exceeded or the community reports emission values that are considered to exceed thresholds, then measuring will be performed immediately and actions will be taken accordingly to bring emissions back in line with regulatory and acceptable standards.

# Waste

Once their service life cycle ends, the products and materials used in the Group core business processes are treated as special waste, in accordance with the provisions of mandatory regulations. With regard to waste management, special attention is paid to waste collection, transport and treatment methods, ensuring that priority is given to recovery purposes, reducing waste transfer to landfill to a minimum, thereby minimising negative impact on the environment.

Waste management and monitoring process handling activities are set out in IMS documents, where roles and responsibilities are identified at an organisation level regarding the direct management of internal waste, while responsibility for the allocation of the Waste Code (locally known as CER) and its characterisation is centralised, thus harmonizing conducts on each production units.

Traceability of the quantities of waste produced internally is moni-

tored at the Headquarters level and compared with monthly data retrieved from the external supplier's processing platform. The analysis of quantities by type of waste produced is processed to evaluate, together with the Engineering and Purchasing functions, the introduction of new products and/or goods in order to further reduce the materials that at the end of their life cycle are destined to landfill.

## Total waste generated

	2019	2020	2021
	t	t	t
HAZARDOUS GENERATED WASTE	3.18	3.04	1.67
NON-HAZARDOUS GENERATED WASTE	933.54	745.94	902.85

## Waste generated not destined for disposal

	2019			2020			2021		
	At an external site		Total	At an external site		Total	On site	At an external site	Total
	On site	t	t	On site	t	t	t	t	t
HAZARDOUS WASTE	2.81	-	2.81	2.65	-	2.65	1.21	-	1.21
RECYCLING (R1, R3, R4, R5)	2.81		2.81	2.65		2.65	1.21		1.21
NON-HAZARDOUS WASTE	932.79	-	932.79	745.94	-	745.94	775.86	-	775.86
RECYCLING (R1, R3, R4, R5)	932.79		932.79	745.94		745.94	775.86		775.86

## Waste generated destined for disposal

	2019		2020		2021	
	On site	At an external site	On site	At an external site	On site	At an external site
	t	t	t	t	t	t
HAZARDOUS WASTE	0.37	-	0.39	-	0.46	-
TRANSFER TO LANDFILL	0.37		0.39		0.40	
OTHER DISPOSAL OPERATIONS (D9)					0.06	
NON-HAZARDOUS WASTE	0.76	-	-	-	126.98	-
TRANSFER TO LANDFILL	0.76		0		126.98	
TOTAL WASTE	1.12	-	0.39	-	127.45	-



The tender for the renewal of the contract for the collection, recovery and disposal of waste produced by 2i Rete Gas S.p.A., resulting in the execution of a three-year contract effective and operational as of February 2021, identified a sole supplier for the entire Group boundary. The supplier to whom the service was awarded owns a fleet of vehicles authorised to transport waste covering the entire national area and sends all waste to its own management and recovery platform. Centralisation with a sole supplier makes it possible to receive monthly data on the total quantity of waste treated and subjected to recovery operations so that they may be fed back into the

production cycle. This allows 2i Rete Gas to know the final destination of the waste delivered to the platform, introduce patterns of selection of goods and services already at the supply chain level and pursue the objective of increasing performance in terms of waste management and processing, with special emphasis being placed on more efficient use and recovery of waste itself, thereby increasing its life cycle. Waste production is a priority for the Group, so much so that it also monitors appropriate management of special waste generated by third party firms during plant construction and maintenance operations. To this end, the Group makes sure that lead-by-ex-

ample processes are activated to encourage suppliers to behave in a virtuous manner with regard to recovery. The monitoring of waste produced by suppliers is focused on the most potentially impactful business area and, as such, on gas network construction and maintenance operations. Controls take place at worksites where the main waste consists of waste materials from excavation operations that are supervised on a daily basis by the Operational Control Officers (locally known as ACO) who, in addition to checking compliance of the activities implemented at the worksite, also ensure that waste management process is run appropriately by the supplier's staff.

## Emissions into the atmosphere

As regards the **total amount of CO<sub>2</sub> emitted and arising from Group energy consumption**, 2021 showed an **increase of approximately 2%** compared to 2020. A review of each energy carrier over which 2i Rete Gas has direct control shows:

- **emissions due to the operation of the company vehicle fleet** stood at approximately 5,333 equivalent tons of CO<sub>2</sub>, up 3% over 2020 but down over 2019. This was due to a slight increase of the activities and the change in the considered scope of consolidation (inclusion of Infrastrutture Distribuzione Gas S.p.A. assets as of November 2021). During 2021, 29.4 million kilometres were covered, and the average value of emissions

per kilometre travelled stood at 181 gCO<sub>2</sub>, showing a decrease of approximately 15% compared to the average value of 212 gCO<sub>2</sub> recorded in the previous year. This decrease was mainly due to the inclusion of methane-fuelled vehicles into the fleet.

- **CO<sub>2</sub> generated by the consumption of natural gas used in technological systems** showed an overall increase of about 3.9% compared to 2020, against a 6.9% increase in gas injected. The positive trend in terms of plant efficiency continued, with a combustion emission value on gas passed of 2.40 gCO<sub>2</sub>/Stm<sup>3</sup> (2.53 gCO<sub>2</sub>/Stm<sup>3</sup> in 2020). The latter figure relates to the area of city gates where pre-heating is active.

With regard to fugitive methane emissions from the managed distribution plants, in keeping with the commitments adopted in the Sustainability Plan, in 2021 2i Rete Gas started activities aimed at defining a method for quantifying emissions on the basis of experimental data collected in the field, undertaking to disclose these values in the 2022 edition of the NFD. In this regard, pending consolidation of the quantification methodology, 2i Rete Gas has chosen not to report fugitive emission values on the basis of generic emission factors available in the literature since, based on experimental evidence gathered, these do not appear to reflect the actual performance of the assets managed.

## Direct CO<sub>2</sub> emissions - (Scope 1)

Direct energy emissions within the organisation broken down by energy source

	2019 t CO <sub>2</sub> e	2020 t CO <sub>2</sub> e	2021 t CO <sub>2</sub> e
<b>TOTAL DIRECT CO<sub>2</sub> EMISSIONS - (SCOPE 1)</b>	19,718	17,642	18,300
<b>FROM NON-RENEWABLE SOURCES:</b>	13,445	12,473	12,967
HEATING OF BUILDINGS (OFFICES AND WAREHOUSES)	489	401	424
HEAT PRODUCTION FOR REDUCING AND METERING SYSTEMS (CITY GATES)	12,956	12,072	12,544
<b>FROM VEHICLES OWNED BY THE COMPANY (FLEET)</b>	6,273	5,168	5,333
PETROL	46	12	185
DIESEL	6,095	5,152	4,536
METHANE	133	5	612
LPG	0	0	0

Conversion Factor Source: UK Government GHG Conversion Factor for Company Reporting, UNFCC 2021.

## Indirect CO<sub>2</sub> emissions - (Scope 2)

Indirect energy emissions within the organisation broken down by energy source

	2019 t CO <sub>2</sub> e	2020 t CO <sub>2</sub> e	2021 t CO <sub>2</sub> e
<b>ELECTRICITY</b>	3,543	3,506	3,288
<b>FROM NON-RENEWABLE SOURCES</b>	3,543	3,506	3,288
<b>ENERGY CONSUMPTION BUILDINGS</b>	729	632	595
<b>TOTAL TECHNOLOGICAL SYSTEMS</b>	2,814	2,873	2,693
<b>FROM RENEWABLE SOURCES</b>	0	0	0

Conversion Factor Source: (ISPRA Report 343/2021 "Atmospheric emission factors of greenhouse gases and other pollutants from power sector").



## GHG emission reduction

		2019	2020	2021
		t CO <sub>2</sub> e	t CO <sub>2</sub> e	t CO <sub>2</sub> e
PLC CITY GATES	2i Rete Gas S.p.A.	0	0	82
INCREASING ENERGY EFFICIENCY OF BUILDINGS	2i Rete Gas S.p.A.	0	0	28

### SCOPE 3

## Other indirect GHG emissions

Finally, during 2021, as part of the process of alignment with the recommendations of the Task Force on Climate-Related Financial Disclosure and 2i Rete Gas will to hone its emissions reporting process, Scope 3 emissions started to be calculated.

This endeavour, also based on the guidelines of the GHG protocol (Greenhouse Gas Protocol), has laid the foundations for an initial approach to calculating emissions deriving from travel and commuting by employees and the activities of selected suppliers.

### EMPLOYEE EMISSIONS

The first type of emissions investigated focused on two parallel areas. While for the collection of infor-

mation on emissions from business trips the process proved much simpler, as it had been already mapped, estimating emissions from commuting was more complex. The latter step was based on two main aspects: the results of the survey on smart working, which investigated, among other things, the most common mobility practices of employees on their way to work, and the definition of assumptions with which to represent, as correctly and thoroughly as possible, emissions according to the means of transport used and the distance covered.

The data thus collected were merged within a one single calculation file that, on a 2021 basis, estimated Scope 3 emissions at 1,236 tCO<sub>2</sub>e.





## 2021 Scope 3

	t CO <sub>2</sub> e
<b>Business trips by:</b>	82.25
<i>Car</i>	18.94
<i>Ship</i>	4.24
<i>Plane</i>	55.38
<i>Train</i>	3.69
<b>Commuting</b>	1,071.33
<b>TOTAL Scope 3</b>	<b>1,235.83</b>

## Emissions in 2021

(Scope 1 + Scope 2 + Scope 3)

	t CO <sub>2</sub> e	
<b>SCOPE 1</b>	18,300	80.17%
<b>SCOPE 2</b>	3,288	14.41%
<b>SCOPE 3 (employees)</b>	1,236	5.42%
<b>TOTAL</b>	<b>22,824</b>	

## SUPPLY CHAIN EMISSIONS

Regarding this second type of emissions analysed, the process focused on several levels. Initially, based on internal criteria and on a percentage of coverage of at least 20% of purchased, some suppliers were selected and an ad hoc questionnaire was administered to them. The document has two separate sections in which they were asked to enter their consumption and emissions data for both 2020 and 2021. All selected suppliers responded to the survey questions but limited to the ones referring to 2020, stating that complete data for the year just ended would be available in a time frame not compatible with the release of this Disclosure.

For this reason, this type of emissions, based on a different time horizon, was not added to the previ-

ous one for the purpose of calculating the Scope 3. However, it was decided to provide disclosure thereof to show an initial coverage of Scope 3 in relation to the supply chain as well.

The data collected resulted in a 2020 Scope 3 value of 4,405 tCO<sub>2</sub>e.

## Emissioni 2020

(Scope 1 + Scope 2 + Scope 3)

	t CO <sub>2</sub> e	
<b>SCOPE 1</b>	17,642	69%
<b>SCOPE 2</b>	3,506	14%
<b>SCOPE 3 (suppliers)</b>	4,405	17%
<b>TOTAL</b>	<b>25,553</b>	



# Monitoring indicators and KPIs

Each year, the IMS Key Performance Indicators collected by the head office are analysed and presented in the "Top Management Review" system document and brought to the attention of the Chief Executive Officer; in the same document, top management identifies and sets the objectives and relevant KPIs for the following year.

For 2021, in order to reduce the consumption of raw materials and natural resources, the following objectives have been defined:

- **reduction of primary energy consumption for technological purposes.**

The defined parameters are aimed at verifying the ability to optimise the energy necessary to ensure the preheating of gas in the decompression process and in the management of the cathodic protection process of the steel pipelines.

Two indicators are processed:

- > the first refers to the **ratio between the amount of energy consumed in the reporting period and the volume of gas passed through the city gates** (for the measurement of efficiency of the preheating process).

As to 2021, the objective was to maintain the index at 0.00125: results showed a value of 0.00121, down over the previous year and already in line with the target set in the Sustainability Plan for 2023. As in previous periods, in 2021 energy consumption only included gas injected into plants where gas is used for preheating

purposes. In addition, these volumes take into account the acquisition of Infrastrutture Distribuzione Gas S.p.A. as of 1 May 2021. Therefore, in the pursuit of the principle of maintaining efficiency in relation to consumption, the 2022 indicator for assessing plant efficiency stood at 0.00124 ( $\text{Stm}^3$  gas consumed/  $\text{Stm}^3$  gas passed) in accordance with the provisions of 2i Rete Gas Sustainability Plan.

> the second refers to the **ratio between the quantity of electricity consumed in the reporting period and the kilometres of steel network operated in the same year** (for cathodic protection process efficiency measure).

As mentioned earlier (see Energy consumption), starting in 2019 the reporting of energy consumption relating to cathodic protection plants has been further segmented, focusing on plants with higher specific consumption. The target set in the Sustainability Plan 2021 in order to achieve plant efficiency on the above plants/electrical systems with a view to normalising consumption considers a reduction between 12% (maximum) and 4% (minimum). The results achieved in the rolling period (December 20 - November 21) confirmed a good performance of the target, with an efficiency gain of 10%. This efficiency was calculated on the basis of 65 cathodic protection systems installed on 1,426 km of steel pipeline, accounting for about 3% of the steel network managed,

while the overall value resulting from the ratio of energy consumed per km of protected steel network stood at 0.552 (GJ/km protected steel network) compared to the accounted value of 0.547 in 2020.

- **accurate monitoring of natural gas for heating buildings (offices and warehouses).**

During 2021, monitoring tasks relating to this type of direct energy consumption were maintained and further increased as mentioned earlier (see Energy consumption), improving the performance indicator in order to give a complete picture of energy efficiency in relation to the various energy carriers used (natural gas, electricity). As a result, with regard to the operation of the buildings under direct management, the energy expressed in toe is measured on  $\text{m}^2$  of surface area. The resulting ratio, which was taken as benchmark for 2021, was 10.7 [tep/  $\text{m}^2$  (x1000)] taking into account all the area occupied by offices and related appurtenances, including warehouses and storage facilities. The calculated target value over the December 2020 - November 2021 rolling period stood at 10.6 [tep/  $\text{m}^2$  (x1000)], showing a decrease of approximately 1% over the previous year.

The Group did not identify any non-compliance with environmental laws and/or regulations during the year that resulted in significant fines and non-monetary penalties being inflicted.

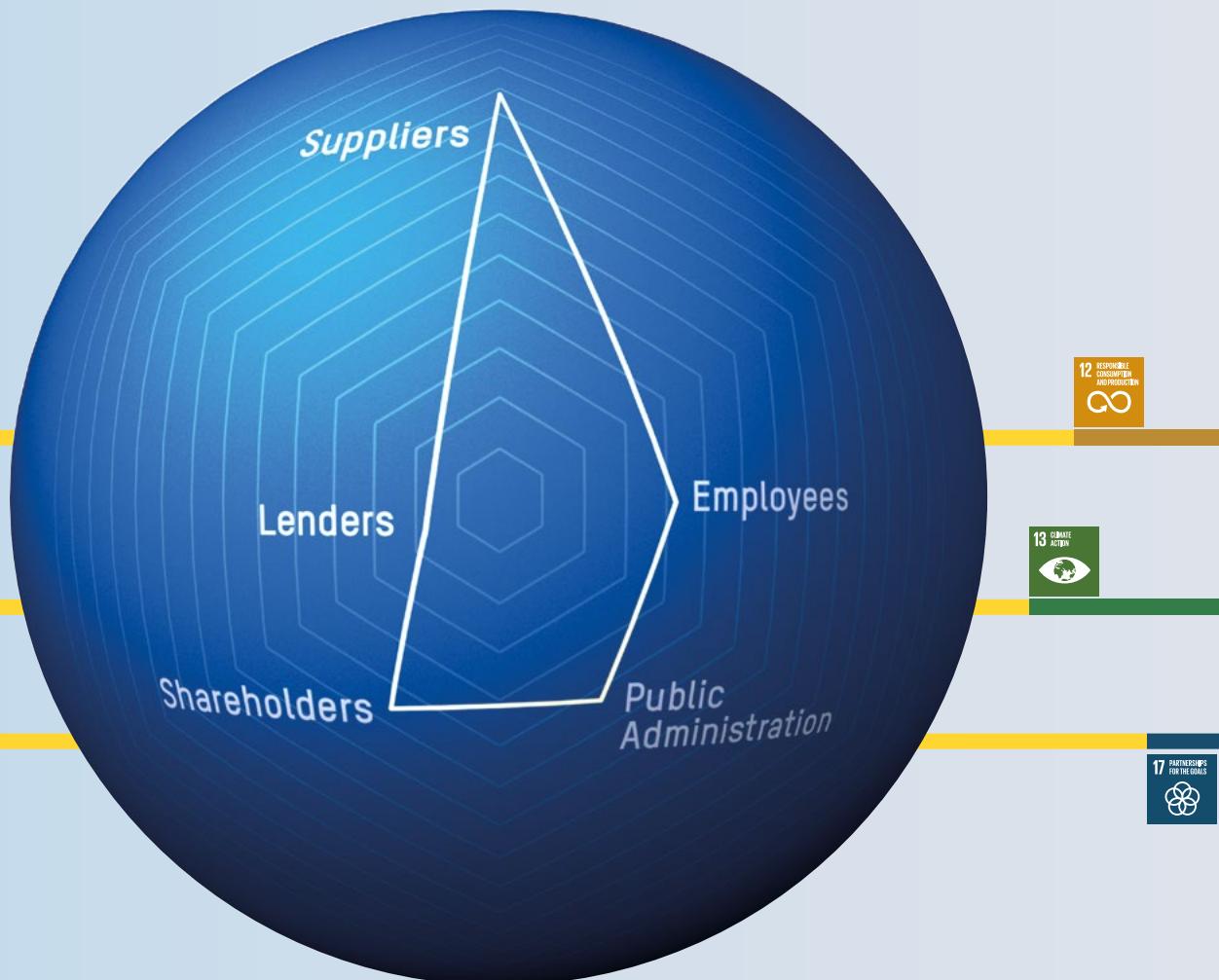


In its relations with **stakeholders**, 2i Rete Gas strives to act as a competent, reliable and focused partner. A partner who places at the core of its management practices the pursuit of **operational excellence** and the **ability to pick up and carry through the challenges faced by the industry**, providing practical answers to specific needs as a way to contribute to the development of the local areas in which it operates, and is driven by a fully supportive spirit and an approach geared towards the creation of long-term shared value, by:

### IMPLEMENTATION PRINCIPLES

- making its know-how available to Public Institutions and Authorities by **participating in consultation procedures** aimed at issuing measures and resolutions in order to address and outline futures government strategies in the energy industry that will produce more effective and efficient impacts for the local communities.
- developing initiatives in conjunction with Institutions and partners for the purpose of carrying out **activities that contribute to creating a positive impact on the communities served by the network.**
- **continuing to develop dialogue channels and tools**, as well as **listening initiatives** designed for its clients and monitoring their **satisfaction levels**.
- managing the supply chain based on **ethics, transparency** and the **creation of mutual value**.

# CREATE SHARED VALUE



# RELATIONS WITH INSTITUTIONS AND AUTHORITIES

*Consistently with the principles and conduct criteria enshrined in the Code of Ethics and by committing to transparency, fairness and traceability, the Group deals with Public Institutions, Authorities and Trade Associations, bringing its know-how at the service of the Community in order to provide the best possible service in the regions in which it operates.*

Relations with regulatory bodies and control authorities are managed through specific corporate units and roles that deal with the management of communications with them, either directly or by coordinating with other departments that may be involved from time to time, depending on the issues.

The Regulatory Affairs function of the General Affairs Department ensures constant monitoring of regulatory and institutional issues, supporting the structures involved in interpreting the relevant regulatory provisions and managing communications with the Institutions and Authorities concerned.

In relation to the subject dealt with, the requests are monitored and addressed internally by area of responsibility to the various corporate func-

tions, with which the corresponding findings are defined. With regard to regulatory bodies and control authorities, risks and opportunities are managed through constant monitoring of the measures issued by them and through participation in the processes of designing said measures, by taking part in consultation procedures prior to their issuance.



In this regard, in 2021 2i Rete Gas took part in all the relevant consultation procedures started by ARERA concerning the regulation of natural gas distribution services and infrastructure, covering all related aspects and, in particular, issues relating to safety, service quality and efficiency, energy efficiency, the optimisation and innovative use of networks and other cross-cutting aspects in various segments of the supply chain and energy sectors.

Moreover, in 2021 Parent Company 2i Rete Gas S.p.A. became a member of **Igas** (Association of gas companies under Confindustria). In addition to protecting the interests of member

companies, participation in trade associations makes it possible to promote the innovative use of gas, not only as an important source and carrier of energy, but also in a perspective of environmental sustainability, and it consolidates the stakeholders' perception of the Company as a leader and reference in the industry. Relations with trade associations are managed through specific corporate functions that coordinate and manage information flows and the risks and opportunities arising from them. In particular, relations with Igas are managed through active participation, through representatives, in Technical Committees, working groups and associative bodies for the definition of the positions represented towards Authorities, Institutions and stakeholders. In 2021, 2i Rete Gas, through Igas, also took part in the activities of the **Italian Gas Committee** (locally known as CIG), the national technical association dealing with regulations applicable to the fuel gas sector.



# RELATIONS WITH CLIENTS

*2i Rete Gas deals with different types of clients and monitors their level of satisfaction with a belief that the continuous improvement of services offered to them is based not only on solid skills, but also on listening and dialogue.*

The clients with which the Group interacts due to the nature of its busi-

ness typically fall into three categories:

- **MUNICIPALITIES AND LOCAL AUTHORITIES:** under concession agreements/contracts for the operation of the gas distribution service;
- **SALES COMPANIES:** in relation to the distribution service provided

to network users;

- **NETWORK END CLIENTS:** for first response service concerning problems with the gas distribution service, for quotations in response to requests for new connections and/or modifications to existing plants, and for the maintenance and replacement of meters.



MUNICIPALITIES and  
LOCAL AUTHORITIES



SALES COMPANIES



NETWORK END CLIENTS

## Dialogue

In addition to implementing the use of the dialogue channels required by the Regulator, 2i Rete Gas enables the different types of clients with which it interacts to gain access to **contact channels and opportunities that can respond to their enquiries in an increasingly effective, comprehensive and responsible manner.**

### RELATIONS WITH LOCAL AUTHORITIES

As part of the General Affairs Department, the Local Authority Relations function handles all the tasks that need to be performed to ensure ef-

fective oversight over relations with the concession-granting authorities, in accordance with the provisions laid down in concession contracts, the fees of which, it should be noted, in 2021, totalled about € 63.5 million on a consolidated basis. Needless to say that such oversight is also performed in compliance with the applicable regulation, the Organisation and Management Model pursuant to Legislative Decree 231, the Code of Ethics and company procedures aimed at tracking and monitoring relations with Public Authorities.

During the year under review, approximately **684 meetings** held by 2i Rete Gas with **589 Public Administration offices** were mapped as part of the processed and operating instructions developed in pursuance of the 231 Organisation and Management Model principles and applicable to the management of relations with Public Administration entities. In addition, 412 meetings were held by 2i Rete Gas for 2i Servizi Energetici with 213 Public Administration offices.

To this end, the function provides support to local and head-office functions

with regard to contract interpretation and to ensure that concession obligations are appropriately identified and fulfilled, as it relies on 7 local area liaison officers deployed across 5 Departments, representing an effective link between the head office and the Departments in the relevant information flow and operational processes.

A new application was created for the management of concessions, with the aim of making available the main information contained in contracts. It became operational in 2020, with special reference to the degree of ownership of the plants and their treatment upon expiry in terms of transfer, and is currently integrated with other applications of the 2i Rete Gas IT platform with the purpose to record concession-related information in an unambiguous and certified manner, especially in regard of the investment final accounting process.

The function also coordinates the Group internal activities, as it interacts with the Contracting Authority and the Local Authorities during the phase of plant payback value identification which is preparatory to call for tender announcements, in compliance with the provisions set forth in Italian Ministerial Decree no. 226/2011 ("Regulations governing tender criteria and bid evaluation for the award of natural gas distribution services, in accordance with Article 46-bis of Law Decree no. 159 dated 1 October 2007, written into law, as amended, by Law no. 222 dated 29 November 2007, published in ordinary supplement of Official Journal no. 22 dated 27 January 2012").

In 2021, **532 reports pursuant to Article 4 of Ministerial Decree 226/11 "Plant Conditions"** and **380 reports pursuant to Article 5 of Ministerial Decree 226/11 "Plant payback value"** were submitted. Combined with other complementary work (e.g. revisions, data integration, etc.), totalled as a whole **1,394 reports submitted**.

As at 31 December 2021 and at a consolidated level, payback value reports shared with Public Administration totalled 811.

### **COMMERCIAL CALL CENTRE**

**The Group provides a call centre service free of charge, available on business days, through two toll-free numbers dedicated to end clients of the network.**

This service, which supplements the provisions of current regulation, is a plus for the network end clients and allows to request more information on:

- **commercial aspects**, with a toll-free number dedicated to service activation requests pursuant to ARERA Resolution 40/2014/R/gas, as amended, commercial offers, reactivation of supply following suspension due to potential danger, last resort services and the portal for end clients;
- **smart meter**, with a toll-free number dedicated to requests for information on the scheduled mass replacement plan and for setting a personal appointment for the replacement of the traditional meter with the smart meter if it has not been possible to make such a replacement during the scheduled intervention.

During 2021, 2i Rete Gas commercial call centre received **332,593 calls** (282,014 in 2020) of which **291,674** were managed (265,864 in 2020).

The service contract requires a minimum monthly percentage of 92% of calls to be managed. In 2021, essentially due to infrastructural problems, the overall performance was lower, standing at **88%**.

Notwithstanding the technical problems arisen, which were however dealt with, the goal for 2022 is to further improve the level of service provided, bringing the percentages back above the contractually established service standard.

In line with the efforts made in 2021, this goal will be pursued by ensuring a constant dialogue with and delivering extensive training to call center operators.

### **PORTAL DEDICATED TO NETWORK END CLIENTS**

An **Internet portal** has been operational since 2017, with access to a reserved area **dedicated to network end clients and to delegated installers**, through which it is possible to submit the documentation relating to the activation procedures pursuant to ARERA Resolution 40/2014/R/gas as amended and supplemented, as well as to check the progress of the procedures themselves.





The main objective of this implementation is the **dematerialisation of paper documentation** with a consequent **reduction in the time required to send the documentation to/from end clients**, resulting **shorter timeframes for service activation**.

Network end clients, infact, can empower their trusted installer – or the sales company chosen for the conclusion of the contract – to operate on the portal on their behalf. This has in fact led to a steady increase in its use. The performance of this operation by subjects with greater technical and operational knowledge of the activation process has allowed a further benefit in terms of reducing the time of activation of supplies.

## MEETING WITH SALES COMPANIES

For many years now, 2i Rete Gas has been organising a **reputable annual meeting with sales companies**. Despite the continuation of the COVID-19 health emergency, on 14 December, 2i Rete Gas once again organised, as a webinar, the customary annual meeting for discussion and sharing with the representatives of the sales companies operating on the gas distribution networks of the Group companies. Topics covered included: "Commercial Development: strategies and initiatives for the promotion of natural gas"; "Gas Settlement evolution: 2i Rete Gas point of view two years after the launch of the reform"; "The Gas Bonus Reform: where do we stand?"; "The New Portal of 2i Rete Gas".

The meeting was attended by **102 sales companies** and their **247 representatives**.

The commitment to **developing initiatives in conjunction with Institutions and partners aimed at carrying out activities that contribute to creating a positive impact on the communities served by the network** has led the Group to pay more and more attention to the need **to increase opportunities for dialogue and engagement with clients** with a view to sharing updates and identifying needs and expectations that will help drive discussions on how to revisit the service and commercial action, including in terms of efficiency and greater response to the needs of the community.

# Complaint management

**The Group manages complaints received from end clients in accordance with the rules of ARERA and within the timescales and procedures defined in its own internal procedures and guidelines.**

The main issues for which requests for information and/or complaints were received from end clients concern the verification of the meter reading and the reconstruction of consumption, with particular reference to the replacement of traditional meters with smart meters as provided for by ARE-RA Resolution 631/2013/R/gas of 27 December 2013, and work required to replace faulty smart meters. In 2021,

the Group received and handled **5,463 written requests**, of which 4,441 qualified as complaints/requests for information subject to compliance with the general commercial quality standard set out in Article 50 of ARERA Resolution 569/2019/R/gas, 1,022 qualified as miscellaneous, while no requests were submitted through the Consumer Helpdesk (also known as Sportello del Consumatore).

The regulations require the compliance of a minimum annual percentage of 95% applicable to each type of cases to which a reply is provided within and no later than 30 days.

The goal set for 2022 is to maintain the standards of the company in terms of handling written complaints and written requests for information, in line with this year's trend.

**99.86%**  
complaints/requests  
management index

out of a total of 4,441

**0.10%**  
complaints/requests  
on redelivery points

In 2021, **554 conciliation procedures** were handled (585 in 2020), 521 as technical support (indirect conciliation) and 33 as a party to the conciliation (direct conciliation). As in previous years, the reporting period saw a greater reliance on the concil-

iation procedure as a means of settling disputes between end clients and electricity and gas operators. The complaints received from "ARERA - Sportello per il consumatore" (consumer helpdesk) are now exclusively related to the social bonus issue.

Finally, at the date of drafting this disclosure, 1,613 requests for technical data that can be acquired by reading the meter (also known as M01), (being 1,954 in 2020) and 9,611 requests for other technical data (also known as M02), (being 10,448 in 2019) were handled.

## Satisfaction

The activities that the Group undertakes with regard to "Municipalities and Local Authorities" are in line with contractual obligations.

The activities that the Group carries out for "sales companies" and "network end clients" are all contextualised in the market regulated by ARERA.

The service provided to the three



Each year the Parent Company carries out a customer satisfaction survey

groups of clients with which the Group has long been interacting is the subject of a survey on the **level of perceived satisfaction**, which is conducted annually as a **listening opportunity** and to **drive performance improvement**.

The commitment to developing **initiatives in conjunction with Institutions and partners designed aimed at car-**

**rying out activities that contribute to creating a positive impact on the communities served by the network** has led the Group to make increasingly stronger efforts to **capitalise on the results of customer satisfaction surveys** with a view to identifying the needs and expectations of clients and thus drive discussions on how to reshape the service in terms of efficiency and greater ability to meet expectations.

### MUNICIPALITIES AND LOCAL AUTHORITIES

The Parent Company carries out an annual customer satisfaction survey aimed at measuring the **quality level perceived by Municipalities with respect to specific aspects of the service**, managed in compliance with the provisions on concession documents. The results of this analysis make it possible to compare the parameters under evaluation and, as such, are shared with first line management in order to develop possible approaches for improvement. The most up-to-date data on customer satisfaction are

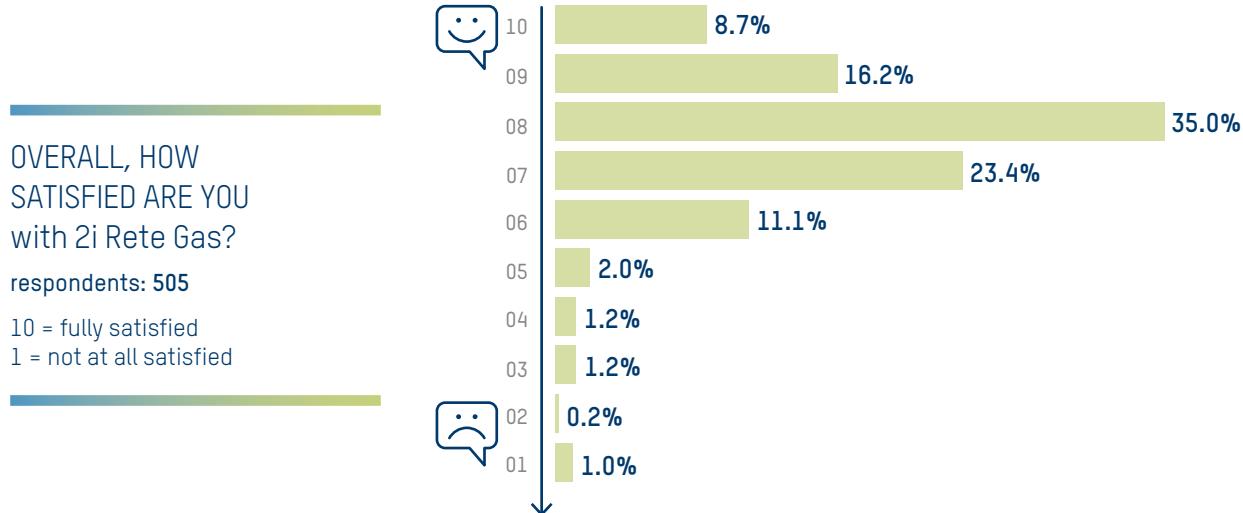
those referring to the survey completed in 2021 on the 2020 period, adopting two methodological approaches: a **qualitative** survey involving 12 public administration offices (10 in the previous edition) selected from the most representative ones, and a **quantitative** survey conducted according to the CAWI (Computer Assisted Web Interviewing) format and – consistent with the target established in the Plan – involved all the remaining municipalities managed by 2i Rete Gas at the time the questionnaires were sent out, namely 2,127 entities.

In this edition of the survey, specific questionnaires were administered to two positions: Mayor or Municipal Secretary and Head of the Technical Office for the public works sector. 505 responses to the questionnaires were received out of the entire sample surveyed.

The indication of the overall satisfaction rating of the relationship with 2i Rete Gas is provided below.



<b>SURVEYED MUNICIPALITIES</b>	> Entire panel of municipalities managed at the time questionnaires were administered
<b>QUALITY-RELATED SURVEY</b>	> Conducted on 12 public administration offices selected among the most representative ones  > <b>Availability:</b> constant availability, immediate and direct contact  > <b>Support:</b> constant and continuous exchanges, all-round advice, participation in meetings with citizens
<b>MAIN FEEDBACK RECEIVED</b>	> <b>Reliability and timeliness:</b> competent, capable, qualified, extremely focused, efficient, prompt/punctual, conscientious and professional industry operator. Ability to continue to ensure the same standards of service, even during lockdown periods, a feature that was particularly appreciated
<b>QUANTITY-RELATED SURVEY</b>	> Conducted on 2,127 Municipalities, to which 208 Mayors/Municipal Secretaries and 297 Technicians responded



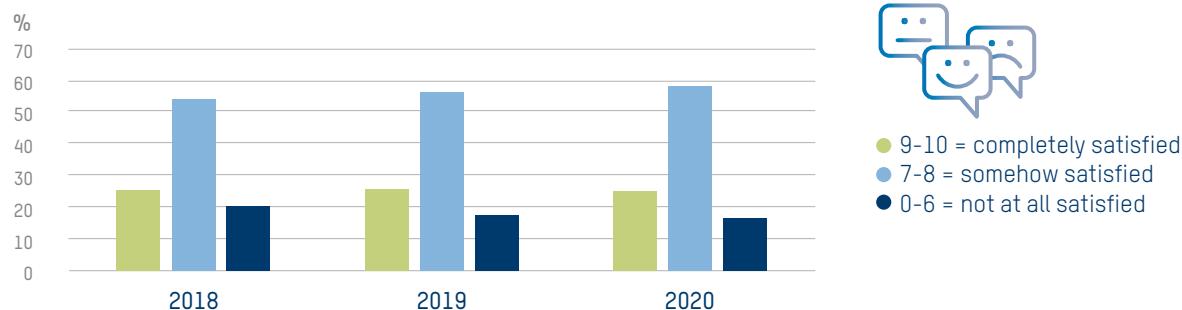
### Average annual overall satisfaction of Municipalities



The average survey results for the three-year period, shown in the chart on the left, show a positive average satisfaction level. More specifically, the results of the 2021 survey were consistent with the target set out in the Plan, showing an overall satisfaction value of 7.63 with NSS at 8.3, calculated as the difference between the percentage of satisfied people (score 10-9) and the percentage of dissatisfied people (score 6-1) (satisfaction at 7.6 with NSS at 8.4 in the previous survey).

The following chart shows the distribution of the sample of Municipalities surveyed by ranges of satisfaction.

## Ranges of satisfaction of Municipalities in 2018-2019-2020



- 9-10 = completely satisfied
- 7-8 = somehow satisfied
- 0-6 = not at all satisfied

### SALES COMPANIES

2i Rete Gas S.p.A. with the aforementioned customer satisfaction survey, also monitors on an annual base the **satisfaction perceived by the sales companies on the provided service**, which consists of processing the requests sent by them on behalf of the network end clients, in compliance with the regulatory obligations on Commercial Quality. In this matter, the survey is carried out according to two different methodological approaches: a **qualitative** one aimed at surveying the **perception of the efficiency of the service offered to top clients**; and a **quantitative** one involving a **sample selected from the list of small and mid-sized clients**.

The most up-to-date data are those related to the survey carried out in 2021 in reference to 2020 with respect to which top customers included 5 companies engaging in the sale of methane gas that supply gas to 75% of the active redelivery points managed by the Group companies. Detailed individual interviews were conducted with these sales companies.

The quantity-related survey carried out using the CAWI method met the target set out in the Plan and covered the remaining 335 sales companies (334 in the previous year's survey), which together supply a further 25% of the active redelivery points managed by the Group companies. Feed-

back was received from 53 sales companies (67 in the previous year).

The results of the survey, which as a whole covered 81% of the redelivery points under management, reflect a **fully positive opinion** on 2i Rete Gas performance, which is based on operational and relational aspects. With regard to the findings deemed as useful and necessary to validate the perceived level of service provision, the following page shows an indication of the overall satisfaction rating of the relationship with 2i Rete Gas referred to both samples, confirming a good level of satisfaction, which has been improving over the past few years given the increase in the degree of satisfaction perception (completely satisfied).

### MAIN ASPECTS REPORTED IN THE OVERALL SATISFACTION RATING FROM THE 5 TOP CLIENTS

The **overall satisfaction** among top customers was **very high**. The satisfaction expressed by virtually all respondents was based on specific relational and operational aspects, which in many cases are typical of the management approach adopted by 2i Rete Gas as compared to other industry operators:

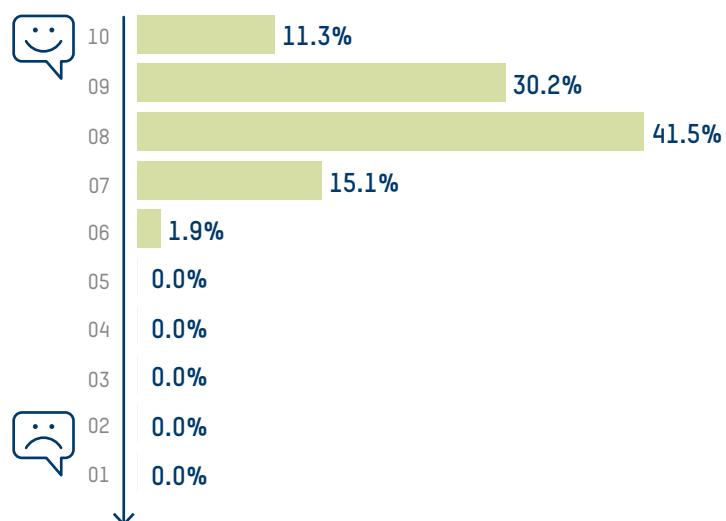
- **Relationship:** an excellent relationship with the Network Commercial Service Function;
- **Reliability, conscientiousness, safety and trust;**
- **Accuracy, fairness and transparency;**
- **Support:** strong focus on regulatory developments and sharing related impact with sales companies;
- **High flexibility and resilience capabilities;**
- **Proactive attitude:** in terms of services and activities that go beyond aspects regulated by ARERA;
- **Efficiency:** advanced dialogue solutions, Application to Application, enabling a direct data flow while ensuring timely and effective communication.



## OVERALL, HOW SATISFIED ARE YOU with 2i Rete Gas? - Sales companies

respondents: 53

10 = fully satisfied  
1= not at all satisfied

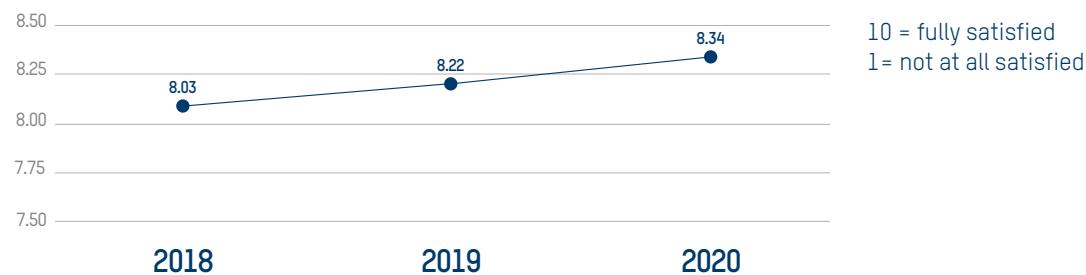


The overall average rating was consistent with the trend reported in previous NFDs and increased by 0.12 points compared to the previous year survey (8.34 vs. 8.22). At the same time, the value of the NSS satisfaction index, calculated as the difference between the percentage of satisfied people (score 10-9) and

the percentage of dissatisfied people (score 6-1), increased by 5.3 points, rising to 39.6 from 34.3 in the previous survey. The figures referred to above also improved in relation to the target set out in the Plan, which takes into account the overall reasoned satisfaction of the relationship with 2i Rete Gas, which stood at

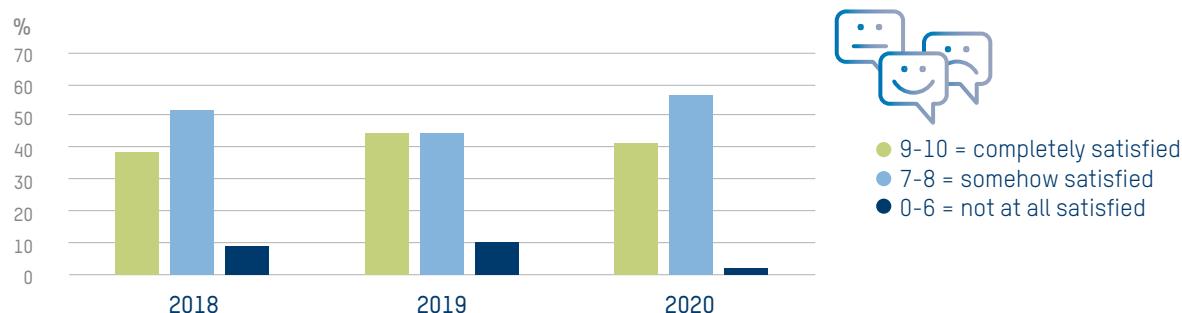
8.28 compared to the previous year's survey (8.39). With a view to harmonizing information on the initiatives included in the Plan in relation to the goal of ensuring compliance with the performance levels of customer satisfaction results, overall reasoned satisfaction will be taken as a target value to be reported upon.

### Average annual satisfaction of Sales companies



The average survey results for the three-year period, represented in the chart below, show a positive average satisfaction level.

### Ranges of satisfaction with Sales companies in 2018-2019-2020



#### NETWORK END CLIENTS

Each year 2i Rete Gas S.p.A. also monitors the **satisfaction of the network end clients** through a customer satisfaction survey that measures their **perception regarding the first response service**, in compliance with regulatory obligations on the safety and continuity of the gas distribution service.

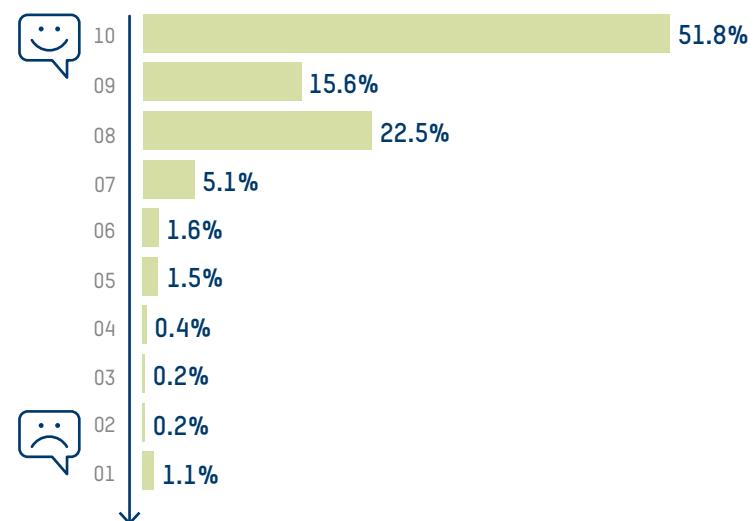
The most up-to-date data are those referring to the survey conducted in 2021 based on data pertaining to 2020. Conducted in compliance with the target set out in the Plan on an overall sample including 2,501 citizens who had reached out to the first response service (2,432 from the Parent Company and 69 from 2i Rete Gas

S.r.l. and Cilento Reti Gas S.r.l.), the survey was conducted through CATI (Computer Aided Telephone Interviewing) telephone interviews. In the previous survey, the sample totalled 2,501 citizens (2,404 from the Parent Company and 97 from 2i Rete Gas S.r.l. and Cilento Reti Gas S.r.l.).

#### OVERALL, HOW SATISFIED ARE YOU with 2i Rete Gas S.p.A.?

respondents: 2,432

10 = fully satisfied  
1 = not at all satisfied





As in previous years, the service has proved to be particularly performing and therefore protective of the Group which, with a view to continuously improving its performance towards the network end clients, is progressively seeking to raise its standards as compared to those established by the Regulator. The average survey results for the three-year period, shown in the chart on the right, still showed a **positive average level of satisfaction**, slightly higher than in the previous NFD.

### Overall average annual satisfaction - Network end Clients



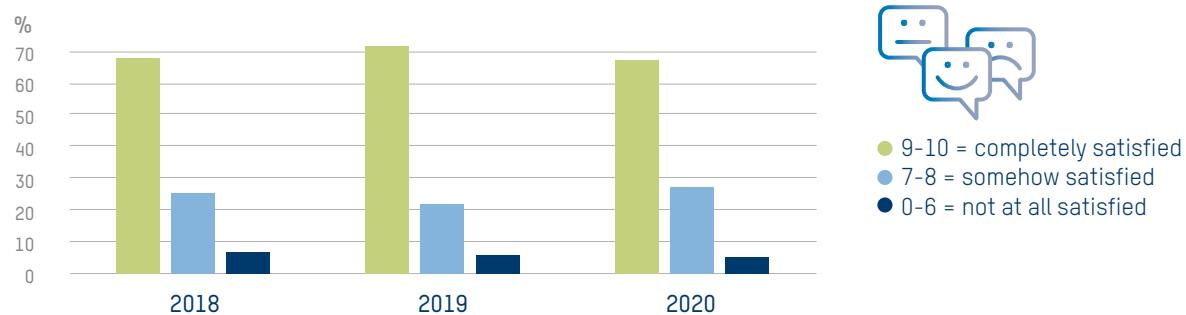
More specifically, the results relating to the Parent Company show an overall rating for reasoned satisfaction standing at 9.05 and NSS at 67.3 (reasoned satisfaction at 9.04 and NSS at 69.8 in the previous survey).

With a view to harmonising information on the initiatives included in the Plan in relation to the objective of ensuring compliance with the performance levels of customer satisfaction results, reasoned satisfaction will be taken as a target value to be reported upon group-

wide.

The following chart shows the distribution of the sample of sales companies interviewed by satisfaction level.

### Ranges of satisfaction of network end Clients in 2018-2019-2020



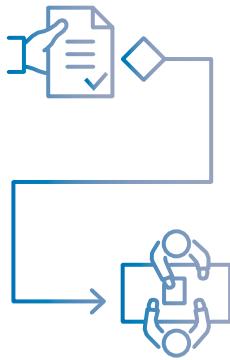
- 9-10 = completely satisfied
- 7-8 = somehow satisfied
- 0-6 = not at all satisfied

# RESPONSIBLE SUPPLY CHAIN MANAGEMENT

*2i Rete Gas collaborates in a transparent and structured manner with many suppliers and contractors. A common feature of the different collaborations in place is to build long-lasting business relationships based on the constant search for high performance standards and mutual value creation.*

Given the high number of industrial partners, suppliers and contractors involved in the supply chain and in order to manage and mitigate possible

risks, over the years 2i Rete Gas has developed well-defined procedures and tools to govern these interactions, in full compliance with current regulation. With this in mind, over the last few years, 2i Rete Gas has increased its efforts and paid special attention to the sustainable management of the supply chain and, believing that the integration of ESG factors means constructive involvement and informed choices, has launched a major **awareness campaign** on the subject involving its suppliers and contractors. This endeavour, which made it possible to map suppliers' knowledge of 2i Rete Gas' sustainability commitments, was followed up with an engagement effort aimed at assessing and involving suppliers in the study of Scope 3 emissions.



SUPPLIERS, CONTRACTORS  
AND INDUSTRIAL PARTNERS

**743**

Total qualified suppliers  
in 2021

**662**

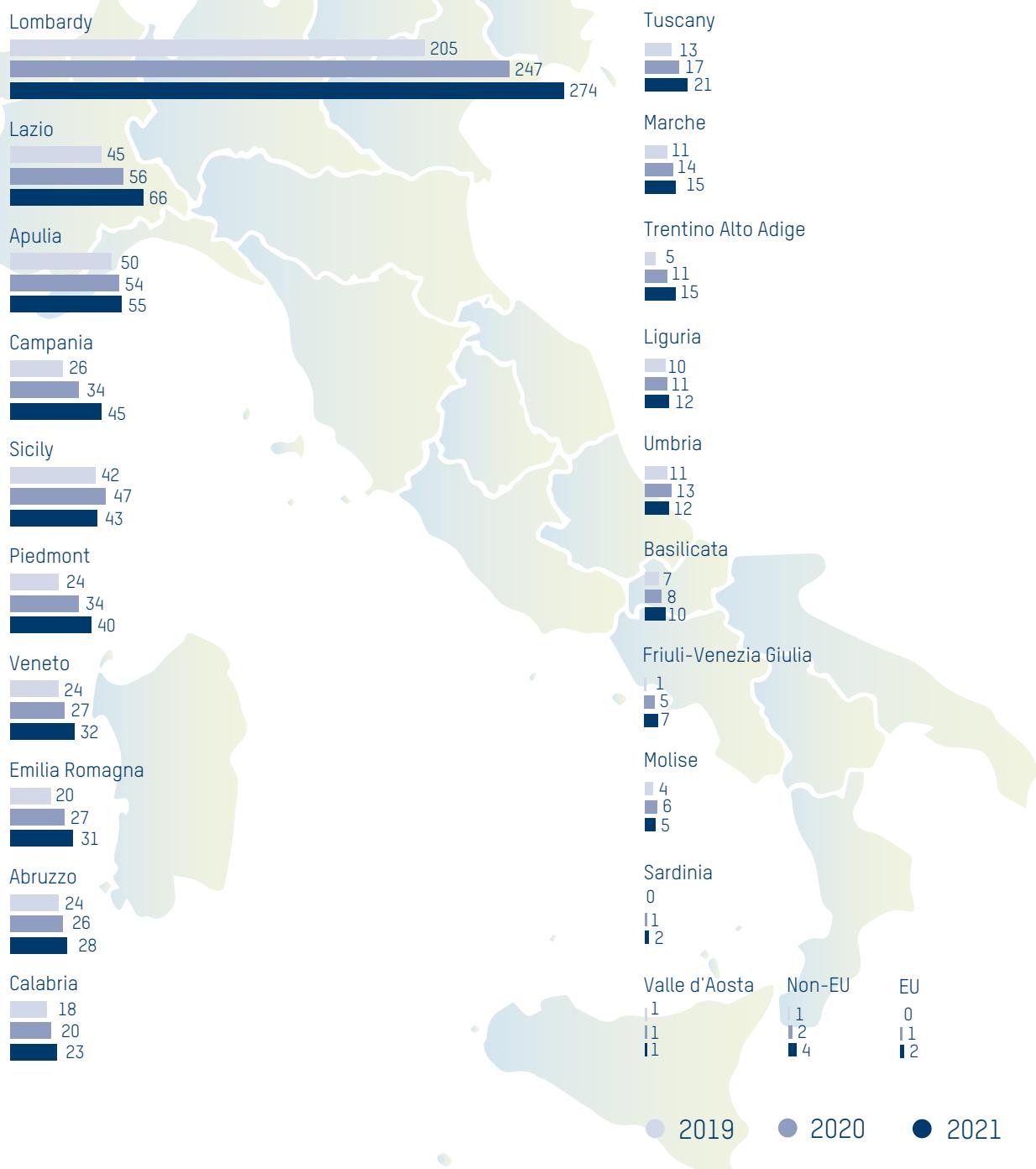
Total qualified suppliers  
in 2020

**542**

Total qualified suppliers  
in 2019



## Qualified suppliers by geographical area



# Qualification requirements and selection process

Suppliers who take part in the Group qualification process must prove that they meet and subsequently maintain **general requirements** and **comply with specific reputational aspects** pertaining to **environmental protection, social responsibility, Legislative Decree 231/01** as well as **protection of Human Rights**, including by:

- producing statements certifying the absence of any conflicts of interest;
- producing a statement regarding their corporate structure;
- adopting organisational and management models;
- stating relations with Public Authorities;
- holding a Code of Ethics;
- producing a statement certifying Corporate Social Responsibility - SA 8000 certification;
- ensuring compliance with environment and occupational health and safety regulations - ISO 45001 and ISO 14001 certifications.

The Group relies on a number of tools such as databases, web and press reviews, to monitor the **ethical reliability of its suppliers** for the purpose of mitigating the risk of initiating/maintaining business relations with individuals belonging to organisations involved in law infringements.

The **Qualification Regulations** govern the procedures for remaining in the Supplier Register. In the event that a supplier fails to meet any of such requirements, including those related to ethical issues pursuant to Legislative Decree 231/01, measures of various kinds will be adopted, such as suspension or cancellation from the Suppliers' Register and, where deemed necessary, termination of any contracts in place.

Again in 2021 the Parent Company published the **Call for Qualifications**, which lists the product categories for which suppliers can take part in the qualification process. With the aim of ensuring maximum transparency and participation, each business operator may elect to participate at any time in the qualification process for one or more product categories of interest.

Applications are completed and handled through an **e-procurement portal**, which ensures transparency, fairness and equal treatment for all suppliers. In addition to qualification processes, other activities are managed through the portal, such as tenders and Vendor Management, sourcing, electronic catalogue management and contract management processes. A section covering the procurement of distribution network materials is also available.

Product categories are classified according to three "potential levels of

criticality". The level of each category is defined by the Parent Company by having a cross-functional team conduct a preliminary analysis of the categories to assesses the nature of the activity according to **criteria of quality, safety, environment, ethical rating and operations**.

With regard to activities rated as having a "high" risk potential, suppliers must undergo an **audit**. However, the Parent Company may, regardless of the level of criticality identified, decide to carry out an **inspection visit**, which may also be conducted while activities are underway. The audit is carried out by a cross-functional team, consisting of resources from the Procurement and Services, Engineering, Operations and Quality, Safety and Environment functions. In some cases, local representatives also join the team. This is aimed at checking key requirements regarding proof of adequate experience in the industry, technical competence, business know-how, operational capacity seen as having adequate means and skilled labour.

Once the qualification process has been completed successfully, the business operator is listed in the specific **Register of Suppliers** and may take part in tenders and in the possibly subsequent contract award, sub-



ject to the technical and financial bid being assessed as compliant.

As a result of the 2020-2021 two-year period comparison, it turned out that as at 31 December 2021 102 new suppliers were qualified, of whom 53 in relation to core business activities. Among these, from an environmental perspective, 30 of them hold ISO 14001 certification,

while, from a social perspective, 20 of them hold ISO 45001 certification and 6 also hold SA8000 certification.

With a view to driving greater organisational efficiency, the procurement process for Group-wide and Country-wide supplies and services has been centralised. All Group companies rely almost exclusively on qualified

suppliers of goods and services; those excluded from the current qualification process are mostly linked to the lease of property or the purchase of Energy Efficiency Certificates.

In 2021, the percentage value of purchases awarded to suppliers included in the Register of Suppliers (99.19%) was in line with the last three-year average.

## Qualified and non-qualified suppliers

Percentage based on the value of contracts



## Procurement and Staff Unit - Contracts broken down by value



\* Note: The analysis does not include contracts for the service and transport of methane gas by means of tankers, which are necessary for maintenance operations along the transport network.

# Mapping of suppliers

Relations between the Group and its suppliers require **compliance with the principles and criteria of conduct set forth in the Code of Ethics** and with the **commitments and implementation principles set out in the Sustainability Policy**. They are constantly monitored by relying on databases and an online platform that also ensures assessment and selection of potential suppliers to whom contracts and orders are awarded.

**99.19% of the value of contracts signed in 2021** (99.40% in 2020) was entrusted to suppliers who underwent a formal qualification process through this platform.

As of 31 December 2021, the Group had **743 qualified suppliers** (662 in 2020) in its Register of Suppliers, corresponding to a total of **1,083 qualifications in one or more Product Categories**.

**Product Categories** based on the Qualifications Systems as described above (937 in 2020). The upward trend resulting from these data reflects on the one hand an increasingly sophisticated approach to scouting activities and, on the other, the continuous evolution of the product register, which is updated on a regular basis as needs change.

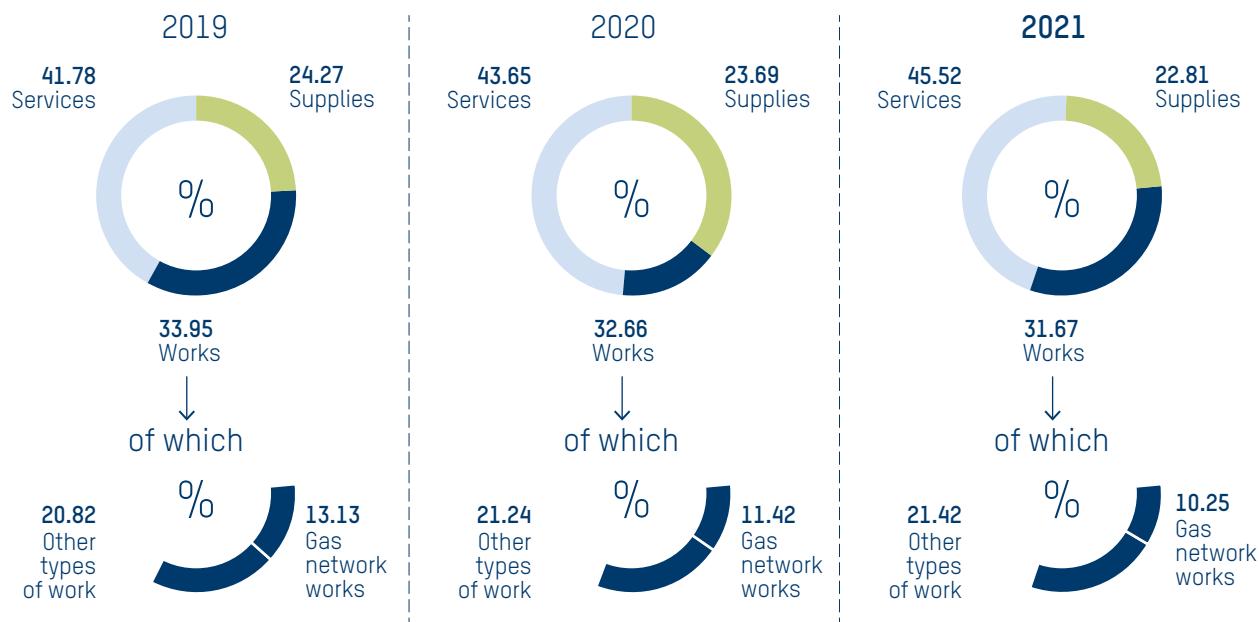
The product register is divided into categories relating to Works, Services or Supplies. Virtually all the tasks to be performed under the individual Works product categories pertain to the activity carried out as a gas distributor, while the percentage of Supplies and Services stands at 82% and 42%, respectively. The remaining portion can be attributed to Information Technology activities, services delivered to corporate units and support services for the management of company property.

The Group strives to guarantee its suppliers not only a **fair remuneration**, but also **substantial compliance with the payment terms** agreed upon, which in 2021 was at **60 days in 77.13% of cases** (81.01% in 2020).

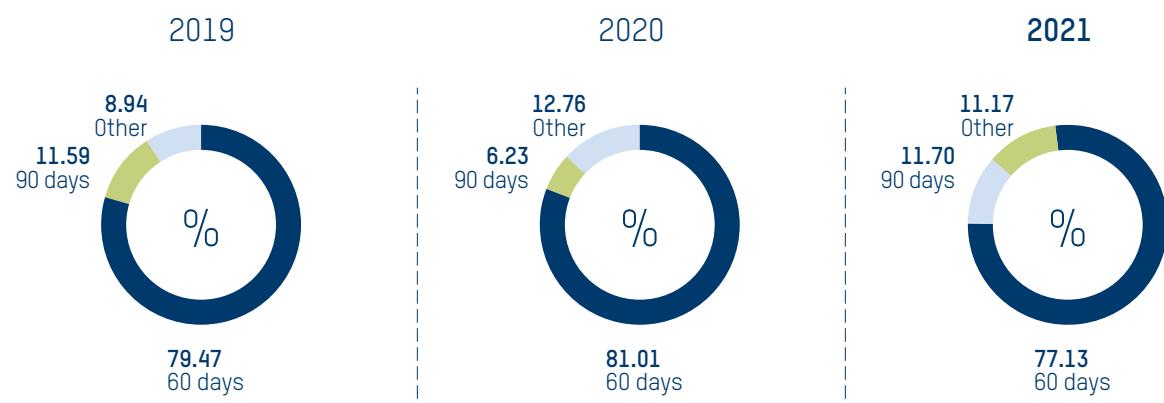
Regarding the impact on related industries and communities, the Group, while being attentive to the use of local suppliers, has no formal evidence of such impact.



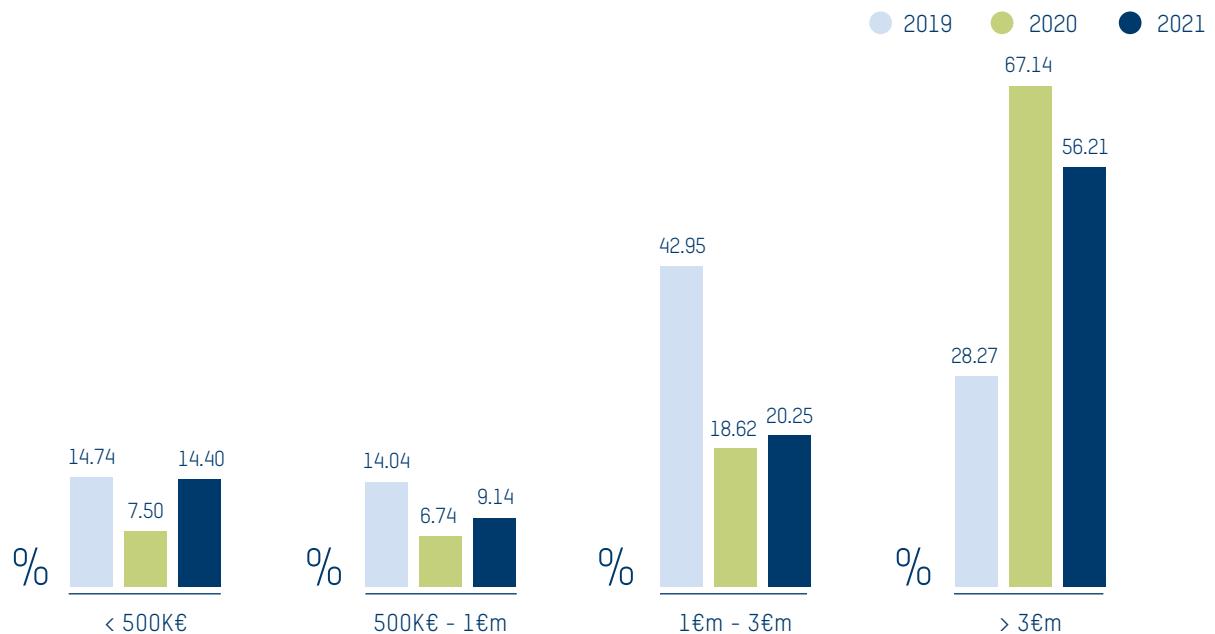
## Number of qualifications by type



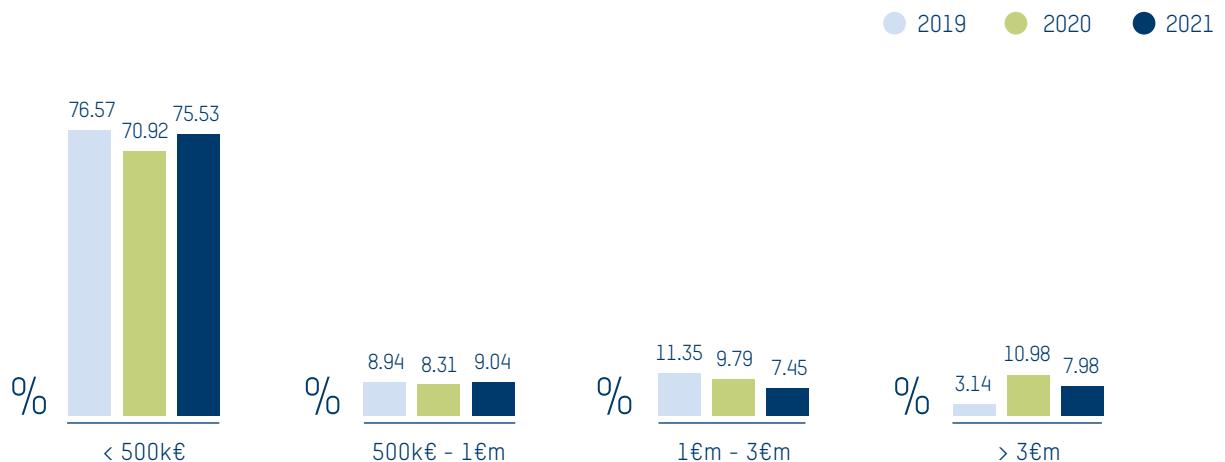
## Payment terms for contracts signed during the year



## Value of contracts signed by amount



## Number of contracts signed by amount



Considering that the Group operates across Italian territory, and as such the definition of 'local' applies to all

those suppliers who have their registered office and are based in Italy, in 2021 the Group sourced 98.3% of its

supplies from local suppliers, while the remaining 1.7% was sourced from foreign suppliers.



# Identification and mitigation of supply chain risks

Among the possible risks associated with supply chain management, special attention is paid to **active and passive corruption** and **protection of Human Rights**.

In order to mitigate the risks related to the above-mentioned issues to the extent possible, each contract in-

cludes specific clauses on ethics and anti-corruption topics, in addition to the requirements already referred regarding the qualification process.

The Group also adopts procedures and certifications that ensure compliance with the principles regarding the fight against corruption, protec-

tion of Human Rights and respect for environmental and social policies (ISO Certifications, Code of Ethics) and **likewise requires that all qualified suppliers comply the same principles, both during the qualification phase and when executing the related contract.**

## Initiatives related to the Sustainability Plan

With regard to the goal of **developing the supply chain assessment and monitoring system**, an **awareness campaign** on ESG issues was launched in 2020 and addressed to suppliers qualified for high-risk activities. The aim of this effort is to raise their awareness and engage on these issues and, as a result, reducing the related risks, with a view to obtaining any missing certification (ISO 9001, ISO 14001 and ISO 45001).

As at December 2021, **96% of suppliers were in compliance with ISO 9001, 79% with ISO 14001 and 79% with ISO 45001**. Based on these results, therefore, the target set in the Plan for the year under review can be said to have been achieved.

In addition, in relation to the same goal, 2i Rete Gas carried out a number of further initiatives in 2021, including a **listening and engagement endeavour** aimed at mapping the perception of a sample of qualified suppliers for at least one core business category on the commitments undertaken by the Group in terms of sustainability and surveying their awareness on ESG aspects. Consistent with the target set in the Plan for the year under review, monitoring the results of this first survey will make it possible to evaluate the opportunity to implement further analysis and/or follow-up actions. Finally, during the year, suppliers were continuously encouraged to achieve certifications, which resulted in several firms obtaining one or more missing certifications.

No monetary or non-monetary sanctions were inflicted in relation to the risks identified.

In 2i Rete Gas view of a supply chain management based on ethics, transparency and the creation of mutual value – in addition to the mitigation of the above-mentioned risks – implies,

in line with the principles set forth in the Sustainability Policy and reflected in the Integrated Policy for Quality, Health and Safety and the Environment, sharing those principles with

suppliers, the purpose also being to stimulate a gradual improvement of collaboration and achieve high levels of performance from a quality, social and environmental perspective.

## Initiatives related to the Sustainability Plan

In relation to the goal of **developing suppliers inclusion and engagement initiatives** by staging **information and training sessions to improve safety performances**, in 2021 an activity intended for suppliers' personnel who provide, by contract, first response services was carried out. The internal training already set up and addressed to the internal staff in charge of the same tasks has started to be delivered also to them. Ahead of the target set in the Plan for the up-coming years, the involvement of suppliers' personnel, who were awarded contracts in 2021, in training on first response marked

a progress of **49.7%**, with **3,072 hours delivered to 256 learners** (out of 515 identified in the scope for the year), representing 70 suppliers.

The above-mentioned training was delivered through an **e-learning platform** within a pilot project, with training on first response being initially designed and delivered to the personnel of 3 firms in the Central Department. According to a further target set in the Plan for 2021, this training was completed in the first half of the year, and was then extended to the rest of the firms.

## Initiatives related to the Sustainability Plan

In relation to the same goal, to be pursued also by **monitoring the accident ratios of employees working under the control of 2i Rete Gas**, during the year, consistent with the target set for the 2021 Plan, efforts continued

in order to collect significant data for the preparation of the **document for the analysis of accidents of suppliers**, which aims to identify sentinel indicators and define alarm threshold targets.



# TRANSPARENT, CLEAR AND THOROUGH DISCLOSURE

*The Group believes that transparency towards the market and investors is an essential value to be protected.*

On 22 December 2020, 2i Rete Gas S.p.A. renewed the **Euro Medium Term Notes (EMTN) Programme**, with the approval of the related base prospectus by the Central Bank of Ireland. The Programme signifies a meaningful transparent attitude towards investors and provides a view of the Company business, while allowing the latter to diversify its sources of funding, benefiting from the opportunities afforded by the capital market through the issue of bonds.

Since, within the framework of the **EMTN Programme**, the Parent Company is an issuer of bonds admitted to listing on the regulated market managed by the Irish Stock Exchange, 2i Rete Gas S.p.A. has implemented governance measures to ensure compliance with the applicable requirements in terms of market abuse (lastly imposed by Regulation EU 596/2014) and, to the extent applicable, transparency. The Parent Company is subject to the supervision of the Central Bank of Ireland which provides guidelines on transparency and disclosure required of market participants, as set out in the document called "Guidance on Transparency Regulatory Framework"

and "Market Abuse Rules" published by the supervisory body itself.

On the basis of the guidance provided in the Framework and the guidelines arising from the relevant Italian regulations, 2i Rete Gas S.p.A. has established a **Register of persons having access to privileged information**, setting procedures for its maintenance and periodic updating consistent with the applicable primary and secondary regulations (European Commission Implementing Regulation EU 347/2016). In addition, the Company implemented a **Procedure for the disclosing information to the general public**, the purpose also being to comply with the best national and international market transparency standards. This procedure sets out the criteria adopted and the actions and responsibilities whereby information can be disclosed efficiently and effectively to the general public while complying with market transparency requirements. Again, with a view to ensuring that its professional conduct is based on principles of openness, transparency and timeliness – thereby protecting, among other things, sensitive information and industrial secrets – 2i Rete Gas S.p.A. is committed to ensuring that disclosures to the market as well as to the shareholders and bondholders are at all times based on respect for the right to information and always

comply with the transparency regulations under Irish law (Ireland being the country "of choice" on the matter) as applicable to the Company in its capacity as issuer of listed bonds. In this regard, a list broken down into two macro-classes of information has been identified:

- a)** Financial Reports and
- b)** Privileged information other than Financial Reports.

Financial Reports (including both annual and interim) – insofar as they are required by law – are not subject to assessment and are disclosed directly. With regard to additional Privileged Information other than Financial Reports, an assessment process is conducted to establish, in compliance with the regulations, whether the information is considered as significant, in order to ensure protection for the investors and the appropriate functioning of the financial market. The Parent Company has also adopted an **Internal Dealing Code of Procedure** which regulates the obligation to disclose to the general public any transactions carried out by or on behalf of those who exercise administrative, control or executive functions in the Group, as well as by persons closely associated with them, concerning the bonds issued by 2i Rete Gas

S.p.A. itself. The Code also deals with the cases where relevant individuals are not allowed to carry out transactions - or limitations apply to them in

this respect - during certain periods of time (aka blackout periods).

2i Rete Gas believes it is important to involve also the remaining stakehold-

ers in matters pertaining to the Group financial, environmental and social performance by providing them with timely, accurate and exhaustive disclosure.

## Initiatives related to the Sustainability Plan

In relation to the goal set out in the Plan designed to **integrate ESG aspects within the business by joining networks and/or associations involved in the promotion and development of responsible business practices**, during 2021 **2i Rete Gas S.p.A.** engaged in preliminary and preparatory discussions to join the **Oil and Gas Methane Partnership (OGMP)**. Membership was agreed in December 2021 and then officially signed in January 2022.

The OGMP is an initiative launched in 2014 by the United Nations Environment Programme (UNEP) and the Climate and Clean Air Coalition (CCAC) at the UN Secretary General's Climate Summit. It is a broad **multi-stakeholder initiative focused on methane emissions reporting that aims to support member companies in systematically managing their emissions and to demonstrate to oil&gas stakeholders the reduction efforts progressively achieved**. In November 2020, UNEP, the CCAC, the Environmental Defense Fund, the European Commission and member companies launched the **OGMP 2.0 Framework** which has been designed to foster and encourage a reporting that, while remaining directly connected to its strategic action, focused on increasingly effective quantification approaches, techniques and practices, with a emphasis on direct measurement of methane sources.

By requiring member companies to report at an unprecedented level of accuracy and granularity methane emis-

sions from all sources at both operated and non-operated ventures across the oil & gas value chain, the OGMP 2.0 Framework is set to be **the highest standard of methane reporting**. More specifically, the OGMP 2.0 Framework aims to meet 4 objectives:

- providing assurance that methane emissions are being managed responsibly by the industry member companies;
- providing member companies with a credible means to demonstrate that there are contributing to climate mitigation, making progress against their declared targets (either in absolute terms or in terms of emission intensity) and contributing to Mineral Methane Initiative (MMI) target, thus reinforcing the role played by natural gas in the energy transition;
- encouraging improved performance in reporting and reducing methane emissions with transparency, flexibility, collaboration and by sharing best practices;
- encouraging a wider participation in OGMP so that by 2025 and 2030 significant methane emission reduction improvements, in line with MMI targets (-45% in 2025 and -60-75% in 2030 compared to 2015) can be achieved.

Member companies commit to reporting their Scope 1 methane emissions (as defined under the GHG Protocol Corporate Standard) with an increasing degree of accuracy in





terms of reporting granularity, quantification methodology and reduced uncertainty in the reported figures, based on 5 levels reporting standards. To achieve the "**Gold Standard**" member companies must demonstrate an explicit and credible path to reporting methane emissions at levels 4-5 within the required timeframe, i.e. 3 years for directly operated assets and 5 years for non-operated ventures.

Member companies are also required to announce to OGMP their own voluntary methane emission reduction targets, which must be in line with the overall targets set for the industry as a whole, and to report periodically on progress toward achieving such targets.

2023 is the first binding deadline by which 2i Rete Gas S.p.A. will communicate its voluntary methane emission

reduction targets and provide the results of its reporting activities as well as the implementation plan.

2i Rete Gas S.p.A. views the OGMP 2.0. membership as a further stimulus to increase its commitment to monitoring and containing methane emissions and, more generally, GHG emissions, as well as an important opportunity to align itself with international best practices in the industry and, finally, to contribute to the definition of guidelines within the planned mirror groups.

#### For more information:

[www.ogmpartnership.com](http://www.ogmpartnership.com)

[www.ogmpartnership.com/partners](http://www.ogmpartnership.com/partners)

# CONTRIBUTION TO THE DEVELOPMENT OF THE REGION

*Aware of the role it plays in creating shared value for the stakeholders of the Group, 2i Rete Gas strives to conduct its business by relying on methods of continuous improvement and operation efficiency and cost-effectiveness criteria, with an eye to generating positive impact on the communities served by the network.*

To this end, the lines of action identified and monitored by 2i Rete Gas S.p.A.

with a view to increasing its focus on the development of the region and on the growth of the communities where it carries on its business include:

- a conscious development of the network infrastructure across the region which, relying on a constant dialogue with the public administration, makes it possible to identify expansion areas while taking account of the specific needs of current and future communities,

identifying and assessing the actions to be taken in an analytical and timely way, consistent with local town-planning regulations;

In 2021, the 2i Rete Gas Group maintained a constant dialogue with the public administration entities where it operates the methane gas distribution service under concession agreements, running around 684 meetings, addressing topics intended to improve service experience and

efficiency as well as its extension for the benefit of the community.

To this end, to make a preliminary assessment and gain greater insights into the impact generated by its investments in response to the requests and needs arising also from the dialogue with the municipalities, in 2021 the 2i Rete Gas Group started to rely on the investment "cost-benefit" evaluation model, developed in 2020. More specifically, when conducting a feasibility analysis of a project, the new investment assessment model considers not only the mere cost of the operation but also a number of parameters, such as replacement of more polluting energy sources, minimisation of energy costs for the community, different local and climatic conditions, which help to gauge the sustainability of the various initiatives. As a result, investment decisions made during 2021 were weighed not only from a technical and financial point of view, but also from an environmental and social perspective, estimating the advantages or disadvantages generated by an investment and further considering its impact on social welfare, with a view to driving an increasingly transparent approach when it comes to sharing opportunities with Communities and local Authorities regarding the implementation of a possible initiative.

In 2021, around 150 initiatives – totalling an overall investment of € 110 million – were assessed by relying the above-mentioned model,

with 87% of them proving compatible with the model criteria and, as such, ensuring access to the service for around 28,000 new clients.

- **sustainable planning of efforts geared towards extending and increasing the use of gas as an energy carrier**, focusing on development in areas where the natural gas proposition has a competitive edge over alternative carriers in terms of overall benefit accruing to end clients both from a economical perspective as well as in terms of additional contribution to decarbonisation and air pollution reduction. In the pursuit of an increasingly stronger focus on and attention to the impact on the community and the territory, and in relation to the objective set out in the Sustainability Plan whereby the Company aims to **support energy transition through its own business by monitoring the nature of the carrier being replaced with connections in buildings that are not newly built**, in 2021 an analysis was completed with the mapping of the clients served by methane gas in the territories where the Group operates under concession agreements to distribute methane gas.

Consistent with the same objective, it was decided to privilege the local areas where the most polluting energy sources are widespread, with a special focus on energy carriers such as LPG and Diesel fuel. Efforts therefore got underway to identify – first at the regional and then at provincial level – the areas on which to concentrate

initiatives aimed at increasing the use of gas infrastructure.

The outcomes of the Customer Satisfaction analysis carried out in 2020 on a sample of 577 respondents once compared with the evidence gathered form the latest available ISTAT data resulted crucial as they make it possible to confirm LPG and Diesel as energy sources replaced in favour of natural gas for heating purposes. In addition, further in-depth studies were carried out and insights were gained following the surveys conducted by 2i Rete Gas operators region-wide in the period spanning January-July 2021. In this connection, field interviews were conducted with clients requesting first activation/deactivation of methane gas in the municipalities managed by 2i Rete Gas.

The sample of field interviews analysed included approximately 2,500 clients who reached out to the distributor. Based on the survey findings, a penetration strategy was developed for 2022. It takes into account the analysis of the results of commercial endeavours already in place and – where no campaigns are underway – price and potential scenarios in areas where reliance on LPG or Diesel fuel is higher than the national/regional average. In devising the 2022 plan of this initiative, resources were allocated to support communication activities and to obtain the input from local installers/construction firms, the purpose being to provide further



momentum to the initiative and/or promote a methane-oriented culture.

- reliance on technologies and business practices that minimise operation costs while encouraging the use of materials that have a longer life cycle and are supplied by an increasingly sustainable production chain,** reducing at the same time the generation of waste resulting from end-of-cycle disposal;

Several years ago, 2i Rete Gas started a project for the replacement of network sections classified as "old", opting for the rollout of polyethylene networks. Drivers pointing to the progressive need for replacement include the year of construction, the leaks detected along the network following periodic monitoring, and the number of repair operations recorded during the year.

The decision to opt for polyethylene has proven successful over the years in terms of both guaranteed duration of the useful life of the assets and lower environmental impact resulting from the construction and installation processes as well as during operation.

It should be noted that the reduced complexity of construction and the use of low impact technologies, which make it possible to install underground pipes or allow existing underground pipes to be recovered (partial/total recovery or replacement) without resorting to open-air excavation (no dig), reduces turn-

around time and construction site set-up efforts, limiting as a matter of fact impact on the community (road conditions and public area closures).

Lastly, the management of polyethylene networks that are not subject to corrosion, such as steel networks, significantly reduces the energy consumption requirements of the cathodic protection processes applied to the entire infrastructure, indirectly reducing the environmental impact produced by the Group in the operation of the plants under management.

- identifying suppliers,** where permitted by current regulations and consistent with the Public Procurement Code, that **are geographically located as close as possible to the areas of deployment**, in order to promote giving back to the local community the contract value, initiating – to the extent as possible – a virtuous cycle of local material procurement.
  - interacting with industry-related businesses engaging in the deployment of internal installations** with specific reference to activities aimed at involving and training /see Commercial development model), creating synergies that encourage plant transformation while driving the development of the gas network infrastructure.
- With this in mind, 2i Rete Gas is geared towards increasing levels of technical and commercial quali-

ty and, at the same time, pursues a constant and progressive reduction of operating costs eligible for cut-back, the underlying goal being to return value to the community and to key stakeholders (e.g. Municipalities and local authorities; sales companies; network end clients) both by ensuring a safe, uninterrupted, reliable and timely service and by achieving a lower incidence of the distribution service cost reflected in the bill according to industry regulations. Indeed, the Group believes that this approach plays a key role in the **creation of widespread value**, while providing a **practical contribution to improving the quality of life of the communities served**.

# Progressive alignment with the principles set out by SASB

METRIC DESCRIPTION	CODE	INFORMATION PROVIDED		
Average retail gas rate for (1) residential, (2) commercial, (3) industrial customers, and (4) transportation services only	IF-GU-240a.1	<p>Completion of this section was based on a breakdown that 2i rete Gas deemed useful in order to provide the clearest possible view of its business. For this reason, customers were divided according to 5 civil and 2 technological classes.</p> <p>C1 - "Heating"</p> <p>C2 - "Used for cooking and/or hot water production"</p> <p>C3 - "Heating + cooking and/or hot water production"</p> <p>C4 - "Air-conditioning use"</p> <p>C5 - "Air conditioning + heating use"</p> <p>T1 - "Technological use (crafts - industries)"</p> <p>T2 - "Technological use - heating".</p>	0.10 €/sm <sup>3</sup> 0.17 €/sm <sup>3</sup> 0.15 €/sm <sup>3</sup> 0.17 €/sm <sup>3</sup> 0.16 €/sm <sup>3</sup> 0.05 €/sm <sup>3</sup> 0.05 €/sm <sup>3</sup>	2.62 €/MMBtu 4.52 €/MMBtu 4.00 €/MMBtu 4.64 €/MMBtu 4.35 €/MMBtu 1.30 €/MMBtu 1.44 €/MMBtu
Typical monthly gas bill for residential customers for (1) 50 MMBtu and (2) 100 MMBtu of gas delivered per year	IF-GU-240a.2	Not applicable because, as a distributor, 2i Rete Gas only has visibility into the costs of the Average Gas Rate for transportation services.		
Number of residential customer gas disconnections for non-payment, percentage reconnected within 30 days	IF-GU-240a.3	Not applicable because this qualifies as an indirect business for 2i Rete Gas, with responsibility lying with sales companies.		
Discussion of impact of external factors on customer affordability of gas, including the economic conditions of the service territory	IF-GU-240a.4	<p>See disclosure:</p> <ul style="list-style-type: none"> <li>- Chapter "<b>Distribute energy for a sustainable future</b>", subsection "Promotion of gas as a resource for transition to a cleaner future"</li> <li>- Chapter "<b>Create shared value</b>", subsection "Contribution to the development of the region"</li> </ul>		
Percentage of gas utility revenues from rate structures that (1) are decoupled or (2) contain a lost revenue adjustment mechanism (LRAM)	IF-GU-420a.1	Not applicable in the Italian market context as far as 2i Rete Gas is concerned		
Customer gas savings from efficiency measures by market	IF-GU-420a.2	Not applicable in the Italian market context as far as 2i Rete Gas is concerned		





METRIC DESCRIPTION	CODE	INFORMATION PROVIDED
Number of (1) reportable pipeline incidents, (2) Corrective Action Orders (CAO), and (3) Notices of Probable Violation (NOPV)	IF-GU-540a.1	<p>See disclosure:</p> <ul style="list-style-type: none"> <li>- Chapter "<b>Ensure efficiency, quality, and safety</b>", subsection "Plant reliability and efficiency".</li> </ul> <p>In addition, during the three-year period the organisation did not receive any report or measure from the relevant authority for a value exceeding € 5,000 (in case of occurrence in the distribution network) or € 1,000 (in case of occurrence at end clients' systems) due to the fault of the Group</p>
Percentage of distribution pipeline that is (1) cast and/or wrought iron and (2) unprotected steel	IF-GU-540a.2	<p>76.6% steel 23.2% PE polyethylene 0.2% cast iron</p>
Percentage of gas (1) transmission and (2) distribution pipelines inspected	IF-GU-540a.3	<p>See disclosure:</p> <ul style="list-style-type: none"> <li>- Chapter "<b>Ensure efficiency, quality, and safety</b>", subsection "Plant reliability and efficiency"</li> </ul>
Description of efforts to manage the integrity of gas delivery infrastructure, including risks related to safety and emissions	IF-GU-540a.4	<p>See disclosure:</p> <ul style="list-style-type: none"> <li>- Chapter "<b>Ensure efficiency, quality, and safety</b>", subsection "Plant reliability and efficiency"</li> </ul>

## ACTIVITY METRICS

ACTIVITY DESCRIPTION	CODE	NOTES	VALUE
Number of: (1) residential, (2) commercial, and (3) industrial customers served	IF-GU-000.A	This indicator is developed by reporting the information broken down by the clients categories mapped by 2iRG (5 civil classes and 2 technology classes) as under IF-GU-240a.1	45,014 1,736,519 2,647,145 1,890 7,854 4,710 78,366
Amount of natural gas delivered to: (1) residential customers, (2) commercial customers, (3) industrial customers, and (4) transferred to a third party	IF-GU-000.B	Information is provided by breaking it down by the clients categories mapped by 2iRG (5 civil classes and 2 technology classes) as under IF-GU-240a.1	29,064,272.38 Mbtu 27,513,602.93 Mbtu 116,739,140.90 Mbtu 63,703.22 Mbtu 453,913.38 Mbtu 7,514,958.77 Mbtu 60,515,640.40 Mbtu
Length of gas (1) transmission and (2) distribution pipelines	IF-GU-000.C	Total network under management in 2021 High pressure network (above 5 bar, classified as 1st-2nd-3rd type network) Medium pressure network (above 0.04 bar and not more than 5 bar classified as 4th-5th-6th type network) Low pressure network (not exceeding 0.04 bar classified 7th type network)	69,804 km 7,761 km 31,081 km 30,962 km



# GRI CONTENT INDEX

# General disclosures

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
<b>GENERAL DISCLOSURES</b>				
ORGANIZATIONAL PROFILE	<b>GRI 102-1</b>	Name of organisation	Total	Methodological note (pages 8-13) Group profile – Highlights, history and corporate structure (pages 16-19)
	<b>GRI 102-2</b>	Activities, trademarks, products and services	Total	Group profile (pages 14-53)
	<b>GRI 102-3</b>	Location of headquarters	Total	(page 174)
	<b>GRI 102-4</b>	Location of operations	Total	Group profile – Highlights, history and corporate structure (pages 16-19)
	<b>GRI 102-5</b>	Ownership and legal form	Total	Group profile – Governance – Ownership structure and legal form (page 20)
	<b>GRI 102-6</b>	Markets served	Total	Methodological note – Scope (pages 8-9) Group profile – Highlights, history and corporate structure (pages 16-19) – Responsible business management (page 24) Stakeholders – Relations with clients (page 133)
	<b>GRI 102-7</b>	Scale of the organisation	Total	Group profile (pages 14-53)
	<b>GRI 102-8</b>	Information on employees and other workers	Total	People – Sizing (pages 56-61)
	<b>GRI 102-9</b>	Supply chain	Total	Stakeholders – Responsible supply chain management - Mapping of suppliers (pages 146-148)
	<b>GRI 102-10</b>	Significant changes to the organisation and its supply chain	Total	Methodological note (pages 8-13) Group Profile – Highlights, history and corporate structure (pages 16-19) and Creating sustainable economic value (pages 50-53) People - Sizing (pages 56-61) and Relations with the unions (pages 83-84) Environment – Optimisation of energy resources and environmental protection – Energy consumption (pages 120-122), Emissions into the atmosphere (pages 125-128) and Monitoring indicators and KPIs (page 129)
STRATEGY	<b>GRI 102-11</b>	Precautionary principle	Total	Group profile – Risk management (pages 41-49)
	<b>GRI 102-12</b>	External initiatives	Total	Stakeholders - Transparent, clear and thorough disclosure (pages 151-153)
	<b>GRI 102-13</b>	Membership of associations	Total	Stakeholders – Relations with Institutions and Authorities (page 132)
ETHICS AND INTEGRITY	<b>GRI 102-14</b>	Letter from the Chief Executive Officer	Total	Letter to stakeholders (pages 2-5)
	<b>GRI 102-15</b>	Key impacts, risks and opportunities	Total	Group profile – Risk management (pages 41-49)
GOVERNANCE	<b>GRI 102-16</b>	Values, principles, standards and norms of behaviour	Total	Group profile – Responsible business management – Missions and values (page 25), Policies and certifications (page 33-34)
	<b>GRI 102-17</b>	Mechanisms for advice and concerns about ethics	Total	Group profile – Business ethics and anti-corruption – Concerns and reporting (pages 39-40)
GOVERNANCE	<b>GRI 102-18</b>	Governance structure	Total	Group profile – Governance (pages 20-23)
	<b>GRI 102-19</b>	Delegating authority	Total	Group profile – Governance – Governance structure, delegation system and bodies (pages 21-23)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
<b>GENERAL DISCLOSURES</b>				
STAKEHOLDER ENGAGEMENT	<b>GRI 102-32</b>	Role of highest governance body in sustainability reporting	Total	Methodological note – Process for the definition of topic areas and materiality (pages 9-13)
	<b>GRI 102-40</b>	List of stakeholder groups	Total	Methodological note (pages 8-13)
	<b>GRI 102-41</b>	Collective bargaining agreements	Total	People - Relations with the unions (pages 83-84)
	<b>GRI 102-42</b>	Identifying and selecting stakeholders	Total	Methodological note – Process for the definition of topic areas and materiality (pages 9-13)
	<b>GRI 102-43</b>	Approach to stakeholder engagement	Total	Methodological note – Process for the definition of topic areas and materiality (pages 9-13) People – Management, development, and engagement of human capital – Engagement (pages 77-78) – Relations with clients – Satisfaction (pages 136-141) and Responsible supply chain management – Identification and mitigation of supply chain risks (pages 149-150)
	<b>GRI 102-44</b>	Key topics and concerns raised	Total	Methodological note – Process for the definition of topic areas and materiality (pages 9-13)
	<b>GRI 102-45</b>	Entities included in the consolidated financial statements	Total	Methodological note – Scope (pages 8-9)
	<b>GRI 102-46</b>	Defining report content and topic boundaries	Total	Methodological note (pages 8-13)
	<b>GRI 102-47</b>	List of material topics	Total	Methodological note – Process for the definition of topic areas and materiality (pages 9-13)
	<b>GRI 102-48</b>	Restatements of information	Total	Methodological note – Scope (pages 8-9) Group Profile – Highlights, history and corporate structure (pages 16-19)
	<b>GRI 102-49</b>	Changes in reporting	Total	Methodological note (pages 8-13)
	<b>GRI 102-50</b>	Reporting period	Total	Methodological note – Scope (pages 8-9)
	<b>GRI 102-51</b>	Date of most recent report	Total	2020 Report, approved on 29 March 2021
	<b>GRI 102-52</b>	Reporting cycle	Total	Annual
	<b>GRI 102-53</b>	Contact point for questions regarding the report	Total	Methodological note – Process for the definition of topic areas and materiality (pages 9-13)
REPORTING PRACTICE	<b>GRI 102-54</b>	Claims of reporting in accordance with the GRI Standards	Total	Methodological note – Objective and reference standards (page 8)
	<b>GRI 102-55</b>	GRI content index	Total	GRI Content Index (pages 158-167)
	<b>GRI 102-56</b>	External assurance	Total	Independent report on the limited review of the Consolidated Non-Financial Disclosure 2021 (pages 168-173)

# Specific disclosures

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
<b>ECONOMIC</b>				
<b>Economic performance</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Group Profile - Creating sustainable economic value (pages 50-53)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	Group Profile - Creating sustainable economic value (pages 50-53)
ECONOMIC PERFORMANCE	<b>GRI 201-1</b>	Directly economic value generated and distributed	Total	Group Profile - Creating sustainable economic value (pages 50-53)
PROCUREMENT PRACTICES	<b>GRI 204-1</b>	Proportion of spending on local suppliers	Total	Stakeholders – Responsible supply chain management – Mapping of suppliers (pages 146-148)
<b>Anti-corruption</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Group profile – Business ethics and anti-corruption (pages 38-40) and risk management (pages 41-49) Stakeholders – Responsible supply chain management - Identification and mitigation of supply chain risks (pages 149-150)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	Group profile – Business ethics and anti-corruption (pages 38-40)
	<b>GRI 205-2</b>	Communication and training about anti-corruption policies and procedures	Total	Group profile – Responsible business management – Policies and certifications (pages 33-34) and Business ethics and anticorruption (pages 38-40) People – Management, development and engagement human capital - development and training (pages 64-74)
<b>ANTI-CORRUPTION</b>				
	<b>GRI 205-3</b>	Confirmed incidents of corruption and actions taken	Total	Group – Business ethics and anti-corruption (pages 38-40), Concerns and reporting (pages 39-40)
<b>Tax</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Group – Compliance with laws and regulations (pages 34-37)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	Group – Compliance with laws and regulations (pages 34-37)
TAX	<b>GRI 207-1</b>	Approach to tax	Total	Group – Compliance with laws and regulations (pages 34-37)
	<b>GRI 207-2</b>	Tax governance, control and risk management	Total	Group – Compliance with laws and regulations (pages 34-37)
	<b>GRI 207-3</b>	Stakeholder engagement and management of concerns related to tax	Total	Group – Compliance with laws and regulations (pages 34-37)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
<b>ENVIRONMENTAL</b>				
<b>Energy</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129)
ENERGY	<b>GRI 302-1</b>	Energy consumption within the organisation	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Energy consumption (pages 120-122)
	<b>GRI 302-4</b>	Reduction of energy consumption	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Energy consumption (pages 120-122) - Monitoring indicators and KPIs (page 129)
<b>Emissions</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129)
EMISSIONS	<b>GRI 305-1</b>	Direct (Scope 1) GHG emissions	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Emissions into the atmosphere (pages 125-128)
	<b>GRI 305-2</b>	Energy indirect (Scope 2) GHG emissions	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Emissions into the atmosphere (pages 125-128)
	<b>GRI 305-3</b>	Other indirect (Scope 3) GHG emissions	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Emissions into the atmosphere (pages 125-128)
	<b>GRI 305-5</b>	GHG emission reduction	Total	Environment – Emissions into the atmosphere (pages 125-128)
<b>Waste</b>				
MANAGEMENT APPROACH	<b>GRI 306-1</b>	Waste generation and significant waste-related impacts	Total	Methodological note (pages 8-13) Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Waste (pages 123-125)
	<b>GRI 306-2</b>	Management of significant waste-related impacts	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Waste (pages 123-125)
	<b>GRI 306-3</b>	Waste generated	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Waste (pages 123-125)
WASTE	<b>GRI 306-4</b>	Waste diverted from disposal	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Waste (pages 123-125)
	<b>GRI 306-5</b>	Waste directed to disposal	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Waste (pages 123-125)

# Specific disclosures (continued)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
<b>Environmental compliance</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129)
ENVIRONMENTAL COMPLIANCE	<b>GRI 307-1</b>	Non-compliance with environmental laws and regulations	Total	Environment – Optimisation of energy resources and environmental protection (pages 119-129) – Monitoring indicators and KPIs (page 129)
<b>Supplier environmental assessment</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Stakeholders – Responsible supply chain management – Qualification requirements and selection process (pages 144-145)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	Stakeholders – Responsible supply chain management – Qualification requirements and selection process (pages 144-145)
SUPPLIER ENVIRONMENTAL ASSESSMENT	<b>GRI 308-1</b>	New suppliers that were screened using environmental criteria	Total	Stakeholders – Responsible supply chain management – Qualification requirements and selection process (pages 144-145)
<b>SOCIAL</b>				
<b>Employment</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	People – Management, development and engagement of human capital (pages 62-78)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	People – Management, development and engagement of human capital (pages 62-78)
EMPLOYMENT	<b>GRI 401-1</b>	New employee hires and employee turnover	Total	People – Sizing (pages 56-61)
	<b>GRI 401-2</b>	Benefits provided to full-time employees, but not to temporary or part-time employees	Total	People – Management, development and engagement of human capital – Compensation system (pages 75-76)
	<b>GRI 401-3</b>	Parental leave	Total	People – Diversity and welfare (pages 79-83)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
<b>Employee health and safety</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	People – Safeguarding occupational health and safety (pages 85-93)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	People – Safeguarding occupational health and safety (pages 85-93)
OCCUPATIONAL HEALTH AND SAFETY	<b>GRI 403-1</b>	Occupational health and safety management system	Total	People – Safeguarding occupational health and safety (pages 85-93) Assets – Reliability and efficiency of plants (pages 97-103)
	<b>GRI 403-2</b>	Hazard identification, risk assessment and incident investigation	Total	People – Safeguarding occupational health and safety (pages 85-93)
	<b>GRI 403-3</b>	Occupational health services	Total	People – Safeguarding occupational health and safety (pages 85-93)
	<b>GRI 403-4</b>	Worker participation, consultation and communication on occupational health and safety	Total	Group profile – Risk management (pages 41-49) People – Management, development and engagement of human capital – Engagement (pages 77-78) People – Safeguarding occupational health and safety (pages 85-93)
	<b>GRI 403-5</b>	Worker training on occupational health and safety	Total	People – Management, development and engagement of human capital – Development and training (pages 64-74); Safeguarding occupational health and safety (pages 85-93)
	<b>GRI 403-6</b>	Promotion of worker health	Total	People – Safeguarding occupational health and safety (pages 85-93)
	<b>GRI 403-7</b>	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Total	People – Safeguarding occupational health and safety (pages 85-93) Assets – Reliability and efficiency of plants (pages 97-103) Stakeholders – Responsible supply chain management – Qualification requirements and selection process (pages 144-145) and Identification and mitigation of supply chain risks (pages 149-150)
	<b>GRI 403-8</b>	Workers covered by an occupational health and safety management system	Total	People – Safeguarding occupational health and safety (pages 85-93)
	<b>GRI 403-9</b>	Work-related injuries	Total	People – Safeguarding occupational health and safety (pages 85-93)
	<b>GRI 403-10</b>	Work-related ill health	Total	People – Safeguarding occupational health and safety (pages 85-93)

## Specific disclosures (continued)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
<b>Education and training</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	People – Management, development and engagement of human capital – Development and training (pages 64-74)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	People – Management, development and engagement of human capital - Engagement (pages 77-78)
EDUCATION AND TRAINING	<b>GRI 404-1</b>	Average hours of training per year per employee	Total	People – Management, development and engagement of human capital – Development and training (pages 64-74)
	<b>GRI 404-3</b>	Percentage of employees receiving regular performance and career development review	Total	People – Management, development and engagement of human capital – Development and training (pages 64-74)
<b>Diversity and equal opportunity</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	People - Diversity and welfare (pages 79-83)
	<b>GRI 103-3</b>	Evaluation of management approach	Total	People - Diversity and welfare (pages 79-83)
DIVERSITY AND EQUAL OPPORTUNITY	<b>GRI 405-1</b>	Diversity in governance bodies and employees	Total	Group profile – Governance – Governance structure, delegation system and bodies (pages 21-23) People – Sizing (pages 56-61) and Diversity and welfare (pages 79-83)
	<b>GRI 405-2</b>	Ratio of basic salary and remuneration of women to men	Total	People – Diversity and welfare (pages 79-83)
<b>Non-discrimination</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	The Group - Business ethics and anti-corruption (pages 38-40) People (pages 54–93), People – Diversity and welfare [pages 79-83]
	<b>GRI 103-3</b>	Evaluation of management approach	Total	The Group - Business ethics and anti-corruption (pages 38-40) People (pages 54–93), People – Diversity and welfare (pages 79-83)
NON-DISCRIMINATION	<b>GRI 406-1</b>	Incidents of discrimination and corrective actions taken	Total	People – Diversity and welfare (pages 79-83)

GRI TOPICS	INDICATOR	SHORT DESCRIPTION	COVERAGE	REFERENCE
<b>Local communities</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Stakeholders - Contribution to the development of the region (pages 153-155)
	<b>GRI 103-3</b>	Evaluation of management approach	Partial	Stakeholders - Contribution to the development of the region (pages 153-155)
LOCAL COMMUNITIES	<b>GRI 413-1</b>	Operations with local community engagement, impact assessments, and development programmes	Partial (Only quality-related information was provided)	Environment – Energy transition (pages 112-118) Stakeholders – Contribution to the development of the region (pages 153-155)
<b>Supplier social assessment</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Stakeholders - Responsible supply chain management – Qualification requirements and selection process (pages 144-145)
	<b>GRI 103-3</b>	Evaluation of management approach	Total	Stakeholders - Responsible supply chain management – Qualification requirements and selection process (pages 144-145)
SUPPLIER SOCIAL ASSESSMENT	<b>GRI 414-1</b>	New suppliers that were screened using social criteria	Total	Stakeholders – Responsible supply chain management – Qualification requirements and selection process (pages 144-145)
<b>Customer health and safety</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Assets – Reliability and efficiency of plants (pages 97-103)
	<b>GRI 103-3</b>	Evaluation of management approach	Total	Assets – Reliability and efficiency of plants (pages 97-103)
CUSTOMER HEALTH AND SAFETY	<b>GRI 416-1</b>	Assessment of the health and safety impacts of product and service categories	Total	People – Safeguarding occupational health and safety (pages 85-93) Assets - Reliability and efficiency of plants (pages 97-103)
	<b>GRI 416-2</b>	Incidents of non-compliance concerning the health and safety impacts of products and services	Total	Assets - Reliability and efficiency of plants (pages 97-103)
<b>Customer privacy</b>				
MANAGEMENT APPROACH	<b>GRI 103-1</b>	Explanation of the material topic and its boundary	Total	Methodological note (pages 8-13)
	<b>GRI 103-2</b>	Management approach and its components	Total	Assets – Privacy and data security (page 109)
	<b>GRI 103-3</b>	Evaluation of the management approach	Total	Assets – Privacy and data security (page 109)
CUSTOMER PRIVACY	<b>GRI 418-1</b>	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Total	Assets – Privacy and data security (page 109)



# LIMITED ASSURANCE



**2I RETE GAS SPA**

**INDEPENDENT AUDITOR'S REPORT ON THE  
CONSOLIDATED NON-FINANCIAL DISCLOSURE IN  
ACCORDANCE WITH ARTICLE 3, PARAGRAPH 10  
OF LEGISLATIVE DECREE 254/2016 AND WITH  
ARTICLE 5 OF CONSOB REGULATION 2026<sup>7</sup> ADOPTED  
BY RESOLUTION OF JANUARY 2018**

**FOR THE YEAR ENDED 31 DECEMBER 2021**



## ***Independent auditor's report on the consolidated non-financial disclosure***

*in accordance with article 3, paragraph 10, of Legislative Decree 254/2016 and article 5 of CONSOB Regulation 20267 adopted by resolution of January 2018*

To the board of directors of 2i Rete Gas SpA

In accordance with article 3, paragraph 10, of the Legislative Decree 254/2016 (the Decree) and with article 5 of CONSOB Regulation 20267/2018, we have performed a limited assurance engagement on the Consolidated Non-Financial Disclosure of 2i Rete Gas SpA and its subsidiaries (2i Rete Gas group) as of and for the year ended 31 December 2021, prepared in accordance with article 4 of the Decree and approved by the board of directors of 2i Rete Gas SpA on 23 March 2022 (the NFD).

Our review does not extend to the information set out in paragraph "Taxonomy" of the NFD, required by article 8 of European Regulation 2020/852.

### ***Responsibility of the directors and of the board of statutory auditors for the NFD***

The directors are responsible for the preparation of the NFD in accordance with articles 3 and 4 of the Decree and with the Sustainability Reporting Standards, issued by Global Reporting Initiative in 2016 and updated up to 2020 (GRI Standards).

The directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFD is free from material misstatement, whether due to fraud or unintentional errors.

The directors are responsible for identifying the content of the NFD, within the matters mentioned in article 3, paragraph 1, of the Decree, considering the activities and characteristics of the group and to the extent necessary to ensure the understanding of the group activities, its trends, its results and related impacts.

The directors are responsible for defining the business and organisational model of the group and, with reference to the matters identified and reported in the NFD, for the policies adopted by the group and for the identification and management of risks generated or faced by the group.

The board of statutory auditors is responsible for overseeing, in accordance with the law, the compliance with the Decree.

### ***PricewaterhouseCoopers SpA***

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### ***Auditor's independence and quality control***

We are independent in accordance with the principles of ethics and independence disclosed in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board for Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, privacy and professional behaviour. Our audit firm adopts the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for the compliance with ethical and professional standards and with applicable laws and regulations.

### ***Auditor's responsibilities***

We are responsible for expressing, on the basis of the work performed, a conclusion regarding the compliance of the NFD with the Decree and with the GRI Standards. We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised), issued by the International Auditing and Assurance Standards Board (IAASB), for limited assurance engagements. The standard requires that we plan and perform procedures to obtain a limited assurance that the NFD does not contain material errors. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised (reasonable assurance engagement) and, therefore, do not provide us with a sufficient level of assurance to become aware of all significant facts and circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFD are based on our professional judgement and consisted of interviews, primarily with company personnel responsible for the preparation of the NFD, in the analysis of documents, recalculations and other procedures aimed at obtaining evidence as appropriate.

In particular, we performed the following procedures:

1. analysis of the relevant matters reported in the NFD relating to the activities and characteristics of the group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree, with the reporting standard adopted;
2. analysis and assessment of the criteria used to identify the consolidation area, to assess its compliance with the Decree;
3. comparison of the financial information reported in the NFD with the information reported in the group consolidated financial statements;
4. understanding of the following matters:
  - business and organisational model of the group, with reference to the management of the matters specified by article 3 of the Decree;
  - policies adopted by the group with reference to the matters specified by article 3 of the Decree, actual results and related key performance indicators;
  - main risks, generated or faced by the group, with reference to the matters specified in article 3 of the Decree.

With reference to such matters, we have carried out some validation procedures on the information presented in the NFD and other audit procedures as described under point 5 a) below;

5. understanding of the processes underlying the preparation, collection and management of the qualitative and quantitative material information included in the NFD. In particular, we have held interviews with management of 2i Rete Gas SpA and we have performed limited analysis and validation procedures, to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFD.

Moreover, for significant information, considering the activities and characteristics of the group:

- a) with reference to the qualitative information included in the NFD, and in particular for the business model, the policies adopted and the main risks, we carried out interviews and obtained supporting documentation to verify its consistency with available evidence;
- b) with reference to quantitative information, we performed analytical procedures and limited tests, to assess, on a sample basis, the proper consolidation of the information.

### ***Conclusions***

Based on the work performed, nothing has come to our attention that caused us to believe that the NFD of 2i Rete Gas group as of and for the year ended 31 December 2021 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards, as described in the paragraph Methodological Framework of the NFD.

Our conclusions on the NFD of 2i Rete Gas group do not extend to the information set out in paragraph "Taxonomy" of the NFD, required by article 8 of European Regulation 2020/852.

Milan, 7 April 2022

PricewaterhouseCoopers SpA

Signed by

Paolo Caccini  
(Partner)

*This report has been translated from the Italian original solely for the convenience of international readers.*

2i Rete Gas S.p.A.

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**Date**

April 2022



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